

**Numinus**

**NUMINUS WELLNESS INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended August 31, 2021 and 2020

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Numinus Wellness Inc.

### *Opinion*

We have audited the accompanying consolidated financial statements of Numinus Wellness Inc. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

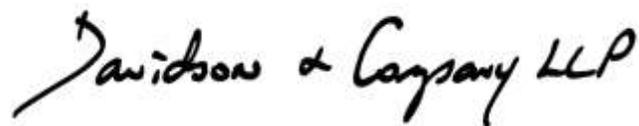
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Alyson Neil.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

December 9, 2021



## NUMINUS WELLNESS INC.

Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

	Note	2021	For the years ended August 31, 2020
Revenue	11	\$ 1,513,670	\$ 881,178
Cost of revenue		(1,595,208)	(793,131)
<b>Gross (loss) profit</b>		<b>(81,538)</b>	<b>88,047</b>
<b>Expenses</b>			
General and administration	10	(9,868,079)	(4,132,564)
Share-based compensation	9, 15	(1,821,508)	(1,876,601)
Sales and marketing		(2,223,676)	(906,130)
Depreciation	8	(445,186)	(431,610)
Research and development		(1,401,194)	(188,491)
Scientific research and experimental tax credit		-	170,138
Write-off of assets	8	(897,303)	-
Impairment of goodwill	5	(1,581,210)	-
Business acquisition costs	5, 17	(265,618)	-
<b>Total expenses</b>		<b>(18,503,774)</b>	<b>(7,365,258)</b>
<b>Loss before other items</b>		<b>(18,585,312)</b>	<b>(7,277,211)</b>
Interest expense and other finance cost		(114,174)	(143,529)
Interest and other finance income		-	8,731
Gain on debt settlement		10,000	35,340
Other (expenses)/income		(34,459)	60,107
Inventory impairment		-	(5,089)
Penalty for cancellation of contract		-	19,247
Revaluation of contingent consideration payable	5	(50,000)	-
Listing expense	5	-	(2,306,044)
<b>Loss before income taxes</b>		<b>(18,773,945)</b>	<b>(9,608,448)</b>
Income tax recovery/(expense)	12	-	7,884
<b>Loss and comprehensive loss for the period</b>		<b>\$ (18,773,945)</b>	<b>\$ (9,600,564)</b>
Loss per share, basic and diluted		\$ (0.11)	\$ (0.15)
Weighted average number of common shares outstanding, basic and diluted		164,940,392	63,812,242

The accompanying notes are an integral part of the Consolidated Financial Statements.

## NUMINUS WELLNESS INC.

Consolidated Statements of Cash Flows  
(Expressed in Canadian)

		For the years ended August 31,	
		2021	2020
<b>Cash flows from operating activities</b>			
Net loss		\$ (18,773,945)	\$ (9,600,564)
Items not affecting cash:			
Depreciation	8	716,999	613,418
Share-based compensation		1,821,508	1,876,601
Interest and interest accretion	14	108,114	47,524
Inventory impairment		-	5,089
Gain on sale of assets	8	(1,261)	(40,362)
Write off of equipment	8	897,303	-
Loss on sale of marketable securities		1,605	-
Listing expense		-	2,306,044
Gain on debt settlement		(10,000)	(35,340)
Penalty for cancellation of contract		-	(19,247)
Revaluation of contingent consideration payable		50,000	-
Impairment of goodwill		1,581,210	-
Unrealized gain on marketable securities		-	(1,500)
		<b>(13,608,467)</b>	<b>(4,848,337)</b>
Changes in non-cash working capital			
Accounts receivable		(127,833)	(172,530)
Inventory		(3,231)	1,402
Prepaid expenses		(1,055,639)	(251,610)
Accounts payable and accrued liabilities		(665,880)	203,359
Due to related parties		(171,952)	(287,746)
Deferred revenue		54,593	-
<b>Cash used in operating activities</b>		<b>(15,578,409)</b>	<b>(5,355,462)</b>
<b>Cash flows from investing activities</b>			
MindSPACE acquisition	5	(401,798)	-
Cash from acquisition of Numinus Wellness Inc.		-	61,341
Cash from reverse acquisition		-	9,355
Proceeds from disposal of assets	8	298,617	-
Proceeds from disposal of marketable security		5,895	-
Transaction costs		-	(164,190)
Purchase of property and equipment		(641,963)	(35,201)
<b>Cash used in investing activities</b>		<b>(739,249)</b>	<b>(128,695)</b>
<b>Cash flows from financing activities</b>			
Issuance of common shares, net of share issue costs	9	57,148,747	6,134,752
Proceeds from warrants exercised	9	16,367,708	332,122
Proceeds from options exercised	9	801,155	280,000
Loans		-	420,000
Proceeds from CERB		-	40,000
Repayment of loans		(30,000)	(20,000)
Lease payment	14	(304,313)	(265,549)
Lease buyout		-	(62,883)
Shareholder notes		-	50,000
Due to related parties		-	163,057
Loan to Numinus		-	(50,000)
<b>Cash generated by financing activities</b>		<b>73,983,297</b>	<b>7,021,499</b>
Change in cash and cash equivalents during the year		<b>57,665,639</b>	<b>1,537,342</b>
Cash and cash equivalents, beginning of the year		<b>1,627,329</b>	<b>89,987</b>
<b>Cash and cash equivalents, end of the year</b>		<b>\$ 59,292,968</b>	<b>\$ 1,627,329</b>

Supplemental cash flow information (note 16)

The accompanying notes are an integral part of the Consolidated Financial Statements.

## NUMINUS WELLNESS INC.

Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars)

	Note	Share Capital			Reserves	Obligations to Issue Equity	Deficit	Total
		Common Shares	Amount					
Balance, August 31, 2019		53,961,237	\$ 4,938,421	\$ 9,581,553	\$ 200,000	\$ (13,353,671)	\$ 1,366,303	
Reverse acquisition	5	6,856,543	1,714,136	177,965	-	-	1,892,101	
Shares issued for cash – private placement		24,630,000	6,315,000	-	-	-	6,315,000	
Share issuance cost		-	(201,529)	21,281	-	-	(180,248)	
Shares forfeited		(7,575,595)	(729,530)	729,530	-	-	-	
Shares issued for debt		1,100,000	279,500	16,940	(200,000)	-	96,440	
Issued for acquisition of Numinus		2,000,000	500,000	-	-	-	500,000	
Shares issued for special warrants		7,677,443	3,838,721	(3,838,721)	-	-	-	
Shares issued for special warrants - penalty		2,457,244	614,289	-	-	-	614,289	
Shares issued on settlement of convertible debentures		2,320,000	580,000	-	-	-	580,000	
Exercise of stock options		1,150,000	446,519	(166,519)	-	-	280,000	
Exercise of warrants		674,500	341,176	(9,054)	-	-	332,122	
Share-based compensation		600,000	300,000	304,080	-	-	604,080	
Loss for the year		-	-	-	-	(9,600,564)	(9,600,564)	
<b>Balance, August 31, 2020</b>		<b>95,851,372</b>	<b>\$ 18,936,703</b>	<b>\$ 6,817,055</b>	<b>\$ -</b>	<b>\$ (22,954,235)</b>	<b>\$ 2,799,523</b>	
Shares issued for private placement		75,967,850	58,512,138	3,588,000	-	-	62,100,138	
Share issuance cost		183,824	(7,446,123)	2,494,732	-	-	(4,951,391)	
Exercise of stock options		3,176,878	1,296,104	(494,949)	-	-	801,155	
Exercise of warrants		27,786,856	17,403,254	(1,035,546)	-	-	16,367,708	
Shares issued for acquisition of Mindspace	5	110,294	166,544	-	-	-	166,544	
Shares to be issued for acquisition of Mindspace	5	-	-	-	499,632	-	499,632	
Share-based compensation		-	-	1,821,508	-	-	1,821,508	
Loss for the year		-	-	-	-	(18,773,945)	(18,773,945)	
<b>Balance, August 31, 2021</b>		<b>203,077,074</b>	<b>\$ 88,868,620</b>	<b>\$ 13,190,800</b>	<b>\$ 499,632</b>	<b>\$ (41,728,180)</b>	<b>\$ 60,830,872</b>	

The accompanying notes are an integral part of the Consolidated Financial Statements.

## NUMINUS WELLNESS INC.

Notes to the Consolidated Financial Statements  
(Expressed in Canadian Dollars)  
For the years ended August 31, 2021 and 2020

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### 1. NATURE OF OPERATIONS

Numinus Wellness Inc. (the “Company” or “Numinus”) was incorporated on October 26, 1964 under the Laws of British Columbia. The Company is traded on the TSX Venture Exchange (the “Exchange”) under the symbol NUMI. The Company’s registered and records office is located at Suite 400 - 725 Granville Street, Pacific Centre, Vancouver, British Columbia, Canada V7Y 1G5.

Numinus develops proprietary, psychedelic-centered, therapeutic products and services through its own laboratory and research & development processes, to be delivered through its network of physical locations, digital solutions and partnerships.

Numinus Bioscience is the Company’s Health Canada-licensed laboratory developing intellectual property, advancing research and providing contract research and innovation services. Key activities include the cultivation, production and extraction of natural *Psilocybe* and other psychoactive fungi species, the development of proprietary processes and products, standardizing methods for controlled psychedelics and development of a pipeline for product development, protocol development and safety and efficacy studies.

Numinus’ clinic network consists of Numinus Health, Mindspace Services (“Mindspace”) and the Neurology Center of Toronto (acquired subsequent to year-end, see Note 17). Services provided include Ketamine-assisted psychotherapy (“KAP”) for depression, neurological care and psychotherapy and counselling by registered psychologists. Numinus develops KAP protocols for other clinical indications, psychedelic neurology programming and therapeutic protocols for other psychedelic substances.

The Company currently holds the following Health Canada licenses:

- *Controlled Drugs and Substances Dealer’s License* enables the Company to possess, produce, assemble, sell, export, test and research & develop psychedelics such as Trimethoxyphenethylamine (“mescaline”), methylenedioxyamphetamine (“MDMA”), Dimethyltryptamine (“DMT”), and Psilocybin, Ketamine, LSD and Psilocin.
- *Analytical Testing License* under the Cannabis Act and Cannabis Regulations allowing for the analytical testing of cannabis for quality assurance purposes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

#### a) Basic of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These consolidated financial statements were authorized for issue by our Board of Directors on December 8, 2021.

#### b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

## NUMINUS WELLNESS INC.

Notes to the Consolidated Financial Statements  
(Expressed in Canadian Dollars)  
For the years ended August 31, 2021 and 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Basis of consolidation

These consolidated financial statements incorporate the accounts of the Company and the following wholly owned subsidiaries:

Name of Subsidiary	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
Numinus Bioscience Inc. (formerly Salvation Botanicals Ltd.)	Canada	100%	CAD	Analytical testing
Numinus Health Corp.	Canada	100%	CAD	Health & wellness
Mindspace Services Inc.	Canada	100%	CAD	Health & wellness
Salvation Bioscience Inc.	Canada	100%	CAD	Inactive
1659070 Canada Inc.	Canada	100%	CAD	Inactive
1050086 BC Ltd.	Canada	100%	CAD	Food production
1134337 BC Ltd.	Canada	100%	CAD	Holding company

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries, including entities which the Company controls, are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

#### d) Functional and presentation currency

##### *Functional and presentation currency*

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates" ("IAS 21"). The functional currency of the Company and its subsidiaries is included within Note 2(c).

##### *Translation of foreign transactions and balances into the functional currency*

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

#### e) Business combinations

Business combinations are accounted for using the acquisition method required by IFRS 3 – Business Combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued plus any liabilities and contingent liabilities assumed. Assets acquired and liabilities assumed (including liabilities of the acquiree not previously recognized) in the business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Goodwill is initially measured at cost being the excess of the purchase consideration of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the costs of the acquisition are less than the fair value of the net assets acquired, the difference is recognized directly in the statement of loss and comprehensive loss.

## NUMINUS WELLNESS INC.

Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

For the years ended August 31, 2021 and 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) Business combinations (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for those items for which the accounting is incomplete. The provisional amounts are adjusted during the measurement period, or additional assets or liabilities may be recognized to reflect additional information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

#### f) Financial instruments

##### Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

## NUMINUS WELLNESS INC.

Notes to the Consolidated Financial Statements  
(Expressed in Canadian Dollars)  
For the years ended August 31, 2021 and 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Financial instruments (continued)

The following table shows the classification of the Company's financial instruments:

Financial assets/liabilities	Classification
Cash and cash equivalents	FVTPL
Trade and other receivables	Amortized cost
Marketable securities	FVTPL
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Contingent consideration payable	FVTPL
Due to related parties	Amortized cost
Debt	Amortized cost

#### Measurement

##### *Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value less or minus transaction costs and subsequently carried at amortized cost less any impairment.

##### *Financial assets and liabilities at fair value through profit of loss*

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

##### *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

#### Derecognition

##### *Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss.

## NUMINUS WELLNESS INC.

Notes to the Consolidated Financial Statements  
(Expressed in Canadian Dollars)  
For the years ended August 31, 2021 and 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Financial instruments (continued)

##### *Financial liabilities*

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

#### g) Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually at the financial year-end and whenever there is an indication that these assets may be impaired. At the end of each reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Where an impairment subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

#### h) Revenue recognition

In accordance with IFRS 15, Revenue from Contracts with Customers, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services. The Company applies the following five-step analysis to determine whether, how much and when revenue is recognized:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when or as the Company satisfies a performance obligation.

The Company derives its revenues from two main sources: (a) lab testing services; and (b) psychotherapy services. Service revenues, including lab testing and naturopathic services are recognized when the services are performed, net of estimated discounts or other deductions, including uncollectible amounts. Payment is typically due on standard commercial terms and is recognized into revenue upon the satisfaction of the performance obligation.

## NUMINUS WELLNESS INC.

Notes to the Consolidated Financial Statements  
(Expressed in Canadian Dollars)  
For the years ended August 31, 2021 and 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) Cost of revenues

Cost of revenue includes costs directly incurred to provide service and includes salaries and wages of lab and clinic personnel, depreciation of the lab and related equipment, and other materials and supplies consumed in providing the services.

#### j) Inventory

Inventories of supplies and consumables are valued initially at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realizable value.

#### k) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the following terms and methods:

Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computers	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the profit or loss in the period the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

Assets under construction are not depreciated until available for use.

#### k) Leases

The Company has entered into lease contracts under which the Company is the lessee.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration.

At the lease commencement date, a lease liability is initially measured at the present value of the lease payments during the lease term that are not paid at the commencement date, discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company's incremental borrowing rate is the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease term includes the non-cancellable period for which the Company has the right to use the underlying asset, periods covered extension options that the Company is reasonably certain to exercise and periods covered by termination options that the Company is reasonably certain not to exercise. The lease liability is subsequently measured at amortized cost using the effective interest method.

## **NUMINUS WELLNESS INC.**

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For the years ended August 31, 2021 and 2020

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **k) Leases (continued)**

Lease payments during the lease term included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable under any residual value guarantee;
- the exercise price under purchase options that the Company is reasonably certain to exercise; and
- penalties under termination options, unless the Company is reasonably certain the options will not be exercised.

The Company recognizes a right-of-use asset, which is included in property and equipment, at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs.

Payments associated with short-term leases that have a lease term of twelve months or less and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of loss.

The finance cost associated with the lease liability is recognized as an expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are generally depreciated over the lease term on a straight-line basis.

#### **l) Share capital**

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash are valued based upon their market value of the shares as of the date of issuance.

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component and they are valued at their fair value, as determined by the closing quoted price on the day prior to the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserve.

#### **m) Share-based payments**

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option-pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance.

## NUMINUS WELLNESS INC.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### n) Provisions

Provisions are liabilities that are uncertain in timing or amount. We record a provision at an amount equal to the best estimate of the consideration required to settle the present obligation at the reporting date when and only when:

- i. We have a present obligation (legal or constructive) as a result of a past event;
- ii. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- iii. A reliable estimate can be made of the amount of the obligation

Constructive obligations are obligations that derive from our actions where:

- i. By an established pattern of past practice, published policies or a sufficiently specific current statement, we have indicated to other parties that we will accept certain responsibilities; and
- ii. As a result, we have created a valid expectation on the part of those other parties that we will discharge those responsibilities.

Provisions are reviewed at the end of each reporting period and adjusted or reversed to reflect management's current best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized. Where discounting has been used, the carrying amount of a provision is accreted during the period to reflect the passage of time. Accretion expense is included in finance costs in the consolidated statements of income (loss).

#### o) Income taxes

Income tax expense comprises current and deferred income tax expense and is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### p) Earning (loss) per share

Basic earnings (loss) per share ("EPS") is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive instruments. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In years where a loss is reported, diluted loss per share is the same as basic loss per share because of the effects of potentially dilutive common shares would be anti-dilutive.

## **NUMINUS WELLNESS INC.**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **q) Government assistance**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be met. When the grant relates to an expense item, it is recognized as a deduction against the related expense over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it reduces the carrying amount of the asset. Government assistance received relating to expenses of future periods is deferred and deducted against the related expenditures as incurred.

### **3. CHANGES IN ACCOUNTING STANDARDS**

#### **New and amended IFRS standards not yet effective**

New accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company.

### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In preparing our consolidated financial statements, we make judgements in applying our accounting policies. The judgements that have the most significant effect on the amounts recognized in our consolidated financial statements are outlined below. In addition, the preparation of consolidated financial statements in conformity with IFRS requires the use of estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. The information about significant areas of estimation uncertainty and judgement considered by management in preparing these consolidated financial statements is as follows:

#### **a) Estimated useful lives and depreciation of property and equipment**

Depreciation of property and equipment is dependent upon estimates of useful lives. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets. Judgement is applied in determining the appropriate method of amortization.

#### **b) Share-based payments**

Management measures share-based payments expense and compensatory warrants using Black-Scholes pricing model that incorporates key estimates such the rate of forfeiture of options and warrants granted/issued, the expected life of the option and warrants, the volatility of the value of the Company's common shares and the risk-free interest rate are used. Judgement may be required in determining whether the recipient of a share-based awards is treated an employee or not.

#### **c) Asset acquisition versus business combination**

In a business combination, the Company may acquire assets and assume certain liabilities of an acquired entity. Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. Estimates are made as to the fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date, as well as the fair value of consideration paid and contingent consideration payable. In certain circumstances, such as the valuation of property, plant and equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuers. The determination of these fair values involves a variety of assumptions, include revenue growth rates, expected operating income, discount rates, and earnings multiples.

## **NUMINUS WELLNESS INC.**

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### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

#### **d) Income taxes**

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, there is a reasonable probability that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

#### **e) Impairment of goodwill**

The impairment test for cash generating units ("CGUs") to which goodwill is allocated is based on the value in use of the CGU, determined in accordance with the expected cash flow approach. The calculation is based on assumptions including, but not limited to, the cash flow growth rate and the discount rate.

#### **f) Determination of CGUs**

Management is required to use judgement in determining which assets or group of assets make up appropriate CGUs for the level at which goodwill is tested for impairment. A CGU is defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

#### **g) Valuation of contingent consideration**

Valuation of financial instruments The Company makes estimates and assumptions relating to the fair value measurement and disclosure of its convertible promissory note receivable, private company investments, contingent consideration payable and warrant liabilities. The fair values are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, management's judgment is required to establish fair values.

## NUMINUS WELLNESS INC.

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### 5. ACQUISITIONS

#### Acquisition of Numinus Health

On December 31, 2019, the Company entered into a Share Exchange Agreement with Numinus Health Corp. (“Numinus Health”) to acquire 100% of the issued and outstanding share capital of Numinus Health in exchange of 2,000,000 common shares of the Company. Numinus Health is a therapeutic and integrative health company intending to expand its current offering to include client guidance in the therapeutic use of psychedelics in accordance with regulatory approvals. The Company acquired Numinus Health to expand its ability to deliver additional health and wellness solutions to the market.

The acquisition was accounted for as an asset acquisition as Numinus Health did not meet the definition of a business under IFRS 3. The related operating results are included in the accompanying consolidated statements of operations, changes in shareholders’ equity and statement of cash flows commencing from the date of acquisition.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of the assets acquired and liabilities assumed. The excess of the consideration over the net assets acquired was expensed as share-based compensation expense.

	<b>December 31, 2019</b>	
Consideration paid through the issuance of 2,000,000 common shares	\$	500,000
Fair value of net assets acquired		
Cash		61,341
Amounts receivable		42,518
Prepaid expenses		60,000
Property and equipment		359,241
Accounts payable and accrued liabilities		(277,105)
Right-of-use liability		(230,126)
Loans from Salvation		(50,000)
Shareholder notes payable		(421,952)
Convertible debenture		(316,438)
		<u>(772,521)</u>
Excess of consideration over net assets acquired	\$	<u>1,272,521</u>

The acquisition of Numinus Health was a related party transaction as the Company’s CEO, Payton Nyquist, holds a controlling interest of Numinus.

#### Reverse Acquisition

On May 15, 2020, the Company acquired all of the outstanding securities of Salvation Botanicals Ltd (“Salvation”), in exchange for the issuance of securities of the Company (the “Transaction”) which constituted a reverse acquisition (“RTO”) through the issuance of 63,890,235 common shares and 12,198,801 share purchase warrants of the Company.

The Transaction resulted in Salvation’s members obtaining control of the combined entities by obtaining control of governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entities.

As a result of the Transaction, Salvation obtained control of the Company and is considered to have acquired the Company. The Transaction constituted a reverse acquisition of the Company by Salvation and has been accounted for as a reversed acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As the Company did not qualify as a business in accordance with the definition of IFRS 3, the Transaction does not constitute a business combination. Rather, it is treated as an issuance of common shares by Salvation for the net assets of the Company and its public listing, with Salvation as continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction.

## NUMINUS WELLNESS INC.

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### 5. ACQUISITION (continued)

#### Reverse Acquisition (continued)

For accounting purposes, Salvation is treated as the accounting parent (legal subsidiary) and the Company as the accounting subsidiary (legal parent). The fair value of consideration paid by Salvation, net of transaction costs, less the fair value of net assets of the Company acquired by Salvation constitutes the listing expense and has been recorded in the statement of loss and comprehensive loss. These consolidated financial statements reflect the assets, liabilities and operations of Salvation since its incorporation and of the Company from May 15, 2020.

The Transaction was measured at the fair value of the shares that Salvation would have had to issue to the shareholders of the Company, being 6,856,543 common shares, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Salvation acquiring the Company.

	<b>May 15, 2020</b>
<b>Consideration paid on RTO</b>	
6,856,543 common shares	\$ 1,714,136
<b>Less: Fair value of net assets acquired</b>	
Cash	9,355
Marketable securities	6,000
Amounts receivable	21,017
Prepaid expenses	4,874
Plant and equipment	249
Due from related parties <sup>1</sup>	418,133
Accounts payable and accrued liabilities	(95,092)
	<b>1,349,600</b>
<b>Transaction costs</b>	
Common shares <sup>2</sup>	614,289
Fair value of replacement warrants <sup>3</sup>	177,965
Legal expenses	164,190
	<b>956,444</b>
<b>Listing expense</b>	<b>\$ 2,306,044</b>

<sup>1</sup>Includes \$400,000 payable from the Company which was advanced during the year ended August 31, 2020 and was eliminated on consolidation upon completion of the RTO.

<sup>2</sup>2,457,150 Common shares issued as penalty for special warrants holder upon completion of the RTO.

<sup>3</sup>Fair value of Rojo's warrants upon completion of the RTO.

#### Acquisition of Mindspace Services

On February 8, 2021 (the "Closing Date"), the Company completed the acquisition of a 100% interest in Mindspace Psychology Services Inc. ("Mindspace"), a Montreal-based full-service psychology clinic with a focus evidence-based approaches to mental health. The acquisition of Mindspace accomplishes our strategic goal of expanding our ability to deliver additional health and wellness solutions to the Quebec market.

## NUMINUS WELLNESS INC.

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### 5. ACQUISITION (continued)

#### Acquisition of Mindspace Services (continued)

As a result of the Mindspace acquisition, the Company paid \$500,000 in cash, a time-based pay-out of 441,176 common shares to be issued over the course of 24 months, and \$200,000 in common shares, issued at market price, per year on each year of the first three anniversaries of the Closing Date, subject to certain milestones being met. The Company has determined that this transaction represents a business combination with Numinus Wellness identified as the acquirer. Total consideration of the acquisition is \$1,466,176. Acquisition costs, in the form of advisory, legal and other professional fees, associated with the transaction to acquire Mindspace of \$169,178 were expensed as incurred during the year ended August 31, 2021. The Company began consolidating the operating results, cash flows and net assets of Mindspace from February 8, 2021 ("Closing Date") onwards.

Upon the acquisition of Mindspace, the Company identified goodwill of \$1,581,210. This goodwill was calculated as the difference between fair value of the consideration issued for the acquisition of Mindspace and the fair value of all other assets and liabilities acquired. None of the goodwill is deductible for tax purposes. The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will contribute to operational efficiencies within the Company.

The following table shows the purchase price allocated to assets acquired and liabilities assumed, based on estimated of fair value, including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

	<b>February 8, 2021</b>	
Consideration		
Cash	\$	500,000
441,176 common shares <sup>(1)</sup>		666,176
Contingent consideration <sup>(2)</sup>		300,000
Total consideration	\$	1,466,176
Recognized amount of identifiable assets acquired and liabilities assumed		
Cash	\$	98,202
Amounts receivable and other receivables		33,007
Prepaid expenses		10,750
Property and equipment		140,479
Goodwill		1,581,210
Accounts payable and accrued liabilities		(316,744)
Right-of-use liability		(80,728)
Net identifiable assets acquired	\$	1,466,176

<sup>(1)</sup> The common shares were valued at the closing price of our shares on the Exchange on February 8, 2021. These shares are to be issued evenly every three months over a 24-month period from the Closing date. 110,294 common shares have been issued as at August 31, 2021.

<sup>(2)</sup> a) The Company will pay \$200,000 in common shares, issued at market price, per year over the next three years for an aggregate of up to \$600,000 in the event that Mindspace revenues reach the following milestones:

- Year 1 - \$2,000,000
- Year 2 - \$2,400,000
- Year 3 - \$2,880,000

In the event the milestones set-out above are not met, a prorated amount equivalent to the actual amount achieved of the measured metric over the targeted amount of the measured metric times the full milestone payment, will be owing.

## NUMINUS WELLNESS INC.

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### 5. ACQUISITION (continued)

#### Acquisition of Mindspace Services (continued)

b) The Company will pay \$200,000 in common shares, issued at market price for the successful launch of (i) the ketamine-assisted psychotherapy services; and (ii) the implementation of the Health Canada's Special Access Programme infrastructure for client intake and delivery.

The Company has applied a weighted average of probabilities of certain milestones being achieved over the earn out period.

If Mindspace had been consolidated into the Company's operations from September 1, 2020, consolidated revenue for the year ended August 31, 2021 would have been approximately \$2,339,907 and consolidated net loss for the year ended August 31, 2021 would have been approximately (\$19,027,956).

On August 31, 2021, the Company completed its annual impairment test on goodwill using the Fair Value less Costs to Dispose (FVLCTD) method. The key assumptions used in the calculation of the recoverable amount relate to five-year future cash flows, weighted average cost of capital, and a five-year average growth rate. These key assumptions were based on historical data from internal sources. The discount rate used was 20.7%, representing the weighted average cost of capital (after-tax) determined based on mid-year discounting, the five-year average growth rate in gross revenue was estimated as 5% and the terminal value growth rate was 2%.

As a result of the impairment testing performed, the Company recorded an impairment loss of \$1,581,210 on goodwill. The reason for the impairment was primarily related to the exclusion of future revenue derived from psychedelic-assisted psychotherapies as these services are currently unregulated and there is uncertainty of realization of such revenues, as well as a delay in expected revenue growth and profitability compared to management's initial forecasts.

### 6. TRADE AND OTHER RECEIVABLES

	August 31, 2021		August 31, 2020	
Trade receivables	\$	46,734	\$	213,855
Input tax credit receivables		368,881		124,267
Other receivables		100,142		203,413
	\$	515,757	\$	541,535

### 7. PREPAID EXPENSES AND DEPOSITS

	August 31, 2021		August 31, 2020	
Marketing	\$	505,770	\$	345,554
Rent		15,747		14,365
Lease		-		6,906
Others		636,275		50,529
<b>Prepaid expenses</b>	<b>\$</b>	<b>1,157,792</b>	<b>\$</b>	<b>417,354</b>
<b>Non-current deposits - Lease</b>	<b>\$</b>	<b>24,655</b>	<b>\$</b>	<b>13,905</b>

## NUMINUS WELLNESS INC.

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### 8. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Equipment	Computer	Furniture and Fixture	Right of Use Assets - Equipment	Right of Use Assets - Premises	Construction in Progress	Total
<b>Cost</b>								
Balance, August 31, 2020	\$ 649,260	\$ 1,684,214	\$ 209,354	\$ 97,410	\$ 652,626	\$ 402,127	\$ 450,426	\$ 4,145,417
Acquisitions	30,647	-	14,096	15,008	-	80,728	-	140,479
Additions	317,545	410,178	21,650	20,144	1,241,208	285,011	-	2,295,736
Transfer	-	187,647	-	-	(187,647)	-	-	-
Write off	-	(1,103,580)	-	-	-	-	(340,637)	(1,444,217)
Disposal <sup>1</sup>	-	-	-	-	-	-	(109,789)	(109,789)
<b>Balance, August 31, 2021</b>	<b>\$ 997,452</b>	<b>\$ 1,178,459</b>	<b>\$ 245,100</b>	<b>\$ 132,562</b>	<b>\$ 1,706,187</b>	<b>\$ 767,866</b>	<b>\$ -</b>	<b>\$ 5,027,626</b>
<b>Accumulated depreciation</b>								
Balance, August 31, 2020	\$ 459,391	\$ 753,809	\$ 118,328	\$ 38,520	\$ 263,984	\$ 73,689	\$ -	\$ 1,707,721
Depreciation <sup>2</sup>	80,764	238,706	31,809	15,481	189,434	160,805	-	716,999
Write off	-	(546,914)	-	-	-	-	-	(546,914)
<b>Balance, August 31, 2021</b>	<b>\$ 540,155</b>	<b>\$ 445,601</b>	<b>\$ 150,137</b>	<b>\$ 54,001</b>	<b>\$ 453,418</b>	<b>\$ 234,494</b>	<b>\$ -</b>	<b>\$ 1,877,806</b>
<b>Net book value at August 31, 2021</b>	<b>\$ 457,297</b>	<b>\$ 732,858</b>	<b>\$ 94,963</b>	<b>\$ 78,561</b>	<b>\$ 1,252,769</b>	<b>\$ 533,372</b>	<b>\$ -</b>	<b>\$ 3,149,820</b>

<sup>1</sup> During the year ended August 31, 2021, the Company disposed of equipment with a net book value of \$109,789 for proceeds of \$111,050 and recognized a gain of \$1,261. Gain on disposal of assets is included in other income (expenses).

<sup>2</sup> For the year ended August 31, 2021, \$254,827 of depreciation expense is included in cost of revenue. In addition, for the year ended August 31, 2021 \$16,986 of depreciation expenses is included in research and development.

	Leasehold Improvements	Equipment	Computer	Furniture and Fixture	Right of use Asset - Equipment	Right of Use Assets - Premises	Construction in Progress	Total
<b>Cost</b>								
Balance, August 31, 2019	\$ 570,475	\$ 1,804,600	\$ 207,734	\$ 96,220	\$ 652,626	\$ -	\$ 473,177	\$ 3,804,832
Adoption of IFRS 16	-	-	-	-	-	172,001	-	172,001
Acquisitions (note 5)	74,385	21,920	4,498	28,561	-	230,126	-	359,490
Additions	4,400	29,840	-	961	-	-	-	35,201
Write off	-	-	(2,878)	(28,332)	-	-	-	(31,210)
Disposal/return <sup>1</sup>	-	(194,897)	-	-	-	-	-	(194,897)
Transfer and adjustment	-	22,751	-	-	-	-	(22,751)	-
<b>Balance, August 31, 2020</b>	<b>\$ 649,260</b>	<b>\$ 1,684,214</b>	<b>\$ 209,354</b>	<b>\$ 97,410</b>	<b>\$ 652,626</b>	<b>\$ 402,127</b>	<b>\$ 450,426</b>	<b>\$ 4,145,417</b>
<b>Accumulated depreciation</b>								
Balance, August 31, 2019	\$ 323,072	\$ 550,899	\$ 83,037	\$ 49,373	\$ 166,824	\$ -	\$ -	\$ 1,173,205
Depreciation	136,319	250,849	38,002	17,399	97,160	73,689	-	613,418
Disposal <sup>1</sup>	-	(47,939)	-	-	-	-	-	(47,939)
Write off	-	-	(2,711)	(28,252)	-	-	-	(30,963)
<b>Balance, August 31, 2020</b>	<b>\$ 459,391</b>	<b>\$ 753,809</b>	<b>\$ 118,328</b>	<b>\$ 38,520</b>	<b>\$ 263,984</b>	<b>\$ 73,689</b>	<b>\$ -</b>	<b>\$ 1,707,721</b>
<b>Net book value at August 31, 2020</b>	<b>\$ 189,869</b>	<b>\$ 930,405</b>	<b>\$ 91,026</b>	<b>\$ 58,890</b>	<b>\$ 388,642</b>	<b>\$ 328,438</b>	<b>\$ 450,426</b>	<b>\$ 2,437,696</b>

<sup>1</sup> During the year ended August 31, 2020, the Company disposed of equipment with a net book value of \$146,958 for proceeds of \$187,567 and recognized a gain of \$40,609. The total proceeds from the disposal, \$187,567 are included in accounts receivable as of August 31, 2020. The Company also wrote off equipment with a net book value of \$247 that was no longer in use. Gain or loss on disposal of assets is included in other income (expense) of consolidated statements of loss and comprehensive loss.

## NUMINUS WELLNESS INC.

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### 9. SHARE CAPITAL AND RESERVES

The Company has unlimited authorized common shares with no par value.

As at August 31, 2021, 8,967,640 shares (2020 – 32,067,008) were held in escrow.

During the year ended August 31, 2021, the Company completed a short form prospectus offering of 18,400,000 units (the “September Units”) at a price of \$0.25 per September Unit for gross proceeds of \$4,600,000. Each September Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a “September Warrant”). Each September Warrant is exercisable to acquire one common share of the Company for a period of 24 months at an exercise price of \$0.35 per Warrant. In connection with the closing of short form prospectus offering, the Company issued 1,472,000 non-transferrable options (the “Compensation Options”) to the Agent with a fair value of \$176,038. Each Compensation Options entitled the Agent to purchase one September Unit with the same term as the September Unit sold under the offering. The Company also incurred \$646,630 share issuance costs. The warrants in September Unit have a residual value of \$368,000 recorded in reserves.

During the year ended August 31, 2021, the Company completed a bought deal financing of 25,367,850 units (the “December Units”) at a price of \$0.68 per December Unit with gross proceeds of \$17,250,138. Each December Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a “December Warrant”). Each December Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of \$0.90 per Warrant. In connection with the closing of bought deal financing, the Company issued 183,824 common shares price of \$0.68 per share with a fair value of \$125,000 (the “Corporate Finance fee”), and 1,522,071 warrants (the “Compensation Warrants”) to the Agent with a fair value of \$1,243,566. The Company also incurred \$1,559,612 share issuance costs.

During the year ended August 31, 2021, the Company completed a bought deal financing of 32,200,000 units (the “March Units”) at a price of \$1.25 per March Unit with gross proceeds of \$40,250,000. Each March Unit consists of one common share and one-half of one common share purchase warrants of the Company (each a “March Warrant”). Each March Warrant is exercisable to acquire one common share of the Company for period of 24 months at an exercise price of \$1.75 per Warrant. In connection with the closing of bought deal financing, the Company issued 1,932,000 non-transferrable options (the “Compensation Options”) to the Agent with a fair value of \$1,075,128. Each Compensation Options entitled the Agent to purchase one March Unit with the same term as the March Unit sold under the offering. The Company also incurred \$2,745,149 share issuance costs. The warrants in March Unit have a residual value of \$3,220,000 recorded in reserves.

During the year ended August 31, 2021, the Company issued 3,176,878 common shares of the Company on the exercise of options with a weighted average exercise price of \$0.25 per share. The Company also reclassified \$494,949 from reserves to share capital on the exercise of these options.

During the year ended August 31, 2021, the Company issued an aggregate of 27,786,856 common shares on the exercise of warrants with a weighted average exercise price of \$0.59 per share. The Company also reclassified \$1,035,546 from reserves to share capital on the exercise of these warrants.

During the year ended August 31, 2021, the Company issued 110,294 common shares valued at \$166,544 as part of the Mindspace acquisition consideration valued at the closing price of our shares on the Exchange on February 8, 2021.

During the year ended August 31, 2020, the Company completed a private placement for gross proceeds of \$315,000. These funds were raised through the issuance of 630,000 units at a price of \$0.50 per unit with each unit consisting of one common share and one-half share purchase warrant entitling the holder to acquire one additional share at a price of \$0.75 for a period of 18 months from the RTO date.

## NUMINUS WELLNESS INC.

Notes to the Consolidated Financial Statements

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### 9. SHARE CAPITAL AND RESERVES (continued)

During the year ended August 31, 2020, the Company completed a private placement for gross proceeds of \$5,745,000. These funds were raised through the issuance of 22,980,000 units at a price of \$0.25 per unit with each unit consisting of one common share and one-half share purchase warrant entitling the holder to acquire one additional share at a price of \$0.50 for a period of two years. In connection with the closing of the private placement, the Company issued 356,146 warrants to certain agents with a fair value of \$21,281 and paid share issuance costs of \$180,248.

During the year ended August 31, 2020, the Company completed a private placement of 1,020,000 units at a price of \$0.25 per unit for gross proceeds of \$255,000 with each unit consisting of one common share and one-half of one share purchase warrant exercisable for two years from the RTO date at an exercise price of \$0.50.

During the year ended August 31, 2020, the Company received from various shareholders, an aggregate of 7,575,595 common shares to be returned to treasury and cancelled. No consideration was paid for these shares. In connection with the forfeiture of shares, a total value of \$729,530 was transferred from share capital to reserves which represents the original grant date fair value of the forfeited shares.

During the year ended August 31, 2020, the Company issued 600,000 common shares on the vesting of restricted shares, with a value of \$300,000 to a director and officer of the Company per the terms of their employment agreement, of which \$150,000 was recorded as share-based payment expense during the year ended August 31, 2019, and \$150,000 was recorded as share based payment expense during the year ended August 31, 2020. On issuance of the shares the full value of \$300,000 was transferred from reserves to share capital.

During the year ended August 31, 2020, the Company issued 800,000 units valued at \$200,000 as part of a contract termination penalty (Note 7). Each unit comprises of one common share and one share purchase warrant entitling the holder to acquire one additional share at \$0.50 for a period of 18 months.

During the year ended August 31, 2020, the Company issued 2,000,000 common shares of the Company in exchange for all the issued and outstanding share of Numinus (see Note 1).

During the year ended August 31, 2020, the Company issued 2,457,150 units of Penalty Warrants as described in Note 4. Terms of the Special Warrants require the Company's common shares to be approved for listing on either the TSX-V or the Canadian Securities Exchange ("CSE") within 200 days following the closing of the private placement (the "Qualification Date"). In the event the Qualification Date has not occurred, each unexercised Special Warrant will thereafter entitle the holder thereof to receive upon the automatic exercise thereof, at no additional cost, one-and-one-tenth (1.10) Units (instead of one Unit) and thereafter at the end of each additional thirty (30) days, each Special Warrant will be exercisable for an additional 0.02 of a Unit. Each Penalty Warrant entitled the holder to one common share and one-half share purchase warrant; each purchase warrant entitles the holder to acquire one additional share at a price of \$0.75 for a period of 18 months.

Upon completion of RTO, the Company converted the 7,677,537 Special Warrants and 2,457,150 Penalty Warrants into 10,134,687 common shares and issued 5,067,343 share purchase warrants of the Company. Each purchase warrant entitles the holder to acquire one additional share at a price of \$0.75 for a period of 18 months.

During the year ended August 31, 2020, the Company issued 2,320,000 common shares and 660,000 warrants valued \$580,000 to settle shareholders loans and convertible notes, resulting in a loss on debt settlement of \$2,384.

During the year ended August 31, 2020, the Company issued 300,000 common shares valued at \$79,500 and 150,000 warrants valued at \$16,940 for the settlement of \$94,500 historical trade payables (the "Debt Settlement"), resulting in a loss on debt settlement of \$1,940. Each warrant is exercisable for a period of two years from issuance at a price of \$0.50 per warrant, subject to 30 day accelerated expiry if the volume weighted average closing price of the Company's common shares on the TSX-V is greater than \$0.75 per common share for a period of ten consecutive trading days.

## NUMINUS WELLNESS INC.

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### 9. SHARE CAPITAL AND RESERVES (continued)

During the year ended August 31, 2020, the Company issued 1,150,000 common shares of the Company on the exercise of options with a weighted average exercise price of \$0.24 per share. The Company also reclassified a fair value of \$166,519 from reserves to share capital on the exercise of these options.

During the year ended August 31, 2020, the Company issued an aggregate of 674,500 common shares on the exercise of warrants with a weighted average exercise price of \$0.49 per share. The Company also reclassified a fair value of \$9,054 from reserves to share capital on the exercise of these warrants.

#### Warrants

The changes in warrants during the year ended August 31, 2021 and 2020 are as follows:

	2021		2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, August 31,	<b>28,759,513</b>	<b>\$0.59</b>	5,906,504	\$0.71
Issued	<b>40,085,185</b>	<b>\$1.09</b>	23,527,509	\$0.59
Exercised	<b>(27,786,856)</b>	<b>\$0.59</b>	(674,500)	\$0.49
Expired	<b>(400,000)</b>	<b>\$0.50</b>	-	-
Outstanding, August 31,	<b>40,657,842</b>	<b>\$1.09</b>	28,759,513	\$0.59

The following table summarizes share purchase warrants outstanding as at August 31, 2021:

Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (months)
November 15, 2021 <sup>1</sup>	20,000	\$0.48	2.5
November 15, 2021 <sup>2</sup>	3,617,371	\$0.75	2.5
May 15, 2022	4,051,600	\$0.50	8.6
July 17, 2022	240,000	\$0.50	10.7
September 10, 2022	5,979,454	\$0.35	12.5
December 29, 2022	1,176,734	\$0.68	15.9
December 29, 2022	9,472,683	\$0.90	15.9
March 19, 2023	16,100,000	\$1.75	18.8
<b>Total</b>	<b>40,657,842</b>	<b>\$1.09</b>	<b>14.4</b>

<sup>1</sup> 20,000 exercised subsequent to August 31, 2021.

<sup>2</sup> 3,421,891 expired unexercised subsequent to August 31, 2021.

The fair value of Compensation Warrants were calculated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2021	2020
Risk-free interest rate	<b>0.21%</b>	0.28%
Expected life of options	<b>2 years</b>	2 years
Annualized volatility	<b>97.66%</b>	112%
Dividend rate	<b>0%</b>	0%
Weighted average fair value per warrant	<b>\$0.817</b>	\$0.04

## NUMINUS WELLNESS INC.

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### 9. SHARE CAPITAL AND RESERVES (continued)

#### Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company. The maximum number of common shares issuable under the Plan cannot exceed 10% of the issued and outstanding common shares of the Company as at the date of shareholder approval. Options granted must be exercised no later than ten years from the date of grant or any such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date or the minimum price as per the Exchange. Any options issued to an investor relation consultant optionee must vest in stages over at least a twelve-month period with no more than 25% of such options vesting in any three-month period.

The changes in stock options and compensation options during the year ended August 31, 2021 and 2020 are as follows:

	2021		2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, August 31,	<b>7,062,000</b>	<b>\$0.24</b>	5,058,000	\$0.24
Granted	<b>7,939,000</b>	<b>\$0.91</b>	3,650,000	\$0.25
Exercised	<b>(3,176,878)</b>	<b>\$0.25</b>	(500,000)	\$0.25
Expired	<b>(250,000)</b>	<b>\$0.50</b>	-	-
Outstanding, August 31,	<b>11,574,122</b>	<b>\$0.68</b>	8,208,000	\$0.25

The following table summarizes stock options outstanding and exercisable as at August 31, 2021:

Expiry Date	Number of Options	Options Exercisable	Weighted Average Exercise Price	Weighted Average Life (months)
May 15, 2022	2,064,500	1,376,500	\$0.16	8.6
May 15, 2022	2,800,000	1,987,500	\$0.25	8.6
August 12, 2022	10,000	10,000	\$0.50	11.5
September 10, 2022	313,622	313,622	\$0.25	12.5
October 1, 2022	205,000	102,500	\$0.255	13.2
January 1, 2023	96,000	96,000	\$0.50	16.3
January 5, 2023	100,000	50,000	\$1.09	16.4
January 13, 2023	1,800,000	900,000	\$1.16	16.7
March 19, 2023	1,932,000	1,932,000	\$1.25	18.8
May 1, 2023	285,000	71,250	\$1.00	20.3
May 3, 2023	195,000	48,750	\$1.00	20.3
May 6, 2023	30,000	7,500	\$0.90	20.4
May 7, 2023	70,000	17,500	\$0.90	20.5
May 10, 2023	150,000	37,500	\$0.88	20.6
May 16, 2023	25,000	6,250	\$0.90	20.8
May 17, 2023	260,000	65,000	\$0.87	20.8
May 19, 2023	810,000	202,500	\$0.90	20.9
June 7, 2023	20,000	-	\$0.97	21.5
June 14, 2023	80,000	-	\$1.03	21.7
June 21, 2023	130,000	-	\$1.01	22.0
June 29, 2023	150,000	-	\$0.94	22.2
September 1, 2023	48,000	48,000	\$0.50	24.4
<b>Total</b>	<b>11,574,122</b>	<b>7,272,372</b>	<b>\$0.68</b>	<b>14.3</b>

## NUMINUS WELLNESS INC.

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### 9. SHARE CAPITAL AND RESERVES (continued)

The fair value of stock options and compensation options were calculated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.26%	0.28%
Expected life of options	2 years	2 years
Annualized volatility	97.67%	112%
Dividend rate	0%	0%
Weighted average fair value per option	\$0.44	\$0.145

The share-based payments expense for the year ended August 31, 2021, was \$1,821,508 (2020 - \$1,876,601). \$102,466 related to retention shares vested during the year (2020 - \$nil) (note 14), \$1,719,042 related to share purchase options (2020 - \$1,876,601).

Upon the exercise of 3,176,878 options, 1,158,378 options were related to compensation options which resulted in the issuance of 1,158,378 common shares and 579,189 warrants.

### 10. GENERAL AND ADMINISTRATION EXPENSES

General and administrative expenses consist of the following:

	2021	2020
Salary and wages (note 15)	\$ 3,016,666	\$ 1,873,466
Professional and consulting fees	5,067,478	1,587,568
Office and miscellaneous	1,783,935	671,530
	\$ 9,868,079	\$ 4,132,564

### 11. OPERATING SEGMENTS

Operating results of operating segments are reviewed by our chief operating officer (“COO”) to make decisions about resources to be allocated to the segments and to assess their performance. The Company considers each individual operating entity as a reportable operating segment for financial reporting purposes.

As at August 31, 2021 and August 31, 2020, all non-current assets were located in Canada and all revenues were earned within Canada.

The following is a summary of the reported amounts of income from operating operations, operating income (loss), income (loss) before income taxes and the carrying amount of assets and liabilities by operating segment:

Year ended August 31, 2021	Numinus Bioscience	Numinus Health	MindSpace	Corporate	Total
Revenue	\$ 479,502	\$ 63,008	\$ 971,160	\$ -	\$ 1,513,670
Cost of revenue	(755,759)	(108,536)	(730,913)	-	(1,595,208)
Gross (loss) profit	(276,257)	(45,528)	240,247	-	(81,538)
Depreciation expense	(448,673)	(13,081)	-	(418)	(462,172)
Write-off of assets	(897,303)	-	-	-	(897,303)
Impairment of goodwill	-	-	(1,581,210)	-	(1,581,210)
Other Operating expenses	(2,727,484)	(384,230)	(356,986)	(12,094,389)	(15,563,089)
Loss before other items	(4,349,717)	(442,839)	(1,697,949)	(12,094,807)	(18,585,312)
Interest income (expense)	17	(528)	(892)	(4,657)	(6,060)
Revaluation of contingent consideration payable	-	-	(50,000)	-	(50,000)
Other items	(71,422)	(21,573)	(13,440)	(26,138)	(132,573)
Loss before income tax	\$ (4,421,122)	\$ (464,940)	\$ (1,762,281)	\$ (12,125,602)	\$ (18,773,945)

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### 11. OPERATING SEGMENTS (Continued)

As at August 31, 2021	Numinus Bioscience		Numinus Health		Mindspace	Corporate		Total		
Long term deposit	\$	13,905	\$	-	\$	10,750	\$	-	\$	24,655
Property and equipment		2,444,015		578,935		105,639		21,231		3,149,820
Non-current assets	\$	2,457,920	\$	578,935	\$	116,389	\$	21,231	\$	3,174,475
Total assets	\$	3,280,914	\$	1,672,232	\$	347,697	\$	58,843,380	\$	64,144,223
Total liabilities	\$	1,608,398	\$	279,031	\$	527,212	\$	898,710	\$	3,313,351

Year ended August 31, 2020	Numinus Bioscience		Numinus Health		Corporate		Total	
Revenue	\$	791,504	\$	89,674	\$	-	\$	881,178
Cost of Revenue		(682,020)		(111,111)		-		(793,131)
Gross profit (loss)		109,484		(21,437)		-		88,047
Total expenses		(2,539,653)		(939,429)		(3,886,176)		(7,365,258)
Loss before other items		(2,430,169)		(960,866)		(3,886,176)		(7,277,211)
Loss before income tax		(3,014,054)		(939,766)		(5,654,628)		(9,608,448)

As at August 31, 2020	Numinus Bioscience		Numinus Health		Corporate		Total	
Non-current assets	\$	2,124,661	\$	326,940	\$	-	\$	2,451,601
Total assets	\$	2,677,732	\$	1,911,797	\$	534,029	\$	5,123,558
Total liabilities	\$	1,060,315	\$	510,569	\$	753,151	\$	2,324,035

### 12. INCOME TAXES

The provision for income taxes differs from the amount that would be computed by applying the expected tax rate to the Company's net loss. The differences between such expected income tax expense and the amount actually recorded are as follows:

	2021		2020	
Loss before income taxes for the year	\$	(18,773,945)	\$	(9,608,448)
Expected income tax (recovery)		(5,055,000)		(2,594,000)
Change in statutory, foreign tax, foreign exchange rate and other		(95,000)		(941,884)
Permanent differences		916,000		1,002,000
Share issuance costs		(1,373,000)		(72,000)
Adjustment to prior year provision versus statutory tax returns		(620,000)		30,000
Change in unrecognized deductible temporary		6,227,000		2,568,000
Income tax expense (recovery)		-		(7,884)
Current income tax expense (recovery)		-		(7,884)
Deferred tax expense		-		-

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### 12. INCOME TAXES (continued)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2021	2020
Deferred tax assets (liabilities)		
Property and equipment	\$ (484,000)	\$ (194,000)
Lease obligations	428,000	101,000
Non-capital losses	56,000	93,000
Net deferred tax liability	\$ -	\$ -

The significant components of the Company's temporary differences, and unused tax losses that have not been included on the consolidation statement of financial position are as follows:

	2021	Expiry date range	2020	Expiry date range
Temporary Differences				
Property and equipment	\$ 3,371,000	No expiry date	\$ 1,304,000	No expiry date
Share issuance costs	4,394,000	2042 to 2045	492,000	2041 to 2044
Allowable capital losses	23,000	No expiry date	86,000	No expiry date
Non-capital losses available for future periods	28,657,000	2029 to 2041	11,496,000	2029 to 2040

Tax attributes are subject to review, and potential adjustment, by tax authorities.

### 13. FINANCIAL RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

#### Fair value of financial assets and liabilities

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities,
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The fair value of cash and cash equivalents and marketable securities are measured using Level 1 inputs. The carrying values of trade and other receivables, accounts payable and accrued liabilities, debt, and due to related parties approximate their respective fair values due to the short-term nature of these instruments.

The contingent consideration payable is included in Level 3, as certain assumptions used in the calculation of the fair value are not based on observable market data.

#### Financial instrument risk management

The Company's exposures and the impact on its financial instruments are summarized below:

## **NUMINUS WELLNESS INC.**

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### **13. FINANCIAL RISK MANAGEMENT (continued)**

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, trade receivables and other receivables. The carrying amount of these financial assets represent the maximum credit exposure.

Cash and cash equivalents are deposited with major Canadian financial institutions, and management believes the exposure to credit risk with respect to these institutions is not significant.

The Company is exposed to credit risk inherent in its trade and other receivables which include credit exposures to customers and their outstanding trade receivables and other receivables balances. The maximum credit risk associated with trade receivables is equal to the carrying amount.

#### **Liquidity risk**

As at August 31, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities and contingent consideration payable which have contractual maturities within one year and due to related parties which have no fixed terms of repayment. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. As at August 31, 2021, the Company has cash and cash equivalents of \$59,292,968 to meet its obligations as they become due.

#### **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at August 31, 2021, the Company had no financial instruments denominated in any other currency than the Canadian dollar and as such, the Company does not consider itself exposed to significant currency risk.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company holds cash in accounts with variable interest rates, and currently does not carry variable interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. It is management's opinion that the Company is not exposed to significant interest rate risk.

#### **Capital management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support any business transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund its operations. In order to carry out any planned business transaction and to continue to support the general administrative activities, the Company will spend its existing working capital and raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management for the year ended August 31, 2021. The Company is not subject to externally imposed capital requirements.

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### 14. COMMITMENTS AND CONTINGENCIES

#### Lease obligations

	August 31, 2021	August 31, 2020
Current portion of lease obligations	\$ 404,050	\$ 105,880
Long term portion of lease obligations	1,200,678	275,748
<b>Total Lease Obligations <sup>(1)</sup></b>	<b>\$ 1,604,728</b>	<b>\$ 381,628</b>

<sup>(1)</sup> Lease obligations have interest rates between 3% and 22% per annum and with terms of 10 years

Future undiscounted lease payments are as follows:

	Years				
	0- 1	2-3	4-5	6-10	Total
Lease Payments	\$601,872	\$964,051	\$340,880	\$106,330	\$2,013,133

A continuity of lease obligations is as follows:

	August 31, 2021	August 31, 2020
Opening balance	\$ 381,628	\$ 245,723
Adjustments due to IFRS 16	-	172,001
Acquisitions (Note 4)	80,728	230,126
Additions	1,338,571	-
Lease buyout	-	(62,883)
Interest	108,114	62,210
Payments	(304,313)	(265,549)
Ending Balance	1,604,728	381,628
Less: current portion	(404,050)	(105,880)
Non-current lease obligation	1,200,678	275,748

For the year ended August 31, 2021, the Company expensed short term lease costs of \$31,435 (2020 - \$71,403).

#### Retention Shares

In connection with the Mindspace acquisition (note 5), the Company is obligated to issue \$100,000 in common shares, at market price, per year on each of the first three anniversaries of the Closing Date.

#### Notice of Claim

- a. The Company received a Notice of Civil Claim (the "Claim") dated December 4, 2020, and filed in the Supreme Court of British Columbia pursuant to section 9 of the Business Corporations Act (British Columbia), in which the Company is the sole defendant. In the claim, the plaintiff alleged a breach of contract for consulting services that it allegedly provided to the Company. On December 21, 2020, the Company reached a settlement with the plaintiff whereby the Company paid a total of \$500,000 plus applicable tax. Further to the consideration, the plaintiff agreed to transfer all ownership, intellectual property, and other rights to certain assets to the Company.
- b. The Company was served with a Notice of Claim dated December 23, 2019, filed in the Supreme Court of British Columbia naming the Company as the defendant. The Notice of Claim alleges the wrongful termination of the former CEO/CFO and unpaid termination benefits of \$360,000. The Company believes the lawsuit is without merit and has filed a response accordingly. No provision has been made by the Company with regards to the Notice of Claim.

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For the years ended August 31, 2021 and 2020

### 15. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Chief Executive Officer, Chief Operating Officer, Chief Finance Officer and Chief Strategy Officer.

Remuneration attributed to key management personnel can be summarized as follows:

	For the year ended August 31,	
	2021	2020
Salaries and benefits	\$ 773,179	\$ 406,824
Director fees	158,333	-
Management and consulting fees	-	331,500
Share-based compensation	1,033,985	223,305
Total	\$ 1,965,497	\$ 961,629

The following table provides the total amount of transactions entered into by the Company with related parties during the years ended August 31, 2021 and 2020, and the outstanding balances as at August 31, 2021 and 2020.

For the year ended August 31,	2021	2020
<b>Transactions with other related parties:</b>		
Salaries and benefits to family member of Chief Executive Officer	\$ -	\$ 29,574
Consulting fees to family member of Chief Executive Officer	-	274
Loss on debt settlement to family member of Chief Executive Officer	-	795
Interest on convertible debts to family member of Chief Executive Officer	-	3,726

The following table provides the outstanding balances as at August 31, 2021 and August 31, 2020.

	August 31, 2021	August 31, 2020
<b>Due to related parties:</b>		
Payable to Chief Executive Officer of the Company	\$ -	\$ 171,952
<b>Total Due to Related Parties</b>	<b>\$ -</b>	<b>\$ 171,952</b>

## NUMINUS WELLNESS INC.

Notes to the Consolidated Financial Statements  
(Expressed in Canadian Dollars)  
For the years ended August 31, 2021 and 2020

### 16. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transaction during the year ended August 31, 2021 and 2020 are as follows:

Supplemental cash flow information:	2021	2020
Cash paid for interest	\$ 108,114	\$ 62,210
Cash paid for income tax	-	-
Non-cash lease addition	1,526,219	-
Proceeds received for sales of assets previously recorded in receivables	187,567	187,567
Equity consideration on acquisition of Mindspace	666,176	-
Fair value of warrants issued as broker warrants	1,243,566	-
Fair value of compensation units issued as broker units	1,251,166	-
Residual value of warrants	3,588,000	-
Issuance of shares for acquisition of Numinus	-	500,000
Shares issued for convertible debt and loans	-	580,000
Cancellation of shares	-	729,530
Adoption of IFRS – Right-of-use assets and additions	-	172,001
Reverse acquisition	-	2,328,425
Share issued for special warrants	-	3,838,721
Transfer of share-based payment reserve upon exercise of stock options and warrants	1,530,495	175,573
Finders' warrants	-	21,281
Deferred financing costs included in accounts payable and accrued liabilities	-	78,239
Fair value of settlement of warrants	-	16,940
Lease acquired	-	230,126
Cash and cash equivalents is comprised of:		
Cash	\$ 59,264,218	\$ 1,627,329
Cash equivalents	28,750	-

### 17. SUBSEQUENT EVENTS

- a) On September 22, 2021, the Company acquired 100% of Toronto-based Neurology Centre of Toronto (the "NCT Transaction") to expand its ability to deliver additional health and wellness solutions to the Ontario market. The Company will pay the following consideration to complete Transaction:
- \$300,000 in cash and \$200,000 in shares upon closing and
  - Performance-based shares payment totaling up to \$500,000

Due to the limited time between the closing of the NCT Transaction and the issuance of these consolidated financial statements, certain business acquisition disclosures required under IFRS 3, mainly the preliminary purchase price allocation, have not been provided as this information is not yet available. The Company is in the process of assess the fair value of the assets acquired and liabilities assumed.

During the year ended August 31, 2021, the Company incurred a total of \$96,440 of business acquisitions costs which were expensed as incurred.

- b) Subsequent to the year ended August 31, 2021, the Company issued 1,914,003 common shares pursuant to the exercise of options and warrants for the proceeds of \$1,011,427.
- c) Subsequent to the year ended August 31, 2021, the Company issued 55,147 common shares valued at \$83,272 as part of Mindspace acquisition consideration valued at the closing price of our shares on the Exchange on February 8, 2021.