



NUMINUS

**NUMINUS WELLNESS INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Three and Nine Months Ended May 31, 2024 and 2023

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(Unaudited and expressed in Canadian Dollars)

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This Management's Discussion and Analysis ("MD&A") is intended to supplement the condensed consolidated interim financial statements of Numinus Wellness Inc. (the "Company" or "Numinus") for the three and nine months ended May 31, 2024, and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. All figures are in Canadian dollars, unless otherwise noted. This MD&A has been prepared as of July 11, 2024, and should be read in conjunction with the audited consolidated financial statements for the year ended August 31, 2023 (the "Financial Statements").

Additional information related to Numinus, including its annual information form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.numinus.com](http://www.numinus.com).

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#### **COMPANY OVERVIEW**

Numinus Wellness Inc. (the "Company" or "Numinus") was incorporated on October 26, 1964, under the Laws of British Columbia. The Company was traded on the TSX Venture Exchange (the "Exchange") and graduated to the Toronto Stock Exchange ("TSX") on December 16, 2021, under the symbol "NUMI". The Company's registered and records office is located at 250 - 997 Seymour St., Vancouver, BC, V6B 3M1.

Numinus' wellness clinic network in Canada consisted of Numinus Health Corp. ("Numinus Health"), Mindspace Services Inc. ("Mindspace") and the Neurology Centre of Toronto Inc. ("NCT"). Numinus' wellness clinic network in the United States consists of Numinus Wellness UT Inc. ("Numinus Utah") (formerly Cedar Psychiatry Inc.) and Foundations for Change Inc. ("FFC"). Numinus' wellness clinic network provides services including ketamine-assisted psychotherapy ("KAP") for depression, transcranial magnetic stimulation ("TMS"), psychotherapy and counselling by registered psychologists. Numinus develops KAP protocols for other clinical indications and therapeutic protocols for other psychedelic substances.

On May 7, 2024, the Company announced that it had entered into an agreement with the Canadian Centre for Psychedelic Healing ("Field Trip Health"). Through the arrangement, the Company will earn a portion of the revenue generated from the referral of patients to its existing Canadian business to Field Trip Health. Once the transfer is completed, the Company's clinics in Canada, Montreal, Toronto, and Vancouver, will be closed.

Numinus Bioscience Inc. ("Numinus Bioscience") was the Company's Health Canada-licensed laboratory developing intellectual property, advancing research, and providing contract research and innovation services. On September 18, 2023, the Company announced that all operations relating to Numinus Bioscience would be wound down as part of the Company's broader cost containment strategy.

Cedar Clinical Research ("CCR") is the Company's research arm based in various cities in the states of Utah and Arizona in the United States, focused on hosting phase I through phase IV clinical trial and research focused on emerging treatment options in neuropsychiatry on behalf of third-party sponsors. CCR hosts and sponsors investigator-initiated studies to answer research questions unaddressed by clinical trials and to validate psychedelic-assisted psychotherapy treatment protocols.

Numinus Digital Inc. ("Numinus Digital") provides robust certification pathways for diverse professionals who are looking to develop core psychedelic-assisted therapy skills through multi-modal teaching methods including interactive evidence and theory reviews, audio-visual design, case-based learning, experiential learning, and in-person shadowing opportunities. Numinus Digital also develops tailored education and training for research and drug development organizations to support clinical trials and commercialization efforts.

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## COMPANY HIGHLIGHTS

### Key Developments During and Subsequent to the Quarter

#### *Corporate Updates*

- On April 15, 2024, the Company announced it will be streamlining operations and maximizing shareholder returns through a focus on U.S. operations and strategic adjustments in its Canadian market presence. The Company will focus on Numinus Network in Canada, a resource-efficient, capital-light model that enhances support for healthcare providers, offering scalable solutions in the rapidly evolving mental health care sector. The Company also plans to expand its Psychedelic Assisted Therapy (PAT) training program, to equip more professionals with the skills needed to deliver innovative and effective treatments.
- On April 17, 2024, the Company announced its research site, Cedar Clinical Research, was chosen as one of multiple sites for Cybin's Phase 3 pivotal, multinational clinical trial of CYB003 for the adjunctive treatment of Major Depressive Disorder ("MDD").
- On May 7, 2024, the Company announced its focus on high-growth US operations and an agreement with Field Trip Health to transition Canadian clinic operations.
- On June 20, 2024, the Company announced plan to name change to "Numinus Intelligence" leveraging its current revenue generating operations to AI-enable mental health clinics across the U.S. The Company also announced the execution of a letter of intent ("LOI") to acquire MedBright AI Investments, Inc. ("MedBright") by way of a statutory plan of arrangement. Under the terms of the LOI, the Company will issue 1.86 common shares of Numinus for each MedBright share, making up an aggregate of approximately 204,729,372 of the Company's shares.
- On June 24, 2024, the Company announced the resignation of Donna Wong from its Board of Directors.

#### *Numinus Wellness Clinic Network*

- Wellness clinics generated revenue of \$3.36 million during Q3 2024, a 7% decrease compared to \$3.6 million during Q2 2024, and a decrease of 18% compared to \$4.1 million during Q3 2023. The decrease in clinic network revenues during Q3 2024 is due to a decrease in outpatient service revenues.
- On May 7, 2024, the Company announced as part of its strategic plan, Numinus has entered into an agreement with the Canadian Centre for Psychedelic Healing ("Field Trip Health"), which provides psychedelic-assisted therapy in five Canadian clinics under the Field Trip Health brand. Therapists in Canada who are contracted with Numinus will have the option to transition to Field Trip Health. Through the arrangement, the Company will earn a portion of the revenue generated from the referral of patients of its existing Canadian business to Field Trip Health. Once the operation transfer is finished, Numinus clinics in Montreal, Toronto, and Vancouver will be closed.

#### *Numinus Clinical Research*

- Revenues from CCR during Q3 2024 were \$0.8 million, an increase of 11% compared to Q2 2024, and a 20.0% decrease compared to Q3 2023.

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**SELECTED INFORMATION - RESULTS OF OPERATIONS****QUARTERLY FINANCIAL HIGHLIGHTS**

The following table summarizes the Company's quarter over quarter financial highlights from continuing operations for Q2 2024 and Q3 2024.

Financial Highlights	For the three months ended	
	May 31, 2024	February 29, 2024
Revenue	\$ 4,348,781	\$ 4,432,297
Cost of revenue	3,390,965	3,370,529
Gross profit (loss)	\$ 957,816	\$ 1,061,768
Operating expenses and other items	\$ 6,092,503	\$ 7,334,204
Loss and comprehensive loss	\$ (5,134,687)	\$ (5,705,901)
Basic and diluted loss per share	\$ (0.02)	\$ (0.02)

The following table summarizes the Company's selected financial information related to continuing operations for each of the past eight quarters ending May 31, 2024:

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	4,348,781	4,432,297	5,190,268	5,357,006	5,174,287	4,610,224	4,886,194	3,533,285
Net loss and comprehensive loss	(5,134,687)	(5,705,901)	(4,145,585)	(8,463,709)	(6,922,496)	(6,895,715)	(5,728,310)	(24,269,117)
Basic and diluted loss per share <sup>(1)</sup>	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.02)	(0.11)

<sup>(1)</sup> Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

**Revenue from continuing operations**

The Company's consolidated revenues decreased by 1.9% quarter over quarter compared to Q2 2024 as a result of a decrease in outpatient services revenue of approximately \$100,000.

Revenues in the Company's US Clinic Network during Q3 2024 decreased by 7% from \$3,609,324 during Q2 2024 to \$3,355,869 because of a decrease in outpatient service revenue. During Q3 2024, The Company completed 15,750 client appointments including ketamine-assisted psychotherapy, transcranial magnetic stimulation, ketamine/Spravato, individual and group therapy sessions, neurology appointments, and paid group programs appointments. This represented an increase of 909 clinic appointments or 6.1% during Q3 2024 compared to 14,841 clinic appointments in Q2 2024.

Revenues from Clinical Research operations during Q3 2024 increased by 10.7% from \$744,136 during Q2 2024 to \$824,082. The increase in revenue resulted from psychedelic clinical trials with additional patient appointments. During Q3 2024, CCR managed 15 clinical trials which included 233 clinical trial patient appointments compared to Q2 2024, where CCR managed 15 clinical trials which included 260 clinical trial patient appointments.

Revenues from Practitioner Training during Q3 2024 increased by 114% from \$78,837 during Q2 2024 to \$168,830. The increase in revenue resulted from revenue generating efforts related to new training programs.

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**Loss for the Quarter**

The Company reported a comprehensive loss of \$5,766,085 during Q3 2024 compared to \$7,295,783 during Q3 2023. The decrease in net loss for the quarter is due to the Company's efforts in cost-cutting initiatives included reduced expenses in legal, consulting, and marketing expenditures, and depreciation expense.

Financial Highlights	For the three months ended May 31,			
	2024		2023	
Revenue	\$	4,348,781	\$	5,174,286
Cost of revenue		3,390,965		3,309,059
Gross profit (loss)	\$	957,816	\$	1,865,227
General and administration	\$	4,136,863	\$	7,210,465
Share-based compensation		312,682		345,402
Sales and marketing		170,703		358,736
Depreciation		289,156		410,951
Research and development		4,556		267,289
Transaction costs		-		-
Other items		1,167,579		178,880
Loss from operations before taxes	\$	(5,123,723)	\$	(6,906,496)
Income tax (expense) recovery		-		(9,385)
Net loss from continuing operations	\$	(5,123,723)	\$	(6,915,881)
Net loss from discontinued operations		(631,398)		(373,287)
Other Comprehensive Income		(10,964)		(6,615)
Loss and comprehensive loss	\$	(5,766,085)	\$	(7,295,783)
Basic and diluted loss per share	\$	(0.02)	\$	(0.03)

**Revenue**

Revenues decreased 16% and 4.8% for the three and nine months ended May 31, 2024, respectively, compared to May 31, 2023. This decrease is a result of the company's further optimization of operations to focus on profitability. The following table summarizes the revenues generated by the Company's US Clinic Network, Numinus Digital, and Clinical Research Operations:

	For the three months ended May 31,		For the nine months ended May 31,	
	2024	2023	2024	2023
US Clinic Network	\$ 3,355,869	\$ 4,102,222	\$ 10,958,833	\$ 12,301,154
Practitioner Training	\$ 168,830	\$ 46,722	\$ 423,658	\$ 46,722
Clinical Research Operations	\$ 824,082	\$ 1,025,343	\$ 2,588,856	\$ 2,322,829

**Loss for the period**

The Company reported comprehensive loss of \$5,766,085 and \$16,077,994 compared to \$7,295,783 and \$20,689,909 for the three and nine months ended May 31, 2024, and 2023, respectively. The decrease in net loss is due to ongoing cost containment initiatives and operational optimization.

The Company reported general and administration expenses of \$4,136,863 and \$14,564,998 compared to \$7,210,465 and \$21,065,950 for the three and nine months ended May 31 2024, and 2023, respectively. The below items are included in the Company's general and administration costs and contributed to the decrease.

- Salaries and wages incurred were \$7,638,573 compared to \$11,578,786 for the nine months ended May 31, 2024, and 2023, respectively. This decrease was a result of ongoing optimization-revenue generating headcount to better support the client-facing teams.

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- Professional and consulting fees incurred were \$3,264,715 compared to \$4,620,580 for the nine months ended May 31, 2024, and 2023, respectively. This decrease was a result of ongoing cost containment initiatives and an increased focus on developing expertise internally.
- Office and miscellaneous expenses incurred were \$3,661,710 compared to \$4,866,584 for the nine months ended May 31, 2024, and 2023, respectively. This decrease was a result of ongoing cost containment initiatives.

The Company incurred research and development costs of \$25,754 compared to \$968,109 for the nine months ended May 31, 2024, and 2023, respectively. The decreases in research and development expenditures are a result of many of the Company's investments in the below areas coming to fruition and no longer require further investments:

- Online group therapy programming and educational training programs
- Ketamine Assisted Psychotherapy protocols to be implemented its clinics

### PROPOSED TRANSACTIONS

On June 20, 2024, the Company announced that it has executed a letter of intent ("LOI") to acquire MedBright AI Investments Inc. by way of statutory plan of arrangement. Pursuant to the terms of the LOI, the Company will issue 1.86 common shares of Numinus for each MedBright AI share making up an aggregate of approximately 204,729,372 of the Company's shares.

### LIQUIDITY AND CAPITAL RESOURCES

The Company did not generate any cash flow from operations for the nine months May 31, 2024. The Company's financial success is reliant on management's ability to identify and evaluate suitable and sustainable growth. Future cash flows from operations will be dependent on maximizing the potential of these opportunities.

In order to finance the acquisition of growth opportunities and to fund corporate overhead required to oversee these opportunities, the Company is dependent on investor sentiment remaining positive towards the psychedelics sector, and towards the Company in particular, so that funds can be raised through the sale of its securities. Many factors have an influence on investor sentiment including a positive climate from investors to support new companies in the psychedelics sector, past financial performance of a company and the experience and caliber of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. As of May 31, 2024, the Company had cash and cash equivalents of \$3,699,653. Management estimates that the Company has insufficient working capital to continue operations for the next twelve months.

The Company has, in the past, financed its activities through equity financing. It is anticipated that, as general sentiment towards investment in companies in the psychedelic sector turns positive, the Company will continue to raise the necessary capital to secure and finance additional investments that are accretive to shareholder value.

The Company had working capital of \$1,999,321 as of May 31, 2024, compared to \$7,413,120 as of August 31, 2023.

The Company has no commitments for capital expenditures.

#### *Lease obligations*

- a) The Company is committed under lease agreements, to various offices and warehouse premises located in Canada and the United States.
- b) The Company has short-term and low-value leases on various office printers and lab equipment with annual renewal periods in June, September, and November with general maintenance agreement amounts based on usage.

The following table presents the projected amounts due under the agreements in future years:

	Years					
	0-1	2-3	4-5	6-10	>10	Total
Lease Payments	\$1,791,919	\$2,550,496	\$1,914,530	\$682,629	-	\$6,939,574

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***Retention Shares***

In connection with the acquisition of Mindspace, the Company has an obligation to issue \$100,000 in common shares per year, at the market price of the common shares at the time of issuance, on each of the first three anniversaries of the closing date, February 8, 2021. The first-year anniversary shares were issued on February 8, 2022. The second-year anniversary shares were issued on February 8, 2023. On May 10, 2023, the psychology services agreement with respect to the professional corporation under Mindspace, was terminated. As such the third-year anniversary shares were not issuable

***Notice of Claims***

The Company was served with a Notice of Claim dated December 23, 2019, which has been 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 and the claim is ongoing. The Company is subject to several other claims and lawsuits, which either immaterial or which management believes are without merit. The Company intends to negotiate settlements and/or defend such claims in due course.

***Cash and Financial Conditions***

The company had a cash and cash equivalents balance of \$3,699,653 as of May 31, 2024, compared to a cash balance of \$8,579,535 as of August 31, 2023. The decrease in cash is primarily a result of cash flows used in operating activities of \$11,001,199. The cash flows used in operating activities during the nine months-ended May 31, 2024, included approximately \$1 million of one-time costs related to legal fees, investor relations, and financing fees.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

***Investing Activities***

The Company recognized a net cash inflow of \$845,160 for the nine months ended May 31, 2024, compared to cash outflow of \$368,932 for the comparative period. The net cash inflow from investing activities for the nine months ended May 31, 2024, is mainly due to the disposition of the company's investment in Alto-Neuroscience Inc. for proceeds of \$852,142.

***Financing Activities***

During the nine months ended May 31, 2024, the Company issued 54,096,500 common shares and received proceeds of \$5,826,702 net of commissions and financing costs. The Company also made lease payments, lease cancellation payments, and loan repayments of \$1,561,257, \$364,179, and \$58,493 respectively during the same period and received loan proceeds of \$1,439,480.

**SHARE CAPITAL AND RESERVES*****Common Shares***

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

***Prospectus offering***

On February 16, 2024, the company issued 50,000,000 common shares at a price of \$0.12 for gross proceeds of \$6,000,000 and net proceeds of \$5,512,248 as part of its prospectus offering. 50,000,000 warrants with an exercise price of \$0.18 and expiry date of February 16, 2026, were concurrently issued. Refer to Note 10 of the condensed consolidated interim financial statements for details of the Company's share capital movements.

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**At-the-market equity offering program**

On September 25, 2023, the Company filed a prospectus supplement to accompany the short form base shelf prospectus filed on June 27, 2023, to establish the Company's at-the-market equity offering program (the "ATM Program"). The ATM Program allows the Company, at its discretion, to issue up to \$10,000,000 of common shares from treasury to the public from time to time at the prevailing market price.

During the nine months ended May 31, 2024, the Company issued 4,096,500 common shares at an average price of \$0.12 for gross proceeds of \$479,284 and net proceeds of \$314,454 after commissions and deferred financing costs.

As of May 31, 2024, and on the date of this MD&A, the Company had 320,551,600 common shares issued and outstanding.

**Prior Year Issuances**

During the nine months ended May 31, 2023, the Company issued 1,116,653 common shares with a fair value of \$437,960 as part of the Mindspace acquisition consideration valued at the closing price of the Company's shares on February 8, 2021.

During the nine months ended May 31, 2023, the Company issued an aggregate of 2,411,774 common shares on the exercise of warrants for gross proceeds of \$844,120. The Company also reclassified \$96,351 from reserves to share capital on the exercise of these warrants.

During the nine months ended May 31, 2023, the Company issued an aggregate of 287,504 common shares on the exercise of options for gross proceeds of \$71,877. The Company also reclassified \$37,493 from reserves to share capital on the exercise of these options.

During the nine months ended May 31, 2023, the Company issued 4,128,411 common shares of the Company valued at \$1,058,087 relating to the exchange of vested restricted share units.

During the nine months ended May 31, 2023, the Company issued 1,500,000 common shares with a fair value of \$344,998 to the Company's former Chief Medical Officer who now serves as an advisor to the Company.

*Options*

During the nine months ended May 31, 2024, 2,123,000 stock options expired and 4,213,788 stock options were forfeited.

As at May 31, 2024, and on the date of the MD&A, the Company had 8,296,894 stock options outstanding.

*Warrants*

During the nine months ended May 31, 2024, the Company issued 50,000,000 warrants as part of its prospectus offering.

As of May 31, 2024, and on the date of the MD&A, the Company had 61,340,000 warrants outstanding.

*Restricted Share Units*

During the nine months ended May 31, 2024, 3,872,705 restricted share units ("RSUs") were granted.

As at May 31, 2024, and on the date of the MD&A, the Company had 3,872,705 RSUs outstanding.

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**OUTLOOK**

The Company's ability to continue in the normal course of operations is dependent on management's ability to identify and evaluate suitable investments opportunities. In addition, the Company will actively seek out additional revenue opportunities by leveraging its key assets including the laboratory facilities, Health Canada licenses and clinic network.

The Company is largely dependent upon external financings to fund activities. Management and the board of directors of the Company continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same. The Company will continue to seek new investments if it feels there are sufficient opportunities to increase shareholder value and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and will adjust its approach to changing business and economic conditions.

**OFF-BALANCE SHEET ARRANGEMENTS**

At the date of this report, the Company had no off-balance sheet arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

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 the president and Chief Executive Officer, president and Chief Operating Officer and Chief Financial Officer. A summary of the remuneration attributed to key management personnel is disclosed in Note 16, *Related Party Transactions* in the Company's condensed interim financial statements. There have been no other transactions with related parties.

**SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES****Going Concern**

These condensed consolidated financial statements for the nine months ended May 31, 2024, have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The Company has incurred an accumulated deficit of \$132,982,371 and a net loss of \$16,115,927 for the nine months ended May 31, 2024. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds therefrom and/or raise funds sufficient to meet current and future obligations. There can be no assurances that management's future plans for the Company will be successful. The Company will require additional financing in order to fund working capital requirements. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary, should the Company be unable to continue as a going concern.

**Critical Accounting Estimates**

The preparation of financial statements requires the use of assumptions, judgements and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These assumption, judgements and 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 financial statements. The significant judgements and estimates applied in the preparation of the unaudited condensed consolidated interim financial statements as at and for the three and nine months ended May 31, 2024, are consistent with those applied and disclosed in Note 2 to our audited consolidated financial statements for the year ended August 31, 2023.

## **FINANCIAL INSTRUMENT RISK MANAGEMENT**

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

### **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 and US 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 cash and cash equivalents and trade and other receivables is equal to the carrying amount.

### **Liquidity risk**

As of May 31, 2024, the Company's financial liabilities consist of accounts payable and accrued liabilities, current contingent consideration payable, and deferred revenue which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. As of May 31, 2024, the Company has cash and cash equivalents of \$3,699,653 to meet its obligations as they become due. Our auditor has expressed substantial doubt about our ability to continue as a going concern and we cannot assure you that we will raise capital or achieve or maintain profitability.

### **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. The Company is exposed to foreign currency risk through its financial assets and liabilities denominated in US dollars. A 10% appreciation (depreciation) of the US dollar against the Canadian dollar, with all other variables held constant, would result in an approximate change of \$1,188,313 to the Company's comprehensive loss for nine months ended May 31, 2024.

### **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. It is management's opinion that the Company is not exposed to significant interest rate risk.

### **Price risk**

Price risk is the risk of the variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from future uncertainties, future values and the impact of market conditions. The fair value of investments is based on various valuation techniques and is dependent on the type and terms of the investments. Refer to Note 8 of the condensed consolidated interim financial statements for details of the Company's investments.

### **Capital management**

The Company manages its capital structure and adjusts it based on the funds available to the Company, to support any business transaction and to safeguard its ability to continue as a going concern. The Board of Directors does not establish a 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 financing to fund its operations. 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.

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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 nine months ended May 31, 2024. The Company is not subject to externally imposed capital requirements. Our auditor has expressed substantial doubt about our ability to continue as a going concern and we cannot assure you that we will raise capital or achieve or maintain profitability.

**RISKS RELATED TO THE PSYCHEDELICS & WELLNESS INDUSTRY**

The Company operates in a highly competitive and highly regulated environment that involves significant risks and uncertainties, some of which are outside of the Company's control. The Company's Annual Information Form (the "AIF") dated November 29, 2023, and audited financial statements for the year ended August 31, 2023, set forth material risks and uncertainties that may affect the Company's business, including future financing and operating results, and could cause actual results to differ materially from those contained in forward-looking statements made in this MD&A. The risks and uncertainties described in the AIF, which are incorporated in this MD&A by reference, are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. Further, if the Company fails to meet the future expectations of the public market in any given period or should the Company's competitors fail to meet market expectations (including through failure or bankruptcy) or should the Company's market segment or the market generally experience a downturn, the market price of our common shares could decline (see "Risk Factors" in the AIF for details).

**FORWARD-LOOKING STATEMENTS**

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: general economic and business conditions related to the psychedelics industry; cash flow projections; currency fluctuations; risks relating to the Company's ability to obtain adequate financing for future activities; the nature of the Company's future activities; and other general market and industry conditions.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.