UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2023

OR

□ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____to _____.

Commission file number: 001-40804

PASITHEA THERAPEUTICS CORP.
(Exact name of Registrant as specified in its charter)

Delaware	**85-1591963**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1111 Lincoln Road, Suite 500 Miami Beach, Florida	**33139**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (702) 514-4174

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.0001 per share	KTTA	The Nasdaq Capital Market
Warrants, to purchase shares of Common Stock, par value $0.0001 per share	KTTAW	The Nasdaq Capital Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes □ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes □ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	□	Accelerated Filer	□
Non-Accelerated Filer	☒	Smaller Reporting Company	☒
		Emerging Growth Company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). □ Yes ☒ No

As of August 11, 2023, there were 26,143,407 shares of the registrant's common stock outstanding.

PASITHEA THERAPEUTICS CORP.
FORM 10-Q
For the Quarter ended June 30, 2023

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PASITHEA THERAPEUTICS CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 26,647,633	$ 33,087,864
Amount due from sale of assets	122,500	-
Prepaid expenses	814,573	562,375
Other current assets	452,195	262,992
Current assets of discontinued operations	-	163,462
Total current assets	28,036,901	34,076,693
Property and equipment, net	173,298	125,197
Right of use asset- operating lease	419,885	500,428
Intangibles, net	8,256,396	8,571,478
Goodwill	1,262,911	1,262,911
Non-current assets of discontinued operations	-	643,382
Total assets	$ 38,149,391	$ 45,180,089
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,926,047	$ 1,481,393
Note payable	133,335	-
Lease liability- short term portion	169,676	160,362
Current liabilities of discontinued operations	-	235,879
Total current liabilities	2,229,058	1,877,634
Non-current liabilities		
Lease liability	256,084	344,021
Warrant liabilities	74,055	140,611
Non-current liabilities of discontinued operations	-	319,575
Total non-current liabilities	330,139	804,207
Total liabilities	2,559,197	2,681,841
Stockholders' equity:		
Preferred stock, par value $0.0001, 5,000,000 shares authorized; 0 issued and outstanding	-	-
Common stock, par value $0.0001, 495,000,000 shares authorized; 26,143,407 and 26,043,406 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	17,997	17,987
Additional paid-in capital	62,233,447	61,837,802
Accumulated other comprehensive loss	(3,461)	(661)
Accumulated deficit	(26,657,789)	(19,356,880)
Total stockholders' equity	35,590,194	42,498,248
Total liabilities and stockholders' equity	$ 38,149,391	$ 45,180,089

See accompanying notes to the unaudited condensed consolidated financial statements.

PASITHEA THERAPEUTICS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Operating expenses:				
Selling, general and administrative	$ 1,800,536	$ 2,611,559	$ 3,916,802	$ 4,690,437
Research and development	2,028,165	-	3,124,451	-
Loss from operations	(3,828,701)	(2,611,559)	(7,041,253)	(4,690,437)
Other income:				
Change in fair value of warrant liabilities	113,426	421,700	66,556	1,206,997
Interest and dividends, net	117,191	-	110,803	-
Other income, net	230,617	421,700	177,359	1,206,997
Loss before income taxes	(3,598,084)	(2,189,859)	(6,863,894)	(3,483,440)
Provision for income taxes	-	-	-	-
Net loss from continuing operations	$ (3,598,084)	$ (2,189,859)	$ (6,863,894)	$ (3,483,440)
Net loss from discontinued operations, net of tax	(165,146)	(468,535)	(437,015)	(749,194)
Net loss	$ (3,763,230)	$ (2,658,394)	$ (7,300,909)	$ (4,232,634)
Weighted-average common shares outstanding, basic and diluted	26,128,022	23,444,135	26,100,681	23,226,253
Basic and diluated loss per share from continuing operations	$ (0.14)	$ (0.09)	$ (0.26)	$ (0.15)
Basic and diluted loss per share from discontinuing operations	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.03)
Comprehensive loss:				
Net loss	$ (3,763,230)	$ (2,658,394)	$ (7,300,909)	$ (4,232,634)
Foreign currency translation	(317)	(48,985)	(2,800)	(53,498)
Comprehensive loss	$ (3,763,547)	$ (2,707,379)	$ (7,303,709)	$ (4,286,132)

See accompanying notes to the unaudited condensed consolidated financial statements.

PASITHEA THERAPEUTICS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity
Balance at January 1, 2023	26,043,406	$ 17,987	$ 61,837,802	$ (661)	$ (19,356,880)	$ 42,498,248
Stock-based compensation:						
-restricted share units	83,334	8	23,641	-	-	23,649
-options	-	-	153,372	-	-	153,372
Foreign currency translation	-	-	-	(2,483)	-	(2,483)
Net loss	-	-	-	-	(3,537,679)	(3,537,679)
Balance at March 31, 2023	26,126,740	$ 17,995	$ 62,014,815	$ (3,144)	$ (22,894,559)	$ 39,135,107
Stock-based compensation:						
-restricted share units	16,667	2	23,910	-	-	23,912
-options	-	-	194,722	-	-	194,722
Foreign currency translation	-	-	-	(317)	-	(317)
Net loss	-	-	-	-	(3,763,230)	(3,763,230)
Balance at June 30, 2023	26,143,407	$ 17,997	$ 62,233,447	$ (3,461)	$ (26,657,789)	$ 35,590,194
Balance at January 1, 2022	23,008,371	$ 17,684	$ 53,627,883	$ (10,561)	$ (2,214,505)	$ 51,420,501
Stock-based compensation expense:						
-restricted share units	-	-	26,540	-	-	26,540
-options	-	-	94,295	-	-	94,295
-restricted stock	-	-	14,795	-	-	14,795
Foreign currency translation	-	-	-	(4,513)	-	(4,513)
Net loss	-	-	-	-	(1,574,240)	(1,574,240)
Balance at March 31, 2022	23,008,371	$ 17,684	$ 53,763,513	$ (15,074)	$ (3,788,745)	$ 49,977,378
Stock-based compensation expense:						
-restricted share units	-	-	23,912	-	-	23,912
-options	-	-	99,536	-	-	99,536
-restricted stock	429,447	43	435,878	-	-	435,921
Warrants issued for acquisition	-	-	350,722	-	-	350,722
Common shares issued for acquisition	3,260,870	326	3,293,153	-	-	3,293,479
Foreign currency translation	-	-	-	(48,985)	-	(48,985)
Net loss	-	-	-	-	(2,658,394)	(2,658,394)
Balance at June 30, 2022	26,698,688	$ 18,053	$ 57,966,715	$ (64,059)	$ (6,447,139)	$ 51,473,570

See accompanying notes to the unaudited condensed consolidated financial statements.

PASITHEA THERAPEUTICS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss from continuing operations	$ (6,863,894)	$ (3,483,440)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	8,895	957
Amortization expense	315,082	-
Stock-based compensation	395,655	694,957
Change in fair value of warrant liabilities	(66,556)	(1,206,997)
Non-cash lease expense	1,920	-
Gain on sale of assets	(65,048)	-
Changes in operating assets and liabilities:		
Prepaid expenses	(252,198)	(137,754)
Other assets	(189,203)	(46,595)
Accounts payable and accrued liabilities	433,403	59,937
Lease liabilities	-	31,350
Net cash used in operating activities	(6,281,944)	(4,087,585)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(56,996)	(8,890)
Net cash proceeds from sale of assets	27,500	-
Acquisition of business, net of cash acquired	-	77,060
Net cash (used in) provided by investing activities	(29,496)	68,170
CASH FLOWS FROM FINANCING ACTIVITIES:		
Note payable proceeds	392,354	-
Principal payments on note payable	(259,019)	-
Net cash provided by financing activities	133,335	-
Effect of foreign currency translation on cash	(2,800)	(47,006)
Net cash used in operating activities of discontinued operations	(583,133)	(400,554)
Net cash provided by (used in) investing activities of discontinued operations	323,807	(538,835)
Net cash used in financing activities of discontinued operations	-	-
NET CHANGE IN CASH	$ (6,440,231)	$ (5,005,810)
Cash – Beginning of period	33,087,864	52,901,962
Cash – End of period	$ 26,647,633	$ 47,896,152
Supplemental disclosure of cash flow information:		
Amount due from sale of assets	$ 122,500	$ -

See accompanying notes to the unaudited condensed consolidated financial statements.

PASITHEA THERAPEUTICS CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND BUSINESS

Pasithea Therapeutics Corp. ("Pasithea" or the "Company") was incorporated in the State of Delaware on May 12, 2020 and completed an initial public offering (the "Initial Public Offering") on September 17, 2021. The Company is a biotechnology company focused on the discovery, research, and development of innovative treatments for central nervous system (CNS) disorders and other diseases. The Company is leveraging its expertise in the fields of neuroscience, translational medicine, and drug development to advance new molecular entities that target the pathophysiology underlying such diseases with the goal of bringing life-changing therapies to patients.

The Company's therapeutic pipeline currently consists of four programs. The Company's lead product candidate, PAS-004, is a next-generation macrocyclic mitogen-activated protein kinase, or MEK inhibitor that the Company believes may address the limitations and liabilities associated with existing drugs targeting a similar mechanism of action. The remaining three programs are in the discovery stage, which the Company believes address limitations in the treatment paradigm of the indications the Company plans to address with these programs, which are currently amyotrophic lateral sclerosis ("ALS"), multiple sclerosis ("MS") and schizophrenia.

Through December 31, 2022, the Company operated a Clinics business that was focused on providing business support services to anti-depression clinics in the U.K. and in the United States. Its operations in the U.K. involved providing business support services to registered healthcare providers who assess patients and, if appropriate, administer intravenous infusions of ketamine. Its operations in the United States involved providing business support services to entities that furnish similar services to patients who personally pay for those services. Operations in the U.K. and the United States were conducted through partnerships with healthcare providers and the Company did not provide professional medical services or psychiatric assessments.

During the three months ended as of March 31, 2023, we discontinued our at-home services in New York, NY as well as our services in the U.K. During the three months ended as of June 30, 2023, we sold our assets associated with the Clinics operations in Los Angeles, CA and the lease associated with the related property was assumed by the buyer in the transaction. Accordingly, as of the date of this Quarterly Report on Form 10-Q, the previously discontinued operations of our Clinics segment have been disposed of.

Throughout this report, the terms "our," "we," "us," and the "Company" refer to Pasithea Therapeutics Corp. and its subsidiaries, Pasithea Therapeutics Limited (U.K.), Pasithea Therapeutics Portugal, Sociedade Unipessoal Lda, Pasithea Clinics Corp, Alpha-5 Integrin, LLC, and AlloMek Therapeutics, LLC. Pasithea Therapeutics Limited (U.K.) is a private limited Company, registered in the United Kingdom (U.K.). Pasithea Therapeutics Portugal, Sociedade Unipessoal Lda is a private limited Company, registered in Portugal. Pasithea Clinics Corp. is incorporated in Delaware. Alpha-5 Integrin, LLC is a Delaware limited liability company. AlloMek Therapeutics, LLC is a Delaware limited liability company.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and approval of any golden parachute payments not previously approved. Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's condensed consolidated financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Liquidity and Capital Resources

As of June 30, 2023, the Company had approximately $26.6 million of cash and cash equivalents and working capital of approximately $25.8 million. The Company's major sources of cash have been comprised of proceeds from various private offerings, the Initial Public Offering, and the prior exercise of warrants. The Company is dependent on obtaining additional working capital funding from the sale of equity and/or debt securities to continue to execute its development plans and continue operations. Based on the foregoing, management believes that the Company will have sufficient working capital to meet its needs through twelve months from the date of these condensed consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Company evaluates the need to consolidate affiliates based on standards set forth in Accounting Standards Codification ("ASC") 810, "Consolidation," ("ASC 810"). The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Pasithea Therapeutics Limited (U.K.) and Pasithea Clinics Corp. ("Pasithea Clinics"). All significant intercompany transactions and balances have been eliminated in consolidation.

These condensed consolidated financial statements are presented in U.S. Dollars.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Management regularly makes estimates related to the fair value of warrant liabilities; the recoverability of long-lived assets; the fair values and useful lives of intangible assets acquired in business combinations; the potential impairment of goodwill; and income taxes. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable, the results of which form the basis for the amounts recorded in the consolidated financial statements. As appropriate, the Company obtains reports from third-party valuation experts to inform and support estimates related to fair value measurements.

Research and Development

Research and development costs are charged to operations when incurred and are included in operating expense, except for goodwill related to intellectual property & patents. Our research and development costs consist principally of compensation of employees and consultants that perform the Company's research activities, payments to third parties for preclinical, non-clinical and regulatory activities, costs to acquire drug product from contract development and manufacturing organizations and third-party contractors relating to chemistry, manufacturing and controls ("CMC") efforts, the fees paid for and to maintain the Company's intellectual property, and research and development costs related to our discovery programs. Depending upon the timing of payments to the service providers, the Company recognizes prepaid expenses or accrued expenses related to these costs. These accrued or prepaid expenses are based on management's estimates of the work performed under service agreements, milestones achieved and experience with similar contracts. The Company monitors each of these factors and adjusts estimates accordingly.

Selling, General and Administrative

Our selling, general and administrative expenses primarily consist of personnel and related costs, including stock-based compensation, legal fees relating to both intellectual property and corporate matters, accounting and audit related costs, insurance, corporate communications and public company expenses, information technology, office and facility rents and related expenses, including depreciation, amortization and maintenance, and fees for consulting, business development and other professional services.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company had cash equivalents of $10.1 million as of June 30, 2023, and did not have any cash equivalents as of December 31, 2022.

Property and Equipment

Property and equipment is recorded at cost, net of depreciation. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the related assets. Expenditures that enhance the useful lives of the assets are capitalized and depreciated. Maintenance and repairs are expensed as incurred. When properties are retired or otherwise disposed of, related costs and related accumulated depreciation are removed from the accounts.

Warrant Liability

The Company accounts for the publicly traded warrants issued in its Initial Public Offering (the "Public Warrants") and the warrants issued as compensation to the underwriters in its Initial Public Offering (the "Representative Warrants" and together with the Public Warrants, the "IPO Warrants") in accordance with the guidance contained in ASC 815, "Derivatives and Hedging," under which the IPO Warrants do not meet the criteria for equity treatment and must be recorded as derivative liabilities. Accordingly, the Company classifies the IPO Warrants as liabilities at their fair value and adjusts the IPO Warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until the IPO Warrants are exercised or expire, and any change in fair value is recognized in the Company's condensed consolidated statement of operations and comprehensive loss. The fair value of the IPO Warrants was initially measured using a Black Scholes pricing model. Currently, the fair value of the Public Warrants is measured using quoted market prices, and the fair value of the Representative Warrants is based on an estimate of the relative fair value to the Public Warrants, accounting for a small difference in the exercise price.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of $250,000. As of June 30, 2023, the Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Fair Value of Financial Instruments

Except for liabilities related to the IPO Warrants, described in the table below, the fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Fair Value Measurements

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

		Fair value measurements at reporting date using:		
	Fair value	Quoted prices in active markets for identical liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents, June 30, 2023	$ 10,122,758	$ 10,122,758	**$ -**	**$ -**
Liabilities:				
Public Warrants, June 30, 2023	$ 69,520	$ 69,520	$ -	$ -
Representative Warrants, June 30, 2023	$ 4,535	$ -	$ -	$ 4,535
Liabilities:				
Public Warrants, December 31, 2022	$ 132,000	$ 132,000	$ -	$ -
Representative Warrants liabilities, December 31, 2022	$ 8,611	$ -	$ -	$ 8,611

The following table presents a reconciliation of the Level 3 Representative Warrants liabilities:

	For the three months ended June 30,	
	2023	2022
Beginning balance, March 31	$ 11,482	$ 48,797
Issuances	-	-
Exercises	-	-
Change in fair value	(6,946)	(30,197)
Ending balance, June 30	$ 4,535	$ 18,600

	For the six months ended June 30,	
	2023	2022
Beginning balance, December 31	$ 8,611	$ 106,205
Issuances	-	-
Exercises	-	-
Change in fair value	(4,076)	(87,605)
Ending balance, June 30	$ 4,535	$ 18,600

The change in fair value of the Representative Warrants liabilities is recorded in change in fair value of warrant liabilities on the condensed consolidated statement of operations and comprehensive loss.

The fair value of the cash equivalents is based on the fair value of marketable securities invested in U.S. government money market funds.

The fair value of the liability associated with the Public Warrants as of June 30, 2023 was based on the quoted closing price on The Nasdaq Capital Market and is classified as Level 1. The fair value of the liability associated with the Representative Warrants as of June 30, 2023 was based on an estimate of the relative fair value to the Public Warrants, accounting for a small difference in the exercise price, and is classified as Level 3.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Net Loss Per Share

Net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similarly to the basic earnings per share, except the weighted average number of common shares outstanding are increased to include additional shares from the assumed exercise of share options, if dilutive. The following outstanding shares issuable upon exercise of stock options and warrants and vesting of restricted stock units were excluded from the computation of diluted net loss per share for the periods presented because including them would have had an anti-dilutive effect:

	Six months ended June 30, 2023	
	2023	**2022**
Stock options	1,980,000	1,000,000
Warrants	15,356,000	12,600,000
Restricted stock units	99,999	200,000

Foreign Currency Translations

The Company's functional and reporting currency is the U.S. dollar. All transactions initiated in other currencies are translated into U.S. dollars using the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the U.S. dollar at the rate of exchange in effect at the balance sheet date. Unrealized exchange gains and losses arising from such transactions are deferred until realization and are included as a separate component of stockholders' equity (deficit) as a component of comprehensive income or loss. Upon realization, the amount deferred is recognized in income in the period when it is realized.

Translation of Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- equity is translated at historical exchange rates; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's accumulated other comprehensive loss in the condensed consolidated financial statements. Transaction gains and losses arising from exchange rate fluctuation on transactions denominated in a currency other than the functional currency are included in the condensed consolidated statements of operations and comprehensive loss.

The relevant translation rates are as follows:

	6/30/2023	12/31/2022
Closing rate, British Pound (GBP) to $USD at period end	1.2714	1.2039
Average rate, GBP to $USD for the period ended	1.2332	1.2362
Closing rate, Euro (EUR) to $USD at period end	0.9166	0.9367
Average rate, EUR to $USD for the period ended	0.9256	0.9517

Comprehensive Income (Loss)

ASC 220, "Comprehensive Income," establishes standards for reporting and display of comprehensive income (loss) and its components in a full set of general-purpose financial statements. As of June 30, 2023 and December 31, 2022, the Company had no material items of other comprehensive income (loss) except for the foreign currency translation adjustment.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses,* which requires entities to estimate all expected credit losses for financial assets measured at amortized cost basis, including trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The Company adopted this guidance on March 31, 2023. The adoption of this accounting standard did not have a material impact to the Company's condensed consolidated financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	As of June 30, 2023	As of December 31, 2022
Leasehold improvements	$ 3,193	$ 3,193
Medical equipment	155,363	99,220
Office equipment	25,691	26,343
Property and equipment, gross	184,247	128,756
Less: accumulated depreciation	(10,949)	(3,559)
Property and equipment, net	$ 173,298	$ 125,197

NOTE 4 – LEASES

Laboratory Lease – South San Francisco, California

In August 2022, the Company, as a lessee, entered into an amended sublease agreement to sublease laboratory and office space in South San Francisco, California. The lease commenced on August 15, 2022. The term of this sublease is for a period of thirty-nine and one-fourth (39.25) months commencing on the effective date, until May 15, 2024. The lease has a gross monthly rent of $16,171 per month, which will increase to $16,656 beginning January 1, 2024.

This lease was accounted for as an operating lease under ASC 842, Leases, which resulted in the recognition of a right of use asset ("ROU asset") and liability of approximately $569,000 at inception. The ROU asset is recorded as a component of non-current assets and the liability a component of current and non-current liabilities on the Company's consolidated balance sheets. The Company discounted the future lease payments of this lease using the prevailing collateralized lending rate which would be extended to the Company based on its credit profile relative to the period of inception, and the duration of the lease from inception. The interest rate used in calculating the fair value listed above was 7.8%.

As of June 30, 2023, the Company recognized total ROU assets and lease liabilities as follows:

	As of June 30, 2023	As of December 31, 2022
Non-current leases – right of use assets	$ 419,885	$ 500,428
Current liabilities – operating lease liabilities	$ 169,676	$ 160,362
Non-current liabilities – operating lease liabilities	$ 256,084	$ 344,021
Operating lease expense	$ 128,281	$ 168,812
Cash paid for amounts included in the measurement of operating lease liabilities	$ -	$ 169,695

The following table summarizes the maturity of the Company's operating lease payments as of June 30, 2023:

2023 (remaining)	$ 97,511
2024	199,872
2025	183,216
Total future minimum lease payments	$ 480,599
Amount representing interest	(54,839)
Present value of net future minimum lease payments	$ 425,760

NOTE 5 – INTANGIBLE ASSETS AND GOODWILL

Intangible assets, net consists of the following:

	June 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
In-process research and development	$ 2,900,000	$ -	$ 2,900,000	$ 2,900,000	$ -	$ 2,900,000
Patents and intellectual property	5,513,937	(157,541)	5,356,396	5,671,478	-	5,671,478
Intangible assets, net	$ 8,413,937	$ (157,541)	$ 8,256,396	$ 8,571,478	$ -	$ 8,571,478

As of June 30, 2023, future expected amortization expense of Intangible assets was as follows:

2023	$ 315,082
2024	630,164
2025	630,164
2026	630,164
2027	630,164
Thereafter	5,420,658
Remaining future amortization expense	$ 8,256,396

There were no changes to goodwill for the six months ended June 30, 2023.

NOTE 6 – STOCKHOLDERS' EQUITY

Common Stock

The Company had 26,143,407 and 26,698,688 shares of its Common Stock issued and outstanding at June 30, 2023 and 2022, respectively.

Common Stock Issuances for the Three and Six Months Ended June 30, 2023

During the three and six months ended June 30, 2023, the Company issued 16,667 and 100,001 shares of common stock, respectively, due to the vesting of restricted stock units ("RSUs"), and recognized approximately $24,000 and $48,000, respectively, of stock-based compensation expense related to its outstanding restricted stock units. Stock-based compensation expense related to the Company's restricted stock units is recognized within selling, general and administrative expense.

As of June 30, 2023, remaining unamortized RSU stock-based compensation expense was approximately $142,000.

The Company did not grant any RSUs or restricted stock during the three and six months ended June 30, 2023.

NOTE 7 – STOCK OPTIONS

Stock Options Issued, Vested and Cancelled

During the three months ended June 30, 2023, no stock options were issued. During the three months ended June 30, 2023, stock options to purchase an aggregate of 333,334 shares of Common Stock, subject to time-based milestone vesting conditions, vested.

During the three months ended June 30, 2023, stock options to purchase an aggregate of 200,000 shares of Common Stock were cancelled.

During the six months ended June 30, 2023, the Company issued stock options under the 2021 Plan to employees, to purchase an aggregate of 880,000 shares of Common Stock with a strike price equal to $0.491 per share and a term of ten years. One-third of these options vest on the one-year anniversary of the employee hire date and then the remaining stock options vest in equal quarterly installments over the remaining two years. These options had a total fair value of approximately $288,000, as calculated using the Black-Scholes pricing model with a volatility assumption of 68.64%.

During the six months ended June 30, 2023, stock options to purchase an aggregate of 350,001 shares of Common Stock, subject to time-based milestone vesting conditions, vested. During the six months ended June 30, 2023, stock options to purchase an aggregate of 200,000 shares of Common Stock were cancelled.

Stock-Based Compensation

For the three months ended June 30, 2023 and 2022, total stock-based compensation expense related to the Company's stock options was approximately $195,000 and approximately $100,000, respectively. For the three months ended June 30, 2023, the Company recognized approximately $136,000 of stock-based compensation related to its options within selling, general and administrative expense, and approximately $59,000 within research and development expense. For the three months ended June 30, 2022, all stock-based compensation expense was recorded within selling, general and administrative expense.

For the six months ended June 30, 2023 and 2022, total stock-based compensation expense related to the Company's stock options was approximately $348,000 and approximately $194,000, respectively. For the six months ended June 30, 2023, the Company recognized approximately $267,000 of stock-based compensation related to its options within selling, general and administrative expense, and approximately $81,000 within research and development expense. For the six months ended June 30, 2022, all stock-based compensation expense was recorded within selling, general and administrative expense.

The following table summarizes the activity related to the Company's stock options for the six months ended June 30, 2023:

	Number of Options	Weighted average exercise price per share	Weighted average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding, January 1, 2023	1,300,000	$ 2.28	9.12	$ -
Granted	880,000	0.49	9.66	-
Expired/Cancelled	(200,000)	0.96	9.13	-
Outstanding, June 30, 2023	1,980,000	$ 1.62	9.06	-
Exercisable, June 30, 2023	566,668	$ 2.18	8.84	$ -

As of June 30, 2023, remaining unamortized stock-based compensation expense related to the stock options was approximately $581,000.

NOTE 8 – WARRANTS

As of June 30, 2023, the fair value of the Public Warrants was approximately $0.02 per Public Warrant based on the closing price of the warrants on The Nasdaq Capital Market. The fair value of the Representative Warrants was approximately $0.02 per Representative Warrant which was based on the relative fair value to the Public Warrants.

The following table summarizes the Company's outstanding warrants:

Exercise Price	Number of warrants	Weighted-average remaining contractual term (years)	Weighted average exercise price
$ 1.88	2,000,000	4.13	
$ 3.50	8,680,000	3.40	
$ 6.00	276,000	3.22	
$ 6.25	4,400,000	3.22	
	15,356,000	3.44	$ 4.12

No warrants were granted during the three and six months ended June 30, 2023.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Legal and Regulatory Environment

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government healthcare program participation requirement, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers.

Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

NOTE 10 – DISCONTINUED OPERATIONS

During the three months ended March 31, 2023, we discontinued our at-home services in New York, NY, our Clinics operations in Los Angeles, CA, as well as our services in the U.K. During the three months ended June 30, 2023, we sold our assets associated with the Clinics operations in Los Angeles, CA, and the lease associated with the related property was assumed by the buyer in the transaction. Accordingly, as of June 30, 2023, the previously discontinued operations of our Clinics segment have been disposed of.

As of June 30, 2023, the carrying amounts of the classes of assets and liabilities related to the discontinued operations of the Clinics operations were $0.

The results of operations from discontinued operations for the three and six months ended June 30, 2023 and 2022, have been reflected as discontinued operations in the condensed consolidated statements of operations and consist of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues	$ -	$ 13,581	$ -	$ 27,239
Cost of services	-	15,101	-	28,038
Gross margin	-	(1,520)	-	(799)
Selling, general and administrative	165,146	467,016	502,063	793,395
Loss from discontinued operations	(165,146)	(468,535)	(502,063)	(794,194)
Gain on forgiveness of accounts payable	-	-	-	45,000
Gain on sale of assets	-	-	65,048	-
Loss from discontinued operations, before income tax	(165,146)	(468,535)	(437,015)	(749,194)
Income tax expense	-	-	-	-
Net loss from discontinued operations, net of tax	(165,146)	(468,535)	(437,015)	(749,194)
Weighted-average common shares outstanding, basic and diluted	26,128,022	23,444,135	26,100,681	23,226,253
Basic and diluated loss per share from discontinued operations	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.03)

The following table presents the gain on the sale of assets in Los Angeles, CA:

	As of June 30, 2023
Cash proceeds	$ 27,500
Proceeds to receive in installments	122,500
Total	$ 150,000
Less transaction costs	(11,250)
Less book value of assets	(73,702)
Gain on sale, before income tax	$ 65,048
Income tax expense	-
Gain on sale, net of tax	$ 65,048

The following table presents non-cash items related to discontinued operations, which are included in the Company's unaudited condensed consolidated statement of cash flows:

	Six months ended June 30, 2023
Cash Flows From Operating Activities:	
Gain on sale of assets	$ (65,048)
Supplemental disclosure of cash flow information:	
Amount due from sale of assets	$ 122,500

NOTE 11 – NOTE PAYABLE

Directors and Officer's Liability Insurance

On January 9, 2023, the Company entered into a 9-month financing agreement for its directors and officer's liability insurance in the amount of approximately $392,000 that bears interest at an annual rate of 7.8%. Monthly payments, including principal and interest, are approximately $45,000 per month. The balance due under this financing agreement was approximately $133,000 and $0 at June 30, 2023 and December 31, 2022, respectively.

NOTE 12 – SUBSEQUENT EVENTS

On July 20, 2023, the Company announced that its Board of Directors authorized the repurchase, through a $4.0 million tender offer of up to approximately 5.7 million shares of the Company's outstanding common stock at a cash purchase price of $0.70 per share (the "Tender Offer"). The Company launched the Tender Offer on August 9, 2023, which is expected to expire on September 8, 2023, subject to the terms and conditions of the Tender Offer.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of financial condition and operating results together with our financial statements and the related notes and other financial information included elsewhere in this quarterly report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, as amended on April 4, 2023. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth in the section of this report captioned "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q as well as the risk factors set forth in the section titled "Risk Factors" included in our Annual Report on Form 10-K, our actual results may differ materially from those anticipated in these forward-looking statements. For convenience of presentation some of the numbers have been rounded in the text below.

Throughout this report, the terms "our," "we," "us," and the "Company" refer to Pasithea Therapeutics Corp. and its subsidiaries, Pasithea Therapeutics Limited (UK), Pasithea Clinics Corp., Pasithea Therapeutics Portugal, Sociedade Unipessoal Lda, Alpha-5 integrin, LLC and AlloMek Therapeutics, LLC. Pasithea Clinics Corp. is incorporated in Delaware Pasithea Therapeutics Portugal, Sociedade Unipessoal Lda is a private limited company, registered in Portugal. Alpha-5 integrin, LLC and AlloMek Therapeutics, LLC are both Delaware limited liability companies.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are generally identified by the use of such words as "may," "could," "should," "would," "believe," "anticipate," "forecast," "estimate," "expect," "intend," "plan," "continue," "outlook," "will," "potential" and similar statements of a future or forward-looking nature. These forward-looking statements speak only as of the date of filing this Quarterly Report with the SEC and include, without limitation, statements about the following:

- our lack of operating history;
- the expectation that we will incur significant operating losses for the foreseeable future and will need significant additional capital;
- the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our plans to develop and commercialize our product candidates;
- the timing of our Investigational New Drug ("IND") submission with the U.S. Food and Drug Administration or other regulatory submissions with foreign regulatory agencies for PAS-004;
- the timing of our planned clinical trials for PAS-004;
- the ability of our clinical trials to demonstrate safety and efficacy of our future product candidates, and other positive results;
- disruptions to the development of our product candidates due to the continued spread of COVID-19 and the resulting global pandemic;
- the timing and focus of our future preclinical studies and clinical trials, and the reporting of data from those studies and trials;
- the size of the market opportunity for our future product candidates, including our estimates of the number of patients who suffer from the diseases we are targeting;

- the success of competing therapies that are or may become available;
- the beneficial characteristics, safety, efficacy and therapeutic effects of our future product candidates;
- our ability to obtain and maintain regulatory approval of our future product candidates;
- our plans relating to the further development of our future product candidates, including additional disease states or indications we may pursue;
- existing regulations and regulatory developments in the United States and other jurisdictions;
- our dependence on third parties;
- the need to hire additional personnel and our ability to attract and retain such personnel;
- our plans and ability to obtain or protect intellectual property rights, including extensions of patent terms where available and our ability to avoid infringing the intellectual property rights of others;
- our financial performance and sustaining an active trading market for our Common Stock and Warrants; and
- our ability to restructure our operations to comply with any potential future changes in government regulation.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. You should refer to the "*Risk Factors*" section of this Quarterly Report for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. We operate in an evolving environment and new risk factors and uncertainties may emerge from time to time. It is not possible for management to predict all risk factors and uncertainties. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. You should review the factors and risks and other information we describe in the reports we will file from time to time with the SEC.

Company Summary

We are a biotechnology company primarily focused on the discovery, research and development of innovative treatments for central nervous system (CNS) disorders and RASopathies. Our primary operations (the "Therapeutics" segment) are focused on developing our lead therapeutic candidate, PAS-004, a macrocyclic MEK inhibitor for potential use in a range of CNS-related indications, including neurofibromatosis type 1 (NF1) as well as Noonan syndrome, lamin A/C cardiomyopathy and certain oncology indications that we acquired from AlloMek Therapeutics, LLC in October 2022. PAS-004 has completed pre-clinical testing and animal toxicology studies to support a regulatory application to study PAS-004 for the treatment of NF1. We anticipate initiating our first-in-human Phase 1 clinical trial as soon as possible after the acceptance of our regulatory submission by the regulatory agencies. We are also focused on the development of our discovery programs through lead identification of drug candidates, including PAS-003, a monoclonal antibody targeting a5b1 integrin for the treatment of amyotrophic lateral sclerosis (ALS), PAS-002, a DNA vaccine targeting GlialCAM for the treatment of multiple sclerosis (MS), and PAS-001, a small molecule targeting the compliment component 4 (C4) gene for the treatment of schizophrenia.

Our ability to generate product revenue will depend on the successful development, regulatory approval and eventual commercialization of one or more of our product candidates. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through the sale of equity, debt financings, or other capital sources, including potential collaborations with other companies or other strategic transactions. Adequate funding may not be available to us on acceptable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, scale back or discontinue the development and commercialization of our product candidates.

We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance our product candidates through all stages of development and clinical trials and, ultimately, seek regulatory approval. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. We expect our expenses and capital requirements will increase significantly in connection with our ongoing activities as we:

- continue our ongoing and planned research and development of our product candidates;
- initiate nonclinical studies and clinical trials for any additional product candidates that we may pursue;
- scale up external manufacturing capacity with the aim of securing sufficient quantities to meet our capacity requirements for clinical trials and potential commercialization;
- establish a sales, marketing and distribution infrastructure to commercialize any approved product candidates and related additional commercial manufacturing costs;
- develop, maintain, expand, protect and enforce our intellectual property portfolio;
- acquire or in-license product candidates and technologies; and
- add clinical, operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts.

Recent Developments

Clinics Segment

During the first quarter of 2023, we discontinued our at-home services in New York, NY as well as our services in the U.K. During the second quarter of 2023, we sold our assets associated with the Clinics operations in Los Angeles, CA, and the lease associated with the related property was assumed by the buyer in the transaction. Accordingly, as of the date of this Quarterly Report on Form 10-Q, the previously discontinued operations of our Clinics segment have been disposed of.

Completion of GMP-Compliant Manufacturing

On June 29, 2023, we announced the successful completion of manufacturing the GMP-compliant Phase 1 clinical supplies of the active pharmaceutical ingredient ("API") of our lead product candidate PAS-004. We intend to utilize this supply of PAS-004 for our upcoming Phase I clinical trial following acceptance of our regulatory application.

Tender Offer to Repurchase Shares of Common Stock

On July 20, 2023, we announced that our Board of Directors authorized the repurchase, through a $4.0 million tender offer, of up to approximately 5.7 million shares of our outstanding common stock at a cash purchase price of $0.70 per share (the "Tender Offer"). We launched the Tender Offer on August 9, 2023, which is expected to expire on September 8, 2023, subject to the terms and conditions of the Tender Offer.

Impact of Inflation

We have recently experienced higher costs across our business as a result of inflation, including higher costs related to employee compensation and outside services. We expect inflation to continue to have a negative impact throughout 2023, and it is uncertain whether we will be able to offset the impact of inflationary pressures in the near term.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2023 and 2022

Our financial results for the three and six months ended June 30, 2023 and 2022 are summarized as follows:

	For the Three Months Ended June 30,			
	2023	2022	Change	% Change
Selling, general and administrative	$ 1,800,536	$ 2,611,559	$ (811,023)	(31.1)%
Research and development	2,028,165	-	2,028,165	100.0%
Loss from operations	(3,828,701)	(2,611,559)	(1,217,142)	(31.8)%
Other income, net	230,617	421,700	(191,083)	82.9%
Net loss from continuing operations	(3,598,084)	(2,189,859)	(1,408,225)	(39.1)%
Net loss from discontinued operations, net of tax	(165,146)	(468,535)	303,389	183.7%
Net loss	$ (3,763,230)	$ (2,658,394)	$ (1,104,836)	(29.4)%

	For the Six Months Ended June 30,			
	2023	2022	Change	% Change
Selling, general and administrative	$ 3,916,802	$ 4,690,437	$ (773,635)	(16.5)%
Research and development	3,124,451	-	3,124,451	100.0%
Loss from operations	(7,041,253)	(4,690,437)	(2,350,816)	(33.4)%
Other income, net	177,359	1,206,997	(1,029,638)	580.5%
Net loss from continuing operations	(6,863,894)	(3,483,440)	(3,380,454)	(49.2)%
Net loss from discontinued operations, net of tax	(437,015)	(749,194)	312,179	71.4%
Net loss	$ (7,300,909)	$ (4,232,634)	$ (3,068,275)	(42.0)%

Selling, general and administrative

Selling, general and administrative expenses consist primarily of personnel expenses, including salaries, benefits, and stock-based compensation expense, for employees and consultants in executive, finance and accounting, legal, operations support, information technology and human resource functions. Selling, general and administrative expense also includes corporate facility costs not otherwise included in research and development expense, including rent, utilities, depreciation, amortization and maintenance, as well as legal fees related to intellectual property and corporate matters and fees for accounting and consulting services.

For the three and six months ended June 30, 2023, selling, general and administrative expenses were approximately $1.8 million and $3.9 million, respectively. Selling, general and administrative expenses decreased for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022 primarily due to the discontinued Clinics operations in 2023.

We expect selling, general and administrative expenses to remain relatively flat throughout 2023.

Research and Development

Research and development expenses relate to our activities performed by our Therapeutics segment, which are primarily focused on the development of PAS-004, our lead product candidate, and PAS-003, our most advanced discovery candidate.

For the three and six months ended June 30, 2023, research and development expenses were approximately $2.0 million and $3.1 million, respectively. There were no research and development expenses for the three and six months ended June 30, 2022. The increase is due to the commencement and expansion of our drug development activities primarily related to PAS-004 and PAS-003.

We expect research and development expenses to increase throughout 2023 primarily related to manufacturing, regulatory and clinical development of PAS-004.

Other income, net

For the three months ended June 30, 2023, other income, net decreased by approximately $191,000 compared to the three months ended June 30, 2022. The decrease is primarily due to the larger decrease in the fair value of the publicly traded warrants issued in our Initial Public Offering (the "Public Warrants") and the warrants issued as compensation to the underwriters in our Initial Public Offering (the "Representative Warrants") that occurred during the three months ended June 30, 2022, compared to the decrease that occurred during the three months ended June 30, 2023.

For the six months ended June 30, 2023, other income, net decreased by approximately $1.0 million compared to the six months ended June 30, 2022. The decrease is primarily due to the $1.4 million decrease in the fair value of our Public Warrants and Representative Warrants that occurred during the six months ended June 30, 2022, compared to a decrease of approximately $67,000 that occurred during the six months ended June 30, 2023.

Working Capital

	As of June 30, 2023	As of December 31, 2022
Current assets	$ 28,036,901	$ 33,913,231
Current liabilities	2,229,058	1,641,755
Working capital	$ 25,807,843	$ 32,271,476

Working capital decreased by approximately $6.5 million between December 31, 2022 and June 30, 2023 due primarily to cash used to fund operations for the six months ended June 30, 2023.

Liquidity and Financial Condition

	Six Months Ended June 30,	
	2023	2022
Net loss from continuing operations	$ (6,863,894)	$ (3,483,440)
Net cash used in operating activities	$ (6,281,944)	$ (4,087,585)
Net cash used in (provided by) investing activities	(29,496)	68,170
Net cash provided by financing activities	133,335	-
Effect of foreign currency translation	(2,800)	(47,006)
Net cash used in discontinued operations	(259,326)	(939,389)
Decrease in cash and cash equivalents	$ (6,440,231)	$ (5,005,810)

Cash and cash equivalents decreased by approximately $6.4 million for the six months ended June 30, 2023, which was primarily attributable to cash used to fund operations and make equipment purchases during the period.

Liquidity & Capital Resources Outlook

As of June 30, 2023, we had approximately $26.6 million in operating bank accounts and money market funds, with working capital of approximately $25.8 million. We are dependent on obtaining additional working capital funding from the sale of equity and/or debt securities in order to continue to execute our development plans and continue operations. Subsequent to the consummation of the Initial Public Offering, our liquidity was and will continue to be satisfied through the net proceeds from the Initial Public Offering, a private placement in November 2021 and the receipt of cash upon the prior exercise of our outstanding warrants. Based on the foregoing, management believes that we will have sufficient working capital to meet our needs through twelve months from the issuance date of the financial statements included in this quarterly report.

Liquidity & Capital Resources Outlook

Our primary use of cash is to fund operating expenses, primarily selling, general and administrative and research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable, accrued expenses and prepaid expenses.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, timing, progress and results of discovery, preclinical development, laboratory testing and clinical trials for our product candidates;
- the costs of manufacturing our product candidates for clinical trials and in preparation for marketing approval and commercialization;
- the extent to which we enter into collaborations or other arrangements with third parties in order to further develop our product candidates;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the costs and fees associated with the discovery, acquisition or in-license of additional product candidates or technologies;
- expenses needed to attract and retain skilled personnel;
- the costs required to scale up our clinical, regulatory and manufacturing capabilities;
- the costs of future commercialization activities, if any, including establishing sales, marketing, manufacturing and distribution capabilities, for any of our product candidates for which we receive marketing approval; and
- revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval.

We will need significant additional funds to meet operational needs and capital requirements for clinical trials, other research and development expenditures, and business development activities. We currently have no credit facility or committed sources of capital. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical studies.

Tender Offer to Repurchase Shares of Common Stock

On July 20, 2023, we announced that our Board of Directors authorized the Tender Offer to repurchase approximately 5.7 million shares of our outstanding common stock at a cash purchase price of $0.70 per share, totaling $4.0 million. We launched the Tender Offer on August 9, 2023, which is expected to expire on September 8, 2023, subject to the terms and conditions of the Tender Offer. On a proforma basis giving effect to the Tender Offer, management believes that we will have sufficient working capital to meet our needs through twelve months from the issuance date of the financial statements included in this quarterly report.

Contractual Obligations

See Note 9 – Commitments and Contingencies in the Notes to Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for a summary of our contractual obligations.

Off-Balance Sheet Arrangements

During the periods presented, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated under the Exchange Act.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates, which include (1) revenue recognition, (2) stock-based compensation and (3) fair value measurements, are more fully described in the Notes to our Consolidated Financial Statements included in our Form 10-K for the fiscal year ended December 31, 2022, as amended on April 4, 2023. During the three and six months ended June 30, 2023, there were no material changes to our critical accounting policies and estimates from those described in our Form 10-K.

We believe that the following critical accounting estimates are particularly subject to management's judgment and could materially affect our financial condition and results of operations.

- Assumptions used in the Black-Scholes pricing model for valuation of stock option awards, such as expected volatility, risk-free interest rate, expected term and expected dividends.

- Valuation of the liability for Representative Warrants, for which there is no active market, based on the relative fair value to the quoted market price of the Public Warrants, accounting for a small difference in the exercise price.

Recent Accounting Pronouncements

See Note 2 – Summary of Significant Accounting Policies in the Notes to our Unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for a description of recent accounting pronouncements applicable to our financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not Applicable. As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures, and have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures, as defined in the Securities Exchange Act of 1934, as amended (the Exchange Act), Rule 13a-15(e), are effective to ensure that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in the section titled "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2022, as amended on April 4, 2023. Our business involves significant risks. You should carefully consider the risks and uncertainties described in our Form 10-K, together with all of the other information in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Form 10-K. The risks and uncertainties described in our Form 10-K are not the only ones we face. Additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock and Public Warrants could decline, and you could lose part or all of your investment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit No.	Description
10.1*+#	Offer of Employment, dated as of June 21, 2022, between Pasithea Therapeutics Corp. and Dr. Graeme Currie.
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished, not filed.

\+ Indicates a management contract or any compensatory plan, contract or arrangement.

\# Certain identified information has been excluded from this exhibit (indicated by asterisks) because it is both not material and the type of information that the Company treats as private or confidential, in accordance with the rules of the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PASITHEA THERAPEUTICS CORP.

By: */s/ Tiago Reis Marques*
Tiago Reis Marques
Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2023

By: */s/ Daniel Schneiderman*
Daniel Schneiderman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: August 11, 2023

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. INFORMATION THAT WAS OMITTED HAS BEEN NOTED IN THIS DOCUMENT WITH A PLACEHOLDER IDENTIFIED BY THE MARK "[***]".

June 21, 2022

Graeme Currie
[***]

Delivered via Email

Re: Offer of Employment

Dear Dr. Graeme Currie:

We are excited that you will be joining Pasithea Therapeutics Corp. (the "we," "us" or the "Company") and helping us to build our business. We are pleased to offer you employment on the following terms.

POSITION AND RESPONSIBILITIES.

You will serve as a full-time employee with Pasithea, your title will be Chief Development Officer and you will report to the CEO and the board. Your start date will be June 22, 2022. Notwithstanding the foregoing, during the Part-Time Employment Period (as defined below), you shall be required to devote seventy-five (75%) percent of your working time, up to thirty hours per week, in your role for Pasithea. "Part-Time Employment Period" means the period of time commencing on the start date and ending on the earlier to occur of (a) the first anniversary of the start date, and (b) the date on which this agreement is terminated in accordance with the terms hereof. During the Part-Time Employment Period, all Company policies shall still apply, other than a requirement of full time work, and you shall comply with the terms of the Non-Disclosure, Non-Competition, Confidential Information, and Non- Solicitation Agreement (the "RCA") (including, for the sake of clarity, its restrictions on engaging in any work for a Competitive Business). You further agree to take all commercially reasonable steps during the Part-Time Employment Period to ensure that (a) any Assigned Inventions (as defined in the RCA) shall be assigned to the Company, and (b) no confidential information belonging to any third party is brought to the Company's premises or used in the performance of your duties.

COMPENSATION.

a. Salary. You will be paid an annual base salary of $375,000, payable in biweekly installments as well a discretionary annual bonus and subject to withholding in accordance with the Company's standard payroll practices for salaried employees. Salary may be increased or decreased upon prior, written notice to you at any time at the Company's discretion.

b. Discretionary Annual Bonus. For each year of your employment, you will be considered for an annual incentive bonus with respect to each fiscal year of your employment with Pasithea, the amount, terms and conditions of such bonus (if any) are to be determined at the sole discretion of the Company. Your discretionary annual bonus shall be up to 35% of your base annual salary and contingent upon you being employed by Pasithea as of the payment date of such incentive bonus. The bonus will also be subject to your employment for the full period covered by the bonus, approval by, and adjustment at the discretion of the Company and the terms of any applicable bonus plan. The annual performance bonus, if any, shall be paid between March 15th and May 15th of the calendar year following the calendar year for which such bonus was earned. You must be employed on the date of the bonus payment date in order to be eligible for any bonus.

c. Sign on bonus. You will be paid a sign on bonus of $30,000, payable within fifteen (15) days of your start date. In the event of you are not employed by the Company on or prior the first anniversary of your start date, you shall repay the sign-on bonus within ten (10) days of your termination date.

d. Equity grant. After joining the Company, and subject to (i) the Company's obtaining stockholder approval to increase the number of shares of the Company's Common Stock issuable under its 2021 Stock Incentive Plan (the "Amended Plan") in an amount determined by the Company in its sole discretion in connection with its next annual meeting of stockholders, (ii) the Company' Registration Statement on Form S-8 covering the Amended Plan being declared effective by the Securities and Exchange Commission, (iii) the approval of the equity grant to you contemplated herein by Pasithea's Board of Directors, and (iv) your execution of a stock option grant agreement provided by the Company, you will be granted an option to purchase 300,000 shares of Pasithea's Common Stock at an exercise price per share equal to the then fair market value of a share of Common Stock of Pasithea (the "Option"), as determined in accordance with Pasithea's then-current equity award granting policy. Subject to the approval of Pasithea's Board of Directors, the Option shall vest in accordance with the terms set forth in your stock option grant agreement, subject to your continuing employment with the Company. This option grant shall be subject to the then-current terms and conditions of Pasithea's employee stock option plan and agreement and shall be the governing document as regards the Option. No right to any stock is earned or accrued until such time that vesting occurs, not does the grant confer any right to continue vesting or employment

e. Benefits. As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits, such as health insurance, paid time off of up to 21 days per year, and long term disability insurance, in each case, upon completion of 30 days of employment.

DISCLOSURE. You represent and warrant to the Company that you are not party to any agreements, whether relating to your prior employment or otherwise, that may prevent you from performing the duties of your position as contemplated herein or affect your eligibility to be employed by the Company or limit the manner in which you may be employed. You further represent that you have not used for the Company's behalf, and will not disclose, any trade secrets or other proprietary right of any previous employer or any other party.

PERIOD OF EMPLOYMENT. You shall be an at-will employee, and either you or the Company may terminate your employment at any time, for any reason, with or without advance notice. Subject to the foregoing sentence, your employment with the Company will last at a minimum for three years after the date hereof. In the event of unexpected circumstances outside of your and the Company's control, at no fault of either party, that leads to your termination of employment prior to three years, the Company will offer you a 6-month severance equal to 6 months of your base salary paid in accordance with the Company's customary payroll procedures, which severance shall be conditioned on you agreeing to and signing a general release of claims in favor of the Company, which form would be provided to you by the Company. Whether a cause of termination constitutes unexpected circumstances shall be in the sole discretion of the Company.

Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the period of employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company.

PROOF OF RIGHT TO WORK. For purposes of federal immigration law, you will be required to provide to the Company within 3 business days of your start date documentary evidence of your identity and eligibility for employment in the United States.

WITHHOLDING TAXES. All forms of cash compensation referred to in this letter are subject to reduction to reflect applicable withholdings and deductions as required by law and as authorized by you.

Restrictive Covenants. You also will be required to sign, as a condition of your employment, a Non- Disclosure, Non-Competition, Confidential Information, and Non-Solicitation Agreement, a copy of which is enclosed.

ENTIRE ARRANGEMENT. This letter, together with the addendum hereto as Exhibit A, contains all of the terms of your employment with the Company and supersedes any prior understandings or agreements, whether oral or written, between you and the Company. This letter may not be amended other than in a signed writing of both parties. Our offer of employment is also conditioned upon verification of your employment application, and the receipt by Pasithea of satisfactory results from a background verification.

DISPUTE RESOLUTION AND GOVERNING LAW. The terms of the Offer Letter and the resolution of any disputes as to the meaning, effect, performance, or validity of the Offer Letter of arising out of, related to, or in any way connected with, this Offer Letter or your employment or any relationship to Pasithea (the "Disputes") will be governed by Delaware law, excluding laws relating to conflicts or choice of law. You and Pasithea submit to the exclusive personal jurisdiction of the federal and state courts located in the State of Florida in connection with any Dispute or any claim related to any Dispute.

We hope that you find the foregoing terms acceptable. You may indicate your agreement with these terms and accept our offer of employment by signing and dating both the enclosed duplicate original of this letter and returning them to me to the physical or email addresses set forth below. This offer of employment will expire on three days as of the date set forth above.

[Remainder of page intentionally left blank]

Very truly yours,

/s/ Tiago Reis Marques

Pasithea Therapeutics Corp.
Name: Tiago Reis Marques
Title: Chief Executive Officer
Address: 1111 Lincoln Road
Suite 500
Miami Beach, FL 33139
Email: [***]

I have read and accept this employment offer as of June 21, 2022:

/s/ Graeme Currie

Print Name: Graeme Currie

EXHIBIT A
NON-DISCLOSURE, NON-COMPETITION, CONFIDENTIAL INFORMATION, AND NON-SOLICITATION AGREEMENT

This Non-Disclosure, Non-Competition, Confidential Information, and Non-Solicitation Agreement (the "Agreement") is a legal agreement between you (the "Employee") and the Pasithea Therapeutics, Corp. (the "Company"). Please read it carefully. By accepting the Company's offer of employment and/or by continuing your employment with the Company, you will be expressly affirming that you acknowledge, understand, accept, and agree to be bound by this Agreement.

RECITALS

A. The Employee has received an offer of employment from the Company and/or is currently working for the Company.

B. As an Employee of the Company, the Employee will become exposed to Confidential Information (as defined below) of the Company, and the Company has a legitimate, business interest in preventing unauthorized use or transfer of such Confidential Information. Employee acknowledges that maintaining complete privacy and avoiding disclosure of Confidential Information is critically important to the Company and its clients.

C. The Employee is required, as a condition of his or her employment and continued employment, to sign this Agreement.

D. The Employee desires to enter into this Agreement in order to satisfy such condition.

E. The consideration for the Employee's entering into this Agreement consists of the offer of employment with the Company; continued employment with the Company; and the compensation, benefits, and opportunities that the Employee will receive by virtue of such employment and/or continued employment.

NOW, THEREFORE, the parties hereby agree as follows:

1. Consideration For Agreement

The Employee acknowledges and agrees that the execution of this Agreement is a condition precedent to his or her employment and/or continued employment with the Company.

2. Restrictive Covenants: Competition and Clients

The Employee acknowledges and agrees that solely by reason of employment by the Company, the Employee has and will come into contact with a significant number of the Company's customers and prospective customers and have access to Confidential Information (as defined below) and trade secrets relating thereto, including those regarding the Company's clients, prospective clients, proprietary business models and strategies, and related information.

Consequently, the Employee covenants and agrees that he or she will not, for a period of twelve (12) months following the end of his or her employment with the Company for any reason, whether voluntary or involuntary (the "Restricted Period"), directly or indirectly: (i) enter into the employ of or render any services to any person, firm, or corporation, which is engaged, in any part, in a Competitive Business (as defined below); (ii) engage in any directly Competitive Business for his own account; (iii) become associated with or interested in through retention or by employment any Competitive Business as an individual, partner, shareholder, creditor, director, officer, principal, agent, employee, trustee, consultant, advisor, or in any other relationship or capacity; (iv) initiate contact with, or respond to inquiries from, customers the Company for the purpose of providing products or services of the type provided by the Employee while employed by the Company; (vii) encourage investors, clients or prospective investors or clients of the Company to terminate, cancel, not renew, or not place business with the Company, or to place business with another company which is similar to the business of the Company; or (viii) perform or supervise the performance of services or provision of products of the type sold or provided by the Employee while he or she was employed by the Company on behalf of any customers or prospective customers of the Company. These restrictions shall apply only to those customers of the Company with which the Employee had contact or about which the Employee obtained or had access to Confidential Information or trade secrets during the last two (2) years of his or her employment with the Company. For the purposes of this Section 2, the term "contact" means interaction between the Employee and the customer which takes place to further the business relationship, or making (or assisting or supervising the making of) sales to or performing or providing (or assisting or supervising the performance or provision of) services or products for the customer on behalf of the Company. For purposes of this Section 2, the term "contact" with respect to a "prospective" customer means interaction between the Employee and a potential customer of the Company which takes place to obtain the business of the customer on behalf of the Company. For purposes of this Section 2, "Competitive Business" for purposes of this Agreement shall mean any business or enterprise: (a) which engages in the research and discovery of new and effective treatments for psychiatric and neurological disorders, or (b) in which the Company engages in or has made material steps to engage in during the Term pursuant to a determination of the Board and from which the Company derives a material amount of revenue or in which the Company has made a material capital investment. Nothing in this Agreement shall preclude Executive from taking employment in the banking or related financial services industries nor from investing his personal assets in the securities or any Competitive Business if such securities are traded on a national stock exchange or in the over- the-counter market and if such investment does not result in his beneficially owning, at any time, more than five percent (5.0%) of the publicly-traded equity securities of such Competitive Business.

3. Restrictive Covenants: Employees

The Employee acknowledges and agrees that solely as a result of employment with the Company, and in light of the broad responsibilities of such employment which include working with other employees of the Company, the Employee has and will come into contact with and acquire Confidential Information and trade secrets regarding the Company's other employees and its principals. Accordingly, the Employee covenants and agrees that both during his or her employment with the Company and during the a period of six (6) months following the end of his or her employment with the Company for any reason, whether voluntary or involuntary, the Employee will not, either on the Employee's own account or on behalf of any person, company, corporation, or other entity, directly or indirectly, (a) solicit, hire, encourage, or assist others to solicit or to hire any individual who worked for the Company during the last two (2) years of Employee's employment with the Company; or (b) encourage any such individuals to terminate their employment or other working relationship with the Company, or to breach their obligations to the Company.

4. Restrictive Covenants: Confidentiality And Non-Disparagement

(a) The Employee agrees that he or she will not, during his or her employment with the Company or at any time after such employment ends for any reason (whether voluntary or involuntary), use for his or her own or another's purposes, or disclose to any other person or entity (other than in the proper course of employment with the Company) any Confidential Information. This Section 3(a) shall not apply to any part of such Confidential Information that comes into the public domain otherwise than by reason of an unauthorized disclosure, or that is disclosed to the Employee on a non-confidential basis by a third party who is not bound by a duty of confidentiality. "Confidential Information" shall be given its broadest possible interpretation and shall mean any and all information of the Company, its affiliates, subsidiaries, parents, any fund managed by them (collectively, "Company Entities"), including without limitation: (i) financial and business information relating to any Company Entity, such as information with respect to costs, fees, profits, revenues, markets, mailing/client lists, strategies and plans for future business, new business, product or other development, potential acquisitions or divestitures and new marketing ideas; (ii) product and technical information relating to any Company Entity, such as software, software codes, computer models and research and development projects; (iii) donor or investor information; (iv) personnel information, such as the identity and number of any Company Entity's other employees and officers, their salaries, bonuses, benefits, skills, qualifications, and abilities; (v) any and all information in whatever form relating to any donor or prospective donor of a Company Entity, including but not limited to its business, employees, operations, systems, assets, liabilities, finances, products, and marketing, selling and operating practices; (vi) any information related to any security system of any Company Entity or any of employees, or (vii) any information not included in (i) through (vii), above, which the Employee knows or should know is subject to a restriction on disclosure or which the Employee knows or should know is considered by any Company Entity to be confidential, sensitive, proprietary, or a trade secret or is not readily available to the public. . Confidential Information can be in any form, including but not limited to verbal, written, or machine readable, including electronic files, photos or videos. By way of example but not limitation of the foregoing, Confidential Information may be acquired by observing documents, things, people or events, by direct communication with clients or others or by overhearing conversations in person or over the telephone or otherwise.

(b) Immediately upon the termination of employment with the Company for any reason, or at any time the Company so requests, the Employee will return to the Company: (i) any originals and all copies of all files, notes, documents, slides (including transparencies), computer disks, printouts, reports, lists of the Company's donors or leads or referrals to prospective clients, and other media or property in the Employee's possession or control that contain or pertain to Confidential Information or trade secrets; and (ii) all property of the Company, including, but not limited to, supplies, keys, access devices, books, identification cards, computers, telephones and other equipment. The Employee agrees that on completion of the obligations set forth in this subparagraph, and if requested by the Company, the Employee will execute a statement declaring that he or she has retained no property of the Company or materials containing Confidential Information, nor has he or she supplied the same to any person, except as required to carry out his or her duties as an employee of the Company.

(c) The Employee further agrees that, except as required by law, the Employee will not do or say (or omit to do or say) anything that is intended, or might reasonably be expected, to harm or disparage the Company Entities, any of its or their donors or prospective donors or any of the Company Entity's employees or to impair the reputation of any of the foregoing, or the reputation of any of its services, products, officers, or employees.

(d) Employee further agrees that Employee shall not, on Employee's own initiative or in response to an inquiry, discuss or disclose, in any medium, any matters affecting or concerning any Company Entity with a member of the media, unless a duly authorized representative of the affected Company Entity has provided prior written consent. Any media inquiries regarding either of the aforementioned should be referred immediately to Employee's immediate superior.

5. Invention Assignment

Employee agrees to promptly disclose in confidence to the Company, or to any person designated by it, all Inventions that Employee may make, create, conceive or first reduce to practice, either alone or jointly with others, during the period of employment, whether or not in the course of Employee's employment, and whether or not patentable, copyrightable or protectable as trade secrets. Employee acknowledges and agrees that any copyrightable works prepared by me within the scope of Employee's employment will be "works made for hire" under the Copyright Act and that the Company will be considered the author and owner of such copyrightable works. Employee agrees that all Inventions that Employee makes, creates, conceives or first reduces to practice during the period of employment, whether or not in the course of Employee's employment, and whether or not patentable, copyrightable or protectable as trade secrets, and that (i) are developed using equipment, supplies, facilities or trade secrets of the Company; (ii) result from work performed by Employee for the Company; or (iii) relate to the Company's business or actual or demonstrably anticipated research or development (the "*Assigned Inventions*"), will be the sole and exclusive property of the Company. Employee agrees to execute any documentation in order to effectuate the terms herein. Inventions" means inventions, improvements, designs, original works of authorship, formulas, processes, compositions of matter, computer software programs, databases, mask works, confidential information and trade secrets.

6. Employee's Acknowledgment

The Employee hereby expressly acknowledges and agrees that (a) the restrictions and obligations set forth in and imposed by Sections 2, 3, and 4 will not prevent Employee from obtaining gainful employment in Employee's field of expertise or cause Employee undue hardship; and (b) the restrictions and obligations imposed on Employee under Sections 2, 3, and 4 are necessary to protect the legitimate business interests of the Company including its Confidential Information, and are reasonable in view of the benefits and consideration Employee has received or will receive from the Company. Employee agrees to provide a copy of this Agreement to any prospective employer or business partner prior to accepting employment or entering into any other business relationship with such prospective employer or business partner. Employee further acknowledges that nothing herein is intended to or shall be read to interfere with Employee's rights under governing law, including without limitation from engaging in any rights protected by Section 7 of the National Labor Relations Act,

7. Equitable Relief

In recognition of the fact that irreparable injury will result to the Company in the event of a breach by the Employee of his or her obligations under Section 2, 3, or 4 of this Agreement, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Employee acknowledges, consents, and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to (a) specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Employee and persons acting for or in connection with the Employee and (b) recovery of all reasonable sums and costs, including attorneys' fees, incurred by the Company in seeking to enforce the provisions of this Agreement.

8. Severability

The parties agree they have attempted to limit the scope of the post-employment restrictions contained herein to the extent necessary to protect Confidential Information and trade secrets, client relationships, and goodwill. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under applicable law and public policies. Accordingly, if any particular portion of this Agreement shall be adjudicated to be invalid or unenforceable, this Agreement shall be deemed amended to delete therefrom such invalid portion, and reformed to the extent valid and enforceable. Such deletion and reformation shall apply only with respect to the operation of this Agreement in the particular jurisdiction in which such adjudication is made.

9. Other Agreements and Obligations Survive

Neither the Employee nor the Company intends to waive or release the applicability of any other more extensive legal or contractual obligations the Employee may owe the Company at any particular time, including under any employment agreement between the Employee and the Company whether executed prior to this Agreement or at any time hereafter with regard to the subject matters of Sections 2, 3, or 4.

The obligations of the Employee under this Agreement shall be independent of, and unaffected by, and shall not affect, other agreements, if any, binding the Employee that apply to the Employee's business activities during and/or subsequent to the Employee's employment by the Company, including any employment agreement between the Employee and the Company whether executed prior to this Agreement or at any time hereafter. The obligations under this Agreement also shall survive any changes made in the future to the employment terms of the Employee, including, but not limited to, changes in salary, benefits, bonus or incentive compensation, job title, and job responsibilities.

10. Employment Unaltered

The Employee understands that this Agreement does not constitute a contract of employment and does not promise or imply that his or her employment will continue for any period of time. Unless otherwise agreed to under any employment or other agreement between the Employee and the Company whether executed prior to this Agreement or at any time hereafter, employment with the Company is "at will" and may be terminated either by the Employee or the Company at any time, for any or no reason, and with or without notice.

11. Binding Effect; Assignment

The Employee expressly consents to be bound by the provisions of this Agreement for the benefit of the Company or any of its subsidiaries or affiliates to whose employ he or she may be transferred without the necessity that this Agreement be re-signed at the time of such transfer. Further, the rights of the Company hereunder may be assigned, without consent of the Employee, at any time, to any successor in interest of the Company, or any portion thereof, by reason of merger, consolidation, sale, lease or other disposition of any or all of the assets or stock of the Company.

12. Choice of Forum

The parties, being desirous of having any disputes resolved in a forum having a substantial body of law and experience with the matters contained herein, agree that any action or proceeding , other than with respect to Paragraph 6 of this Agreement, shall be brought as provided in the "Dispute Resolutions and Governing Law" section of the Offer Letter to which this Agreement is appended.

13. Non-Waiver

The failure of either the Company or the Employee, whether purposeful or otherwise, to exercise in any instance any right, power, or privilege under this Agreement or under law shall not constitute a waiver of any other right, power, or privilege, nor of the same right, power, or privilege in any other instance. Any waiver by the Company or by the Employee must be in a written or electronic instrument signed by either the Employee, if the Employee is seeking to waive any of his or her rights under this Agreement, or by a senior executive officer of the Employer, if the Company is seeking to waive any of its rights under this Agreement.

14. Modification

No modification of this Agreement shall be valid unless made in a written or electronic instrument signed by both parties hereto, wherein specific reference is made to this Agreement.

15. Cooperation

Both during the Employee's employment with the Company and after the termination thereof for any reason, the Employee agrees to provide the Company with such information relating to his or her work for the Company or others, as the Company may from time to time reasonably request in order to determine his or her compliance with this Agreement.

16. Disclosure

The Employee hereby specifically authorizes the Company to contact his or her future employers to determine his or her compliance with the Agreement or to communicate the contents of this Agreement to such employers. The Employee further specifically authorizes the Company to, in its sole discretion and without further permission from the Employee, furnish copies of the Agreement to any client or prospective client of the Company and indicate that the Employee has entered into this Agreement with the intention that the Company and each of its clients or prospective clients may rely on his or her compliance with this Agreement.

17. Headings

Section headings are used herein for convenience or reference only and shall not affect the meaning of any provision of this Agreement.

18. Acknowledgement

Employee has been individually represented by legal counsel of Employee's own choice in the negotiations of this Agreement in general and Section 2 and Section 12 (including its choice-of-law and exclusive venue provisions) in particular.

* * *

ACCEPTED AND AGREED TO:

EMPLOYEE:

/s/ Graeme Currie
Graeme Currie

Exhibit 31.1

PASITHEA THERAPEUTICS CORP.
CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Tiago Reis Marques, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended June 30, 2023 of Pasithea Therapeutics Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ Tiago Reis Marques*
Tiago Reis Marques
Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2023

Exhibit 31.2

PASITHEA THERAPEUTICS CORP.
CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel Schneiderman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2023 of Pasithea Therapeutics Corp. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

By: /s/ Daniel Schneiderman
Daniel Schneiderman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: August 11, 2023

Exhibit 32.1

PASITHEA THERAPEUTICS CORP.
CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q for the period ended June 30, 2023 of Pasithea Therapeutics Corp. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Tiago Reis Marques
Tiago Reis Marques
Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2023

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

PASITHEA THERAPEUTICS CORP.
CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q for the period ended June 30, 2023 of Pasithea Therapeutics Corp. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Daniel Schneiderman
Daniel Schneiderman
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: August 11, 2023

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.