

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Empatho Holdings Inc. (the “Issuer”).

Trading Symbol: EMPH

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

The interim financial statements for quarterly period ended January 31, 2023 are attached as Schedule "A" (the "Interim Financial Statements").

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

See attached Schedule "B".

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

N/A

- (b) summary of options granted during the period,

N/A

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

See attached Schedule "B".

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

See attached Schedule "B".

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

The Interim MD&A is attached as Schedule "C".

Certificate Of Compliance

The undersigned hereby certifies that:

- 1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
- 2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated March 14, 2023

Yan Namer

Name of Director or Senior Officer

"Yan Namer"

Signature

Chief Executive Officer, Corporate

Secretary and Director

Official Capacity

Issuer Details Name of Issuer Empatho Holdings Inc.		For Quarter Ended January 31, 2023	Date of Report YY/MM/D March 14, 2023
Issuer Address 			
City/Province/Postal Code 222 Bay Street Suite 2600 Toronto, Ontario M5K 1B7		Issuer Fax No. N/A	Issuer Telephone No. (416) 710-0064
Contact Name Leanne Likness Swanson		Contact Position Corporate Services Consultant	Contact Telephone No. 403 771-4918
Contact Email Address likness@telus.net		Web Site Address www.empatho.com	

EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED JANUARY 31, 2023

(IN CANADIAN DOLLARS)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Empatho Holdings Inc. (the Corporation) have been prepared by management and approved by the Audit Committee and Board of Directors of the Corporation.

The Corporation's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditors.

EMPATHO HOLDINGS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

JANUARY 31, 2023

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EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(All Amounts are in Canadian Dollars - Unaudited)

As at

	Notes	January 31, 2023 \$	October 31, 2022 \$
ASSETS			
CURRENT			
Cash		135,751	7,713
Amounts receivable and prepaids		76,319	199,085
TOTAL ASSETS		<u>214,070</u>	<u>206,798</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		2,410,660	2,167,274
Loans payable	9	-	130,471
TOTAL LIABILITIES		<u>2,410,660</u>	<u>2,297,745</u>
SHAREHOLDERS' DEFICIT			
Capital stock	6	4,909,444	4,909,444
Contributed surplus	6	830,358	826,750
Accumulated deficit		(7,936,392)	(7,827,141)
		<u>(2,196,590)</u>	<u>(2,090,947)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		<u>214,070</u>	<u>206,798</u>

Nature of Operations and Going Concern (Note 1)

APPROVED ON BEHALF OF THE BOARD

(signed) "Yan Namer"

Yan Namer
Director

(signed) "Rakesh Jetly"

Rakesh Jetly
Director

See the accompanying notes to the condensed consolidated interim financial statements.

EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(All Amounts are in Canadian Dollars - Unaudited)

For the

		Three months ended January 31	
		2023	2022
	Notes	\$	\$
EXPENSES			
Consulting fees	9	74,400	133,462
Stock-based compensation	6	3,608	-
Research and development		(120,615)	689,408
General and administrative		59,861	107,401
Professional fees		88,492	116,389
Investor relations		-	165,032
Listing expense	5	-	2,110,814
Foreign exchange		3,505	10,702
NET LOSS AND COMPREHENSIVE LOSS		109,251	3,333,208
NET LOSS PER SHARE – Basic and diluted		\$0.00	\$ 0.05
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – Basic and diluted		72,552,003	62,852,697

See the accompanying notes to the condensed consolidated interim financial statements.

EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT
(All Amounts are in Canadian Dollars - Unaudited)

For the Periods Ended January 31, 2023 and 2022

	Number of Common Shares	Capital Stock	Contributed Surplus	Accumulated Deficit	Shareholders' Deficit
Balance, October 31, 2021	51,800,000	1,132,188	180,739	(2,495,912)	(1,182,985)
Consideration issued for RTO transaction	8,200,003	1,652,568	8,602	-	1,661,170
Units issued for subscription receipts, net of costs	12,552,000	2,122,674	626,586	-	2,749,260
Net loss for the period	-	-	-	(3,333,208)	(3,333,208)
Balance, January 31, 2022	72,552,003	4,907,430	815,927	(5,829,120)	(105,763)
Issuance of common shares, net of costs	200,000	2,014	-	-	2,014
Stock-based compensation	-	-	10,823	-	10,823
Net loss for the period	-	-	-	(1,998,021)	(1,998,021)
Balance, October 31, 2022	72,752,003	4,909,444	826,750	(7,827,141)	(2,090,947)
Stock-based compensation	-	-	3,608	-	3,608
Net loss for the period	-	-	-	(109,251)	(109,251)
Balance, January 31, 2023	72,752,003	\$ 4,909,444	\$ 830,358	\$ (7,936,392)	\$ (2,196,590)

See the accompanying notes to the condensed consolidated interim financial statements.

EMPATHO HOLDINGS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
(All Amounts are in Canadian Dollars - Unaudited)

	Three months ended January 31	
	2023	2022
OPERATING ACTIVITIES		
Net loss for the period	\$ (109,251)	\$ (3,333,207)
Stock-based compensation	3,608	-
Listing expense	-	2,021,434
Accrued interest	-	-
<u>Items not affecting cash:</u>		
Increase in amounts receivable and prepaids	122,766	(210,540)
Increase in accounts payable and accrued liabilities	243,386	(733,502)
	<u>260,509</u>	<u>(2,255,815)</u>
INVESTING ACTIVITIES		
Cash acquired on RTO	-	115,520
	<u>-</u>	<u>115,520</u>
FINANCING ACTIVITIES		
Issuance of common shares, net of issuance costs	-	-
Cost of issuances related to subscription financing	-	-
Repayments of loans	(130,471)	-
Subscription receipts, net of issuance costs	-	-
	<u>(130,471)</u>	<u>-</u>
Change in cash and restricted cash	130,038	(2,140,565)
Opening cash and restricted cash	7,713	3,248,941
	<u>\$ 137,751</u>	<u>\$ 1,108,376</u>

See the accompanying notes to the condensed consolidated interim financial statements.

EMPATHO HOLDINGS INC.
Notes to the Interim Financial Statements
For the three months ended January 31, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

1. Nature of Organization and Going Concern

Description of the Business

Empatho Holdings Inc. (formerly, Shane Resources Ltd.) (the "Corporation") was incorporated under the Canada Business Corporations Act on June 15, 1981 ("date of incorporation").

The Corporation's registered office is at 222 Bay Street, P.O. Box 37, Suite 2600, Toronto, Ontario, Canada, M5K 1B7 and head office address is 804-750 West Pender Street, Vancouver, B.C., V6C 2T7.

On December 13, 2021, the Corporation completed its previously announced reverse takeover transaction with Empatho Corp. ("Empatho") by way of a three-cornered amalgamation (the "RTO"). Pursuant to the amalgamation agreement, Empatho amalgamated with 13348776 Canada Inc. ("Subco"), a former wholly owned subsidiary of the Corporation to form an amalgamated entity named Empatho Corp., and the securities of Empatho (the "Empatho Shares") were exchanged for securities of the Corporation (note 5).

On December 3, 2021, the Corporation changed its name from Shane Resources Ltd. to Empatho Holdings Inc. in connection with the RTO and resumed trading its common shares on the Canadian Securities Exchange ("CSE") under the symbol "EMPH" on December 29, 2021. On June 3, 2022, the Corporation listed its common shares on the OTCQB Venture Market, trading under the symbol "EMPHF".

The consolidated financial statements of the Corporation were authorized for issuance in accordance with a resolution of the directors on March 13, 2023.

The principal business of the Corporation will be to enhance personal wellbeing through the use of proprietary artificial intelligence. The Corporation is building an app which uses proprietary, science-based solutions to provide tangible tools for employers to increase the bottom line by monitoring and enhancing employee wellbeing and engagement.

These consolidated financial statements have been prepared on the basis of a going concern which assumes that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business. The Corporation's ability to continue as a going concern is dependent on being able to raise the necessary funding to continue operations, through public equity, debt financings, joint arrangements and other contractual arrangements, or being able to operate profitably in the future. The Corporation has incurred losses since inception and as at January 31, 2023 has a working capital deficiency of \$2,196,590 (October 31, 2022 - deficiency of \$2,090,947) and an accumulated deficit of \$7,936,392 (October 31, 2022 - \$7,827,141). There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Corporation. If the Corporation is unable to obtain sufficient funding, the ability of the Corporation to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles as a going concern will be in doubt. These uncertainties may cast significant doubt upon the Corporation's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Corporation be unable to continue in existence.

During the year, there was a continued global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by the Canadian government and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this

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outbreak may continue to cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Corporation's business and financial conditions.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Corporation's October 31, 2022 consolidated audited financial statements. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Corporation's October 31, 2022 consolidated audited financial statements. Any subsequent changes to IFRS that are given effect in the Corporation's annual consolidated financial statements for the year ending October 31, 2023 could result in restatement of these unaudited condensed interim consolidated financial statements.

Basis of Measurement

These consolidated financial statements were prepared on a going concern basis, under the historical cost convention except for financial instruments classified at fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period.

Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 4.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(i) Subsidiaries - The following companies have been consolidated within the consolidated financial statements:

Company	Registered	Principal Activity
Empatho Corp.	Canada	Artificial Intelligence Application
Empatho Labs Inc. ⁽¹⁾	Ontario	Dormant

(1) 100% owned by ultimate shareholder - Empatho Corp.

EMPATHO HOLDINGS INC.
Notes to the Interim Financial Statements
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(Expressed in Canadian Dollars - Unaudited)

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. The functional currency of the Corporation's subsidiaries is also Canadian dollars.

3. Summary of Significant Accounting Policies

Cash

Cash consists of deposits with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the share-based payments vest. The offset to the recorded cost is contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Upon expiry, the value is transferred to deficit.

At the end of each reporting period, the Corporation revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus. Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, are also charged to the consolidated statements of loss and comprehensive loss.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Income Taxes

Income tax expense comprises current and deferred tax. Tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent it relates to items recognized directly in equity.

Current Income Tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statements of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

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Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Earnings (Loss) Per Share

The Corporation presents basic earnings (loss) per share for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders on the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

The following table shows the classification of the Corporation's financial instruments under IFRS 9:

Financial assets	
Cash	FVTPL
Restricted cash	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Subscription receipt liability	Amortized cost
Loan payable	Amortized cost

The Corporation classifies its financial assets in one of the following categories: (1) at fair value through profit or loss ("FVTPL"), (2) at amortised cost or (3) at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired, the business model in which they are managed and their cash flow characteristics. Management determines the classification of its financial assets at initial recognition.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of profit or loss in the period in which they arise.

Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current based on their maturity date.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Impairment of financial assets at amortized cost

The Corporation recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Corporation measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial

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asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Corporation measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Corporation recognizes in the statements of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Corporation also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Fair value hierarchy

The Corporation uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash has been measured at fair value using Level 1 inputs. The carrying value of restricted cash, accounts payable and accrued liabilities, loan payable and subscription receipt liability approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

Recent Accounting Pronouncements

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Corporation's consolidated financial statements, except as follows:

IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied

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retrospectively. The adoption of the above standard is not expected to have a material impact on the Corporation's consolidated financial statements.

4. Summary of Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Significant estimates and judgements made in preparation of these consolidated financial statements include:

Going Concern

Management applies judgement in its assessment of going concern and uncertainties of the Corporation's ability to raise additional capital and/or obtain financing to advance the business.

Share-based payments

Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black-Scholes input assumption's including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Recognition and valuation of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities where deferred tax assets have been recognized.

Recognition of internally generated intangible assets

The Corporation is in the process of building an app which is expected to generating revenue in future periods. Management applies judgement in its assessment of the app and whether it meets the definition of an internally generated intangible asset in the research or development phase.

5. Reverse Takeover Transaction

On December 13, 2021, Empatho completed its RTO transaction with Corporation (Note 1), whereby the Corporation acquired 100% of the issued and outstanding common shares of Empatho through the amalgamation of Empatho and Subco, a wholly-owned subsidiary of the Corporation.

On closing of the RTO and pursuant to the amalgamation agreement dated December 13, 2021, the following steps were taken to take effect to the RTO:

- The Corporation completed a consolidation of its common shares, options and warrants on the basis of one (1) post-consolidated security of the Corporation for every 6.15099 pre-consolidated security of the Corporation, resulting in 4,000,003 post-consolidated common shares, 200,000 post-consolidated stock options exercisable at a price of \$0.15 (exercised concurrent with the RTO) and 81,287 post-consolidated warrants exercisable at a price of \$0.492 up until May 27, 2024 outstanding.

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- All issued and outstanding classes of common shares and warrants of Empatho were exchange for post-consolidated common shares of the Corporation on a one-to-one basis. As a result of the exchange, the exercise price of the warrants remained unchanged and there was no incremental fair value identified in relation to the exchange.
- An additional 4,000,000 post-consolidated common shares (the “Finder Shares”) were issued to finders in connection with the RTO at no additional cost to the finders.

Upon closing of the RTO, the shareholders of Empatho Corp. held a total of 51,800,000 common shares of the Corporation, representing 84.9% of the common shares of the Corporation before taking affect to the subscription receipt financing (note 6). Accordingly, the acquisition of Empatho was considered a reverse acquisition of the Corporation by Empatho.

However, as the Corporation did not meet the definition of a business as defined by IFRS 3 Business Combinations (“IFRS 3”), it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

- a) The consolidated financial statements of the combined entity are issued under the legal parent, the Corporation, but are considered a continuation of the consolidated financial statements of the legal subsidiary, Empatho.
- b) As Empatho is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.
- c) Since the shares allocated to the former shareholders of the Corporation on closing of the RTO are considered within the scope of IFRS 2, and the Corporation cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Shane acquired on closing was expensed in the consolidated statements of loss and comprehensive loss as a listing expense.

The fair value of the 4,000,003 common shares issued and outstanding with shareholders of the Corporation and the 4,000,000 Finder Shares issued on closing of the RTO was determined by reference to the fair value of the common shares issued pursuant to the subscription receipt financing completed by the Corporation, determined to be \$0.20 on the date of close.

The fair value of the 200,000 common shares issued pursuant to the required exercise of stock options by shareholders of the Corporation was determined by reference to the fair value of the common shares as described above, with the cash proceeds received on exercise included as part of the net assets acquired in connection with the RTO.

The fair value of the 81,287 warrants issued and outstanding with shareholders of Shane were estimated at \$8,602 using the Black-Scholes Option Pricing Model using the following assumptions: share price of \$0.20; expected dividend yield of 0%; risk-free interest rate of 1.00%; volatility of 100% and an expected life of 2.46 years.

At the date of acquisition on December 13, 2021, the RTO was recorded as follows:

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Purchase price consideration paid	December 13, 2021
Fair value of common shares issued	\$ 806,131
Fair value of common shares issued on exercise of stock options	40,307
Fair value of warrants issued	8,602
Fair value of Finders Shares	806,130
Total consideration issued	1,661,170
Net identifiable assets (liabilities) acquired	
Cash	1,134
Amounts receivable	58,113
Accounts payable and accrued liabilities	(35,332)
Total net identifiable assets	23,915
Allocated to listing expense	\$ 1,637,255

6. Capital Stock

Common Shares

The Corporation is authorized to issue an unlimited number of common shares.

The change in the share capital for the periods ended January 31, 2023 and October 31, 2022 was as follows:

	Number	Capital Stock \$	Contributed Surplus \$
Balance, November 20, 2020	-	-	-
Shares issued on incorporation (i)	100,000	2,000	-
Founder shares for cash, net of issuance costs (ii)	41,200,000	608,188	-
Shares for cash, net of issuance costs (iii)	10,500,000	522,000	-
Issue of warrants	-	-	180,739
Balance, October 31, 2021	51,800,000	1,132,188	180,739
Consideration issued for RTO transaction (Note 5)	8,200,003	1,652,568	8,602
Units issued for subscription receipts (iv)	12,552,000	2,122,674	626,586
Issuance of common shares, net of costs (v)	200,000	2,014	-
Stock-based compensation	-	-	10,823
Balance, January 31, 2023 and October 31, 2022	72,752,003	4,909,444	826,750

- i. The Corporation issued 100,000 shares for cash of \$100 on incorporation. The subscription price of the shares issued on incorporation was later adjusted to \$0.02, resulting in further cash of \$1,900 received.
- ii. During the period ended October 31, 2021, the Corporation originally issued 41,200,000 common shares at a price of \$0.005 per common share for gross proceeds of \$206,000. The subscription price of the Founder shares was later adjusted and further balances of \$402,188, net of costs of \$12,696 were received.
- iii. During the period ended October 31, 2021, the Corporation raised \$525,000 via subscriptions at a price of \$0.05 per share. Costs of \$3,000 were incurred related to this placement.
- iv. During the year ended October 31, 2021, the Corporation issued a total of 12,552,000 subscription receipts, each at a price of \$0.25. Pursuant to the completion of the Corporation's RTO transaction (Note 5), each subscription receipt was exchanged for one unit of the Corporation (each, a "Unit"), comprised of one (1) common share and one (1) common share

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purchase warrant. Each warrant shall entitle the holder to purchase one (1) common share of the Corporation at a price of \$0.50 per common share up until June 29, 2023. In connection with the subscription receipt financing, cash commissions and legal fees were incurred by the Corporation totaling \$388,740. Additionally, 1,004,160 finder warrants were issued to finders, each exercisable into a Unit of the Corporation at a price of \$0.25 up until June 29, 2023, fair valued at \$117,162 using the Black-Scholes Option Pricing model with the following assumptions: share price of \$0.25, expected dividend yield of 0%, risk-free interest rate of 0.92%, volatility of 100% and an expected life of 1.54 years.

The proceeds received from the subscription receipt financing, net of issuance costs were allocated between share capital and contributed surplus based on the relative fair value of the common shares and warrant comprised in the Unit. Accordingly, the fair value of the warrants comprised within the Units was determined to be \$509,424 using the Black-Scholes Option Pricing model with the following assumptions: share price of \$0.20, expected dividend yield of 0%, risk-free interest rate of 0.92%, volatility of 100% and an expected life of 1.54 years.

- v. On June 1, 2022, the Corporation issued 200,000 common shares at a price of \$0.01 per common share for gross proceeds of \$2,014.

Warrants

On June 1, 2021, the Corporation issued 5,000,000 common share purchase warrants (each referred to herein as a "Founders Warrant") to certain founders, executives and consultants of the Corporation. Each Founders Warrant is exercisable into one common share of the Corporation at an exercise price of \$0.02 for a period of two-years, maturing on June 1, 2023. The fair value of these Founders Warrants was estimated on the date of grant using the Black-Scholes option pricing model with the following assumption: Share price of \$0.05; expected dividend yield 0%; risk-free interest rate of 0.32%; volatility of 100% and an expected life of two years. The fair value assigned to these warrants was \$180,738 and was recognized in the statement of loss and comprehensive loss during the period ended October 31, 2021.

	<u>January 31, 2023</u>		<u>October 31, 2022</u>	
	<u>Number</u>	<u>Average Exercise Price</u>	<u>Number</u>	<u>Average Exercise Price</u>
Balance, beginning of period	5,000,000	\$0.02	5,000,000	\$0.02
Issued (note 6(iv), note 5)	13,637,447	\$0.48	13,637,447	\$0.48
Balance, end of period	18,637,447	\$0.36	18,637,447	\$0.36

<u>Number of Warrants</u>	<u>Exercisable Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Expiry Date</u>	<u>Years to Maturity</u>
5,000,000	5,000,000	\$0.02	June 1, 2023	0.33
12,552,000	12,552,000	\$0.50	June 29, 2023	0.41
81,287	81,287	\$0.49	May 27, 2024	1.32
1,004,160	1,004,160	\$0.25	June 29, 2023	0.35
18,637,447	18,637,447	\$0.36		0.39

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Stock options

The Corporation has established a share-based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and contractors of the Corporation as well as persons providing ongoing services to the Corporation. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Corporation. Unless otherwise determined by the Board of Directors of the Corporation (the “**Board**”), the exercise price of options equals at least the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten-year term in accordance with TSX Venture Exchange policy.

At January 31, 2023, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
1,530,000	\$0.05	October 1, 2027

Stock option transactions and the number of stock options outstanding are summarized as follows:

	January 31, 2023		October 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,530,000	\$0.05	—	—
Granted	—	—	1,530,000	\$0.05
Exercised	—	—	—	—
Cancelled/Expired	—	—	—	—
Outstanding, end of period	1,530,000	\$0.05	1,530,000	\$0.05
Exercisable, end of period	765,000	\$0.05	765,000	\$0.05

On October 1, 2022, the Corporation granted a total of 1,530,000 stock options to certain officers, directors and consultants of the Corporation, exercisable into common shares of the Corporation at a price of \$0.05 per common share until October 1, 2027. 50% of the stock options are to vest on the date of grant, with the remaining options to vest in two equal tranches on the 6 month and 12 month anniversary from the grant date. The fair value of the stock options was determined to be \$25,317 using the Black-Scholes Option Pricing Model.

During the period ended January 31, 2023, the Corporation recognized stock-based compensation in the consolidated statements of loss and comprehensive loss totaling \$3,608 (year ended October 31, 2022 - \$10,823) related to the vesting of stock options.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year ended October 31, 2022:

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	2022
Risk-free interest rate	3.32%
Expected life	5.0 years
Annualized volatility	100%
Dividend rate	0%

7. Capital Risk Management

The Corporation considers its capital to be equity, comprised of share capital, contributed surplus and accumulated deficit. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue to operate and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new common shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Corporation may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing efforts, the Corporation does not pay out dividends.

The Corporation expects its current capital resources will be sufficient to carry its operations. The Corporation is not subject to any externally or internally imposed capital requirements as at January 31, 2023 or at October 31, 2022.

The Corporation's capital under management as at January 31, 2023 is a shareholders' deficit of \$2,196,590 (October 31, 2022 – shareholders' deficit of \$2,090,947).

8. Financial Instruments and Risk Management

Risk Management

The Corporation does not manage risk through the use of hedging transactions. As a part of the overall operation of the Corporation, management takes steps to avoid undue concentrations of risk. The Corporation manages the risks, as follows:

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet its financial obligations associated with financial liabilities in full. The primary source of liquidity is equity financing, which is used to finance working capital and capital expenditure requirements, and to meet the Corporation's financial obligations associated with financial liabilities. The Corporation's accounts payable and accrued liabilities generally have contracted maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk.

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As at January 31, 2023, the Corporation holds \$Nil (October 31, 2022 - \$130,471) of interest-bearing debt. There was no cash flow interest rate risk because the interest rate was fixed at 1.25%.

Market Risk

Market risk is the risk that changes in market prices will have an effect on future cash flows associated with financial instruments. Market risk comprises three types of risk: credit risk, currency risk and other price risk.

Credit Risk

Credit risk arises from the possibility that debtors may not be able to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Corporation's credit risk is on its cash. Management assesses credit risk related to cash and restricted cash as remote.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. Management believes the foreign exchange risk derived from currency conversions is minimal, and therefore does not hedge its foreign exchange risk. As at January 31, 2023, a 10% fluctuation in the foreign exchange rate would not have a significant impact (October 31, 2022 - \$81,740) in the Corporation's consolidated statements of loss and comprehensive loss.

Other Price Risk

Other price risk is the risk that changes in market prices, including commodity or equity prices, will have an effect on future cash flows associated with financial instruments. The cash flows associated with financial instruments of the Corporation are not exposed to other price risk as at January 31, 2023.

9. Transactions with Related Parties

Related parties include the Board of Directors, Key Management Personnel, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any directors (executive and non-executive) and corporate officers of the Corporation.

Remuneration attributed to key management in the periods ended January 31, 2023 and 2022 can be summarized as follows:

	For the three-month period ended	
	January 31, 2023	January 31, 2022
Consulting fees	\$ 97,680	\$ 133,462
Director fees	-	-
Stock-based compensation	3,608	-
	\$ 101,288	\$ 133,462

At January 31, 2023, \$381,142 (October 31, 2022, \$273,691) was payable to key management and directors. At January 31, 2023, \$96,000 (October 31, 2022, \$96,000) was payable to Directors. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties. The amounts payable to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

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During the period ended October 31, 2022, a consulting company participated in a private placement completed by the Corporation, resulting in a total of 2,320,000 Units issued in exchange for consideration totaling \$580,000. The consulting company who participated in private placement also earned investor relations fees during the period ended October 31, 2022 totaling \$240,000. At January 31, 2023 and October 31, 2022, \$327,700 was payable to the consulting company. During the period ended October 31, 2021, the consulting company also advanced \$81,925 to the Corporation as a deposit on future products or services to be provided by the Corporation. The advance is included in accounts payables and accrued liabilities in the consolidated statements of financial position as at January 31, 2023 and October 31, 2022. During the year ended October 31, 2022, the consulting company also received 1,000,000 common shares in connection with the Finder Shares issued on closing of the RTO, valued at \$201,533.

During the year ended October 31, 2022, the Corporation entered into two short-term loan arrangements with related parties for aggregate principal amounts totaling \$80,000 and \$50,000. Both loan arrangements were subject to interest at a rate of 1.25% per annum. The full principal and accrued interest was repaid on the two loan arrangements on November 24, 2022 and December 31, 2022. In connection with these loan arrangements, interest expense totaling \$471 was paid.

10. Income Taxes

This note has not been updated for the current period.

EMPATHO HOLDINGS INC.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

All information related to transactions with Related Persons is included on pages 18 and 19 of the Interim Financial Statements and on pages 6 and 7 of the Management Discussion and Analysis.

2. Summary of securities issued and options granted during the period.

N/A

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

See pages 14 to 17 of the Interim Financial Statements.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Directors:

Dr. Rakesh Jetly
Yan Namer

Officers:

Yan Namer, Chief Executive Officer
John Ross, Chief Financial Officer

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MANAGEMENT DISCUSSION & ANALYSIS
for the three-month period ended January 31, 2023

The following interim management's discussion and analysis ("MD&A") of the consolidated financial position and results from operations of Empatho Holdings Inc. ("Company" or "Empatho"), is for the three-month period ended January 31, 2023. This Interim MD&A has been prepared to provide material updates to the business operations, liquidity, and capital resources of the Company since its fiscal year ended October 31, 2022. This MD&A should be read in conjunction with the Company's interim consolidated financial statements for its fiscal periods ended January 31, 2023 along with accompanying notes to the statements for the period then ended.

This Interim MD&A has been prepared in compliance with section 2.2 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual Management's Discussion and Analysis ("Annual MD&A"), and the audited annual financial statements of the Company for the period ended October 31, 2022, together with the notes thereto.

The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors ("Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This MD&A was prepared by management of Empatho Holdings Inc. (the "Company") and was approved by the Board of Directors on March 13, 2023. Additional information relating to the Company is available on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

Certain statements contained in this document constitute "forward-looking information". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking information. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward- looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

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for the three-month period ended January 31, 2023

OVERALL PERFORMANCE

HIGHLIGHTS FOR THE PERIOD ENDED JANUARY 31, 2023

During the period ended January 31, 2023, and the subsequent period to the date of this MDA:

- Enhanced the App based on user input, to improve the user experience.
- Provided demonstrations to potential clients and partners.

BUSINESS OF THE COMPANY

The principal business of the Company will be to enhance personal wellbeing through the use of proprietary artificial intelligence (AI). Through the Company's product, employers can expect to enhance employee wellbeing and engagement, leading to improved bottom lines.

The Company's Application attempts to provide assistance to employees which will help them manage their health and wellbeing. Employers would benefit from a healthier, more engaged workforce, through enhanced productivity and reduced absenteeism. The Application would help to contain rising health care costs. Staff wellbeing risks could be identified through a proprietary AI technology and personalized recommendations, gathered through machine learning, would be generated to prevent burnout, absenteeism, and improve engagement. The Application is expected to complement traditional employee benefit programs. The employer would receive a fully customizable dashboard to provide visibility into employee groups' wellbeing.

Empatho's dashboard would provide employers with an overview of their organization's wellbeing, while protecting the employee's information. Individuals would be allowed to determine what information it shared with Empatho. MedStack, a cloud data security platform trusted by hundreds of leading health companies, would ensure privacy and compliance with Canada and the U.S.A.

The global corporate health and wellness market in 2022 was estimated to be \$66 billion and the telehealth market was expected to be \$102 billion. Deloitte identified three digital health care trends in 2022:

- Mental health apps go mainstream.
- Patient-generated health data reaches a turning point, through devices to monitor heart rhythms, sleep patterns, blood pressure and breathing rate.
- Personalized care becomes connected through the internet.

The American Psychology Association estimates that 9 out of 10 employees reported increased motivation and job satisfaction after implementing wellbeing initiatives. This improvement by employees was estimated to result in a 30% reduction in employee turnover, reduced burnout and a more engaged labour force. It was estimated that US companies could realize significant health cost savings through such programs.

The Company was incorporated pursuant to the provisions of the Canada Business Corporations Act on November 20, 2020 (date of incorporation). Between November 20, 2020 and October 31, 2021, the Company issued 51,800,000 common for proceeds, net of costs, of \$1,132,188.

Further, on June 29, 2021, the Company issued a total of 12,552,000 subscription receipts, each at a price of \$0.25. Pursuant to the completion of the Company's RTO transaction, each

EMPATHO HOLDINGS INC.
MANAGEMENT DISCUSSION & ANALYSIS
for the three-month period ended January 31, 2023

subscription receipt was exchanged for one unit of the Company (each, a "Unit"), comprised of one (1) common share and one (1) common share purchase warrant. Each warrant shall entitle the holder to purchase one (1) common share of the Company at a price of \$0.50 per common share up until June 29, 2023. In connection with the subscription receipt financing, cash commissions and legal fees were incurred by the Company totaling \$388,740. Additionally, 1,004,160 finder warrants were issued to finders, each exercisable into a Unit of the Company at a price of \$0.25 up until June 29, 2023, fair valued at \$117,162 using the Black-Scholes Option Pricing model with the following assumptions: share price of \$0.25, expected dividend yield of 0%, risk-free interest rate of 0.92%, volatility of 100% and an expected life of 1.54 years.

The proceeds received from the subscription receipt financing, net of issuance costs were allocated between share capital and contributed surplus based on the relative fair value of the common shares and warrant comprised in the Unit. Accordingly, the fair value of the warrants comprised within the Units was determined to be \$510,424 using the Black-Scholes Option Pricing model with the following assumptions: share price of \$0.20, expected dividend yield of 0%, risk-free interest rate of 0.92%, volatility of 100% and an expected life of 1.54 years.

In connection with the closing of the RTO transaction, the Company issued 8,200,003 common shares, at a deemed share price of \$0.20, as follows:

- 4,000,003 shares on consolidation of the existing shares, at a price of \$806,131,
- 200,000 shares on conversion of stock options prior to the RTO Transaction, at a value of \$40,307,
- 4,000,000 finder shares, at a price of \$806,130.

The Company also issued 81,287 warrants which were acquired in the RTO transaction.

Going Concern

The Company is in its first year of operations. While the Company intends to build a product to enhance personal wellbeing through the use of proprietary artificial intelligence (AI), there is no guarantee that the Company will succeed in this objective, or if the product will be commercially successful.

The Company has incurred losses since inception and as at January 31, 2023 has a working capital deficiency of \$2,196,590 (October 31, 2022 - deficiency of \$2,090,947) and an accumulated deficit of \$7,936,392 (October 31, 2022 - \$7,827,141). There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles as a going concern will be in doubt. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

During the year, there was a continued global outbreak of COVID-19 ("Coronavirus"), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the Coronavirus outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted

EMPATHO HOLDINGS INC.
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for the three-month period ended January 31, 2023

with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by the Canadian government and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may continue to cause supply chain disruptions, staff shortages and increased government regulations, all of which may negatively impact the Company's business and financial conditions.

Changes to Board of Directors and Management

On February 15, 2023, the Company reported that Dr. Hugh Colin MacKay, Dr. Carl Castro, and Andre Peschong had resigned as directors of the Company.

SELECTED ANNUAL FINANCIAL HIGHLIGHTS

The financial results of the Company for the years ended October 31, 2022 and 2021 are summarized as follows:

(in Canadian \$ except for per share amounts)	October 31, 2022	October 31, 2021
Total Revenue	\$ -	\$ -
Operating Expenses	5,331,229	2,495,912
Net Income (Loss)	(5,331,229)	(2,495,912)
Earnings (Loss) per Share-Basic	\$ (0.08)	\$ (0.06)
Earnings (Loss) per Share-Diluted	\$ (0.08)	\$ (0.06)
Weighted average shares outstanding	70,198,205	43,699,420
Total Assets	\$ 206,798	\$ 3,386,361
Total Short Term Liabilities	\$ 2,297,745	\$ 4,569,346
Shares outstanding	72,752,003	51,800,000

SELECTED QUARTERLY FINANCIAL HIGHLIGHTS

The financial results of the Company for the quarters since incorporation are summarized as follows:

Three Months Ended	Net Gain (Loss)	Basic and Diluted Gain (Loss) Per Share	Weighted Average Shares Outstanding
2023 January 31	\$ (109,251)	\$ (0.00)	72,752,003
2022 October 31	38,560	0.00	72,752,003
2022 July 31	(946,119)	(0.01)	72,591,133
2022 April 30	(1,090,462)	(0.02)	72,552,003
2022 January 31 *	(3,333,208)	(0.05)	62,852,697
2021 October 31	(1,020,966)	(0.02)	51,800,000
2021 July 31	(1,266,957)	(0.03)	50,126,087
2021 April 30	(162,534)	(0.01)	43,330,077

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MANAGEMENT DISCUSSION & ANALYSIS
for the three-month period ended January 31, 2023

DISCUSSION OF OPERATIONS

Three months ended January 31, 2023

During the three-month period ended January 31, 2023, the Company had a net loss of \$109,251. A recovery of SRED tax payments resulted in a recovery of Research expense in the 2023 period. During the three-month period ended January 31, 2022, the Company had a net loss of \$3,333,208. The most significant cost item in the period was the listing cost of \$2,110,814 related to the RTO transaction.

Consulting fees of \$74,400 three-month period ended January 31, 2023 were expensed during the period, related to the activities of the CEO, and CFO. General and administrative costs of \$59,861 in the three-month period ended January 31, 2023 mostly reflected marketing efforts and software subscriptions. Professional fees during the three-month period ended January 31, 2023 mostly reflect legal costs for various corporate matters and an accrual for the 2022 audit.

Product research and development spending reported a recovery of \$120,615 during the three-month period ended January 31, 2023. The Company reported a SRED recovery of \$193,580 during the January 2023 period.

As part of our commitment to continuously improve our products and services, we have made some minor bug fixes and enhancements on our app. For instance, we have improved the well-being score animation based on feedback from end-users. These updates are in line with our goal of delivering the best user experience and maintaining high-quality standards.

Furthermore, during this quarter, we provided several demos to potential corporate clients and partners. These demos were aimed at showcasing the unique features and benefits of our products and services. We believe that these efforts will lead to increased adoption of our offerings, which in turn will drive revenue growth.

We remain optimistic about the future prospects of our Company and look forward to continued success in the upcoming quarters.

Currently the only assets of the Company are cash and a prepaid balance.

DISCLOSURE OF OUTSTANDING SHARE DATA

During the fiscal 2022 year, the Company issued 8,200,003 common shares related to the RTO. During fiscal 2021, the Company originally issued 100,000 common shares at a price per common share of \$0.001, and 41,200,000 common shares were issued at a price of \$0.005. Later, the Company increased the subscription price and raised a further \$404,088, net of costs of \$12,696, related to these shares. The Company also issued 10,500,000 common shares at a price of \$0.05 per common share. Costs of \$3,000 were incurred related to the \$0.05 placement round. During the period ended October 31, 2021, the Company issued 5,000,000 founder warrants.

During the quarter ended July 31, 2022, the Company issued 200,000 shares.

As of the date of this MDA, January 31, 2023, and October 31, 2022, the Company has the following securities outstanding on a fully diluted basis:

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	March 13, 2023	January 31, 2023	October 31, 2022
Common shares	72,752,003	72,752,003	72,752,003
Warrants			
Founder warrants	5,000,000	5,000,000	5,000,000
Subscription receipt warrants	12,552,000	12,552,000	12,552,000
Compensation Units ⁽¹⁾	1,004,160	1,004,160	1,004,160
Shane warrants	81,287	81,287	81,287
Stock options	1,530,000	1,530,000	1,530,000
Fully diluted	92,919,450	92,919,450	92,919,450

(1) Compensation Units are exercisable at into one common share and one common share purchase warrant, with each warrant convertible into one additional share at a price of \$0.50 until June 29, 2023.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2023, the Company had cash of \$137,751 (October 31, 2022 - \$7,731), restricted cash of \$Nil (October 31, 2021 - \$3,017,740) and a net working capital deficiency of \$2,196,590 (October 31, 2022 - capital deficit of \$2,090,947). The Company had amounts payable of \$2,410,660 (October 31, 2022 - \$2,297,745).

The Company expects it will require additional capital resources to continue its operations and execute its plan. Although the Company has commenced discussions to raise additional capital there is no guarantee that the Company will be successful in it raise or that the funds can be acquired on terms favourable to the existing shareholders.

OFF-BALANCE SHEET ARRANGEMENTS

As at January 31, 2023, October 31, 2022, and up to the date of this MD&A, the Company had no off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Related parties include the Board of Directors, Key Management Personnel, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

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) and corporate officers of the Company, as follows:

- Col. (Ret) Rakesh Jetly, Andre Peschong, Dr. Carl Castro, until February 15, 2023.
- Col. (Ret) Rakesh Jetly, Yan Namer, Hamid Boland, Josh Granek, and John Ross.

Remuneration attributed to key management in the three-month periods ended January 31, 2023 and 2022 can be summarized as follows:

	For the three-month period ended	
	January 31, 2023	January 31, 2023
Consulting fees	\$ 97,680	\$ 133,462
Director fees	-	-
Stock-based compensation	3,608	-
	\$ 101,288	\$ 133,462

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At January 31, 2023, \$381,142 (October 31, 2022, \$273,691) was payable to key management and directors. At January 31, 2023, \$96,000 (October 31, 2022, \$96,000) was payable to Directors. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties. The amounts payable to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

During the period ended October 31, 2022, a consulting company participated in a private placement completed by the Company, resulting in a total of 2,320,000 Units (October 31, 2021 – 12,900,000 common shares) issued in exchange for consideration totaling \$580,000 (October 31, 2021 - \$386,502). The consulting company who participated in private placement also earned investor relations fees during the period ended October 31, 2022 totaling \$240,000 (October 31, 2021 - \$384,000). At October 31, 2022, \$327,700 (October 31, 2021 - \$384,200) was payable to the consulting company. During the period ended October 31, 2021, the consulting company also advanced \$81,925 to the Company as a deposit on future products or services to be provided by the Company. The advance is included in accounts payables and accrued liabilities in the consolidated statements of financial position as at October 31, 2022 and 2021. During the year ended October 31, 2022, the consulting company also received 1,000,000 common shares in connection with the Finder Shares issued on closing of the RTO, valued at \$201,533.

During the year ended October 31, 2022, the Corporation entered into two short-term loan arrangements with related parties for aggregate principal amounts totaling \$80,000 and \$50,000. Both loan arrangements were subject to interest at a rate of 1.25% per annum. The full principal and accrued interest was repaid on the two loan arrangements on November 24, 2022 and December 31, 2022. In connection with these loan arrangements, interest expense totaling \$471 was paid.

CRITICAL ACCOUNTING ESTIMATES & CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company's critical accounting estimates are explained in Note 3 of the financial statements.

Notes to the consolidated financial statements of the Company for the period ended January 31, 2023 are available on SEDAR at www.sedar.com.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities, and loans payable and subscription receipt liability. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from financial instruments.

RISKS AND UNCERTAINTIES

The risk factors are discussed in the section entitled "Risk Factors" in the Company's Form 2A Listing Statement dated December 21, 2021.