**Wellbeing Digital Sciences Inc**
**(formerly KetamineOne Capital Limited)**
Condensed Interim Consolidated Financial Statements

For the period ended July 31, 2022 and 2021

***Expressed in Canadian Dollars***

## NOTICE TO READER

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

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**Wellbeing Digital Sciences Inc. (formerly KetamineOne Capital Limited)**
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

| As at | Notes | July 31, 2022 | *(Audited)* July 31, 2021 |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash and cash equivalents | | $ 315,196 | $ 3,319,875 |
| Restricted cash | 7 | 57,755 | 57,454 |
| Accounts receivable, net | | 756,657 | 657,225 |
| Prepaid expenses | | 285,595 | 463,952 |
| Note receivable | 8 | - | 147,392 |
| Investments | 13 | - | 295,955 |
| | | 1,415,203 | 4,941,853 |
| Non-current assets | | | |
| Intangible assets, net | 11 | 2,790,151 | 3,502,530 |
| Goodwill | 11 | 10,300,000 | 10,300,000 |
| Property and equipment, net | 12 | 166,050 | 235,931 |
| Research contract costs | | 2,441,791 | 2,738,439 |
| Right-of-use, net | 10 | 103,913 | 202,442 |
| | | 15,801,905 | 16,979,342 |
| **Total assets** | | $ 17,217,108 | $ 21,921,195 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | $ 3,279,409 | $ 1,292,715 |
| Short-term lease liabilities | 10 | 68,069 | 236,716 |
| Promissory notes | 14 | 2,027,833 | - |
| | | 5,375,312 | 1,529,431 |
| Non-current liabilities | | | |
| Long-term lease liabilities | 10 | 29,653 | - |
| Deferred revenue | | 7,239,931 | 6,308,170 |
| Contingent consideration | | 4,801,473 | 6,172,836 |
| | | 12,071,056 | 12,481,006 |
| Total liabilities | | 17,446,368 | 14,010,437 |
| **Equity** | | | |
| Share capital | 15 | 45,173,256 | 40,295,279 |
| Share payment reserve | 15 | 17,824,990 | 5,221,308 |
| Accumulated deficit | | (63,227,506) | (37,605,829) |
| Total equity | | (229,260) | 7,910,758 |
| **Total liabilities and shareholders' equity** | | $ 17,217,108 | $ 21,921,195 |

Nature and Continuance of Operations (Note 1)
Subsequent Event (Note 18)

Approved and authorized on behalf of the Board: September 14, 2022

*"Steven Inglefield"*
Steven Inglefield, Director

*"James Henning"*
James Henning, Director

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

**Wellbeing Digital Sciences Inc. (formerly KetamineOne Capital Limited)**
Condensed Interim Consolidated Statements of Operations
For the periods ended July 31, 2022 and 2021
(Expressed in Canadian Dollars)

| | | Three Months Ended | | Twelve Months Ended, | |
|---|---|---|---|---|---|
| **For the period ended,** | **Notes** | **July 31, 2022** | **July 31, 2021** | **July 31, 2022** | **July 31, 2021** |
| **Revenue** | | $ 1,160,547 | $ 1,131,171 | $ 6,441,187 | $ 1,131,171 |
| Cost of goods sold | | (536,230) | (338,005) | (5,967,518) | (338,005) |
| Gross profit | | 624,317 | 793,166 | 473,669 | 793,166 |
| **Expenses** | | | | | |
| General and administrative | | 613,697 | 774,450 | 2,249,733 | 815,971 |
| Consulting | 16 | 1,437,764 | 325,003 | 2,172,871 | 852,106 |
| Regulatory and filing fees | | 29,591 | (60,063) | 125,430 | 231,767 |
| Depreciation of right-of-use & equipment | 10, 12 | 118,830 | 198,469 | 533,667 | 221,140 |
| Amortization of intangible Assets | 11 | 178,095 | 59,365 | 712,379 | 59,365 |
| Marketing expense | | 204,582 | 78,272 | 1,727,435 | 78,272 |
| Share based payments | 15 | 1,641,499 | 3,133,630 | 15,586,631 | 5,221,308 |
| Service fees | | 10,793 | 912,574 | 100,624 | 912,574 |
| Transaction costs | | - | 948,374 | - | 948,374 |
| Consideration paid in excess of net liabilities acquired from acquisitions | | - | 12,324,999 | - | 12,324,999 |
| Impairment loss on goodwill | 11 | - | 8,905,830 | - | 8,905,830 |
| Interest expense | 10, 14 | 57,321 | 18,552 | 153,776 | 25,106 |
| Professional fees | | 142,375 | 246,478 | 2,367,979 | 575,284 |
| | | 4,434,547 | 27,865,933 | 25,730,525 | 31,172,096 |
| **Other** | | | | | |
| Interest income | | (916) | (117,898) | 21,412 | (4,173) |
| Other income | | - | 119,432 | - | 119,432 |
| Unrealized gain (loss) on investments | 13 | - | (70,210) | - | (1,780,582) |
| Realized gain (loss) on sale of investments | 13 | (127,695) | 105,977 | (159,010) | 113,725 |
| Foreign exchange gain (loss) | | (7,361) | 26,570 | 30,345 | 16,377 |
| Write-off of inventory | | - | - | (49,425) | - |
| Government assisstance | | (110,430) | - | 207,793 | - |
| | | (246,402) | 63,871 | 51,115 | (1,535,221) |
| **Net income (loss)** | | $ (4,056,632) | $ (27,008,896) | $ (25,205,741) | $ (31,914,151) |
| Weighted average number of oustanding shares | | 130,452,107 | 119,026,885 | 122,678,310 | 85,843,555 |
| Based and diluted income (loss) per sahre) | | (0.03) | (0.23) | (0.21) | (0.37) |

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

**Wellbeing Digital Sciences Inc. (formerly KetamineOne Capital Limited)**
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the periods ended July 31, 2022 and 2021
(Expressed in Canadian Dollars)

| | Note | Share Capital Number | Share Capital Amount | Share Payment Reserve | Accumulated Deficit | Total Shareholders' Equity |
|---|---|---|---|---|---|---|
| Balance, July 31, 2020 | | 57,839,400 | $ 10,525,899 | $ 7,443 | $ (5,691,678) | $ 4,841,664 |
| Private placement | | 45,399,994 | 4,539,899 | - | - | 4,539,899 |
| Issuance of common shares for services | | 29,267 | 39,019 | - | - | 39,019 |
| Issuance of shares on consideration | | 8,116,055 | 11,979,588 | - | - | 11,979,588 |
| Issuance of shares on asset purchase | | 7,000,000 | 12,250,000 | - | - | 12,250,000 |
| Issuance of shares for finders' fees on acqusitions | | 542,169 | 948,374 | - | - | 948,374 |
| Exercise of options | | 100,000 | 12,500 | (7,443) | - | 5,057 |
| Share based compensation | | - | - | 5,221,308 | - | 5,221,308 |
| Net loss | | | | | (31,914,151) | (31,914,151) |
| Balance, July 31, 2021 | | 119,026,885 | 40,295,279 | 5,221,308 | (37,605,829) | 7,910,758 |
| | | | | | | |
| Issuance of common shares for services | | 5,000,000 | 1,250,000 | - | | 1,250,000 |
| Exercise of warrants | 15 | 1,200,000 | 240,000 | - | | 240,000 |
| Exercise of options | 15 | 75,000 | 115,699 | (48,949) | | 66,750 |
| Exercise of restricted stock options | 15 | 4,470,000 | 2,934,000 | (2,934,000) | | - |
| Contingent consideration issued | 15 | 200,000 | 338,278 | - | | 338,278 |
| Share based compensation | 15 | - | - | 15,586,631 | | 15,586,631 |
| Distribution to shareholders | 9 | | | | (415,936) | (415,936) |
| Net loss | | | | | (25,205,741) | (25,205,741) |
| **Balance, July 31, 2022** | | **129,971,885** | **$ 45,173,256** | **$ 17,824,990** | **$ (63,227,506)** | **$ (229,260)** |

* The share numbers have been adjusted to reflect a split of the Company's share capital on a 1:2 basis effective January 22, 2021 (Note 1)

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

**Wellbeing Digital Sciences Inc. (formerly KetamineOne Capital Limited)**
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

| **Year ended** | | **July 31, 2022** | | **July 31, 2021** |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Net income (loss) for the year | $ | (25,205,741) | $ | (31,914,151) |
| Adjustment for non-cash working capital item: | | | | |
| Foreign exchange (gain) loss | | (2,497) | | (16,377) |
| Interest expense | | 153,776 | | 13,715 |
| Depreciation of right-of-use and property and equipment | | 533,667 | | 221,140 |
| Amortization of intangible assets | | 712,379 | | 59,365 |
| Write-off of inventory | | 49,425 | | - |
| Unrealized loss (gain) on marketable securities | | - | | 1,780,582 |
| Realized loss (gain) on sale of marketable securities | | 29,909 | | (113,725) |
| Common shares issued for services | | 1,250,000 | | 39,019 |
| Share based payments | | 15,586,631 | | 5,221,308 |
| Impairment loss on goodwil | | - | | 8,905,830 |
| Consideration paid in excess of net liabilities acquired from acqusitions | | - | | 12,324,999 |
| Transaction costs | | - | | 948,374 |
| Changes in non-cash working capital items: | | | | |
| Research contract costs | | 392,256 | | (236,155) |
| Deferred revenue | | 931,762 | | 668,719 |
| Accounts receivable | | (99,431) | | (652,109) |
| Prepaid expenses | | 178,357 | | (695,906) |
| Accounts payable and accrued liabilities | | 1,857,195 | | 1,166,695 |
| Adjustments to right-of-use and property and equipment | | (4,251) | | - |
| | | (3,636,563) | | (2,278,677) |
| **Cash flows from investing activities** | | | | |
| Proceeds from sale of marketable securities | | - | | 124,728 |
| Cash paid on acquisition | | - | | (1,348,965) |
| Propery and equipment | | (94,022) | | (1,988) |
| Deferred consideration paid | | (1,000,000) | | - |
| | | (1,094,022) | | (1,226,225) |
| **Cash flows from financing activities** | | | | |
| Repayment of lease liability | | (510,674) | | (270,308) |
| Proceeds from promisory notes | | 1,920,000 | | - |
| Proceeds from share issuance, net of issuance cost | | - | | 4,539,899 |
| Proceeds from exercise of options and warrants | | 306,750 | | 12,500 |
| | | 1,716,076 | | 4,282,091 |
| Net effects of foreign exchange | | 9,830 | | 25,622 |
| Change in cash and cash eqiuvalents | | (3,004,679) | | 802,811 |
| Cash and cash equivalents, beginning of year | | 3,319,875 | | 2,517,064 |
| Cash and cash equivalents, end of year | $ | 315,196 | $ | 3,319,875 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Wellbeing Digital Sciences Inc. (the "Company" or "Wellbeing") (formerly KetamineOne Capital Limited.), is a publicly listed company incorporated in the Province of British Columbia. On August 6, 2020, the Company changed its name from Auralite Investments Inc. to Myconic Capital Corp. and completed a consolidation of its issued and outstanding common shares on the basis of ten pre-consolidation shares for one post-share (the "Consolidation"). On January 22, 2021, the Company completed a 1:2 split of its outstanding shares (the "Split"). These financial statements have been retroactively restated for the effects of the Consolidation and the Split.

On June 1, 2021, the Company changed its name from Myconic Capital Corp. to KetamineOne Capital Limited and transitioned from an investment issuer to a single-purpose company, focused on consolidating medical clinics and becoming a North American leader in mental health treatments. On January 24, 2022, the Company then changed its name from KetamineOne Capital Limited to Wellbeing Digital Sciences Inc. Its head office is located at #810-789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

The shares of the Company are trading on NEO Exchange under the symbol "MEDI", the OTC Markets under the symbol KONEF and the Frankfurt Exchange under the symbol "MY0".

The Company changed its financial year end on August 11, 2022 from July 31$^{st}$ to October 31$^{st}$. As a result of the change, the Company will have a transitional fifteen month financial year ending October 31, 2022.

During the twelve-month period ended July 31, 2022, the Company completed a plan of arrangement resulting in the transfer of certain assets to Milgauss Investments Ltd ("Milgauss"). Subsequently, the shares of Milgauss were distributed to the shareholders of the Company totaling $415,936 (Note 9).

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has working capital deficit at July 31, 2022 of $3,960,109 (July 31, 2021 – ($3,412,422)) and an accumulated deficit of $63,227,506 (July 31, 2021 - $37,605,829). The Company's continuation as a going concern is dependent upon raising the necessary funds through the selling of investments and issuance of equity or debt sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position. These condensed interim consolidated financial statements do not reflect the adjustment to the amounts and classification of assets and liabilities that might be necessary were the going concern assumption determined to be inappropriate. Such adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

## 2. BASIS OF PRESENTATION

*(a) Transition to a single purpose company*

On June 1, 2021, the Company completed its transition to a single purpose research company, resulting in the Company determining that it no longer meets the criteria as an investment entity ("Investment Entity Accounting") under IFRS 10, Consolidated Financial Statements ("IFRS 10"). The exact timing of the transition from an investment entity to a mental health focused company is highly judgmental, and the Company concluded that this transition occurred on June 1, 2021. As a result, effective June 1, 2021 (the "Transition Date"), the Company was required to apply the acquisition method of accounting as per IFRS 3, Business Combinations ("IFRS 3"), to its subsidiary that was previously measured at fair value through profit or loss ("FVTPL"). These financial reporting changes are material to the Company and have been applied on a prospective basis in accordance with relevant guidance of IFRS 10 and, as such, the activity prior to the Transition Date reflects Investment Entity Accounting.

*(b) Statement of compliance*

The condensed interim consolidated financial statements for the twelve months ended July 31, 2022 with comparative figures for the twelve months ended July 31, 2021 were prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financing Reporting Interpretations Committee ("IFRIC").

The Board of Directors approved these financials statements on September 14, 2022.

*(c) Basis of presentation*

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2021. These financial statements have been prepared following the same accounting policies as the Company's audited consolidated financial statements for the year ended July 31, 2021.

*(d) Basis of measurement*

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the recognition of deferred income tax assets. Actual results may differ from these estimates. Significant areas requiring the use of judgment in applying the Company's accounting policies include the assessment of the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements are presented in Canadian Dollars, which is the Company's functional currency.

*(e) Consolidation*

The condensed interim consolidated financial statements include the accounts of the Company and its controlled entities. Control occurs when the Company is exposed to, or has right to, variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Details of controlled entities are as follows:

## 2. BASIS OF PRESENTATION (CONTINUED)

### *(e) Consolidation (continued)*

| | Country of Incorporation | Percentage Ownership | Functional Currency |
|---|---|---|---|
| Mindscape Ketamine & Infusions Therapy LLC | USA | 100% | US dollar |
| KGK Science Inc. | Canada | 100% | CDN dollar |
| Integrated Rehab and Performance Ltd. | Canada | 100% | CDN dollar |

Inter-company balances and transaction, including unrealized income and expenses arising from inter-company transactions are eliminated on consolidation. All figures presented in the condensed interim consolidated financial statements are in Canadian dollars unless stated otherwise.

## 3. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended July 31, 2021.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

## 4. FINANCIAL INSTRUMENTS

IFRS 13, *Fair Value Measurement,* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 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 for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian dollars)

## 4. FINANCIAL INSTRUMENTS (CONTINUED)

The following is an analysis of the Company's financial assets measured at fair value as at July 31, 2022 and July 31, 2021:

| | As at July 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and cash equivalents | $ 315,196 | $ - | $ - | $ 315,196 |
| Restricted cash | 57,755 | - | - | 57,755 |
| | $ 372,951 | $ - | $ - | $ 372,951 |

| | As at July 31, 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and equivalents | $ 3,319,875 | $ - | $ - | $ 3,319,875 |
| Restricted cash | 57,454 | - | - | 57,454 |
| Investments | 188,200 | 14,755 | 93,000 | 295,955 |
| | $ 3,565,529 | $ 14,755 | $ 93,000 | $ 3,673,284 |

Investments in private companies and other investments – When the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from Level 1 or Level 2 hierarchy, they 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 is not available, judgement is required to establish fair value.

There were no movements between levels during the periods ended July 31, 2022.

## 5. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) 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 is exposed to interest rate risk on its restricted cash as these instruments have maturities of one year or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in the market interest rates would have an impact on the Company's net income of $577.

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company assesses its liquidity risk by forecasting cash flows required by operations and anticipated financing activities. The Company is exposed to liquidity risk.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2022, the Company had a cash balance of $315,196 (July 31, 2021 - $3,319,875) to settle current liabilities of $5,375,313 (July 31, 2021 - $1,529,431).

Historically, the Company's sources of funding have been through operations, loans and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company's exposure to credit risk is limited to its cash balances, accounts receivable and note receivable. The risk exposure is limited to the carrying amounts at the statement of financial position dates.

The Company's cash balances are held in accounts at a major Canadian financial institution. The credit risk associated with cash is mitigated, as cash is held at major institutions with high credit ratings.

Accounts receivable balances are receivable from financial stable companies with good credit history. The Company estimates an allowance for expected credit losses (i.e., the inability of our customers to make required payments). These estimates are based on a combination of past experience and current trends.

The Company's investment in note receivable is held with a private company. The credit risk associated with the note receivable is minimized by shares of the borrower as collateral should they default.

## 6. CAPITAL MANAGEMENT

As at July 31, 2022, the Company's capital is composed of shareholders' equity. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to maintain corporate and administrative functions.

The Company defines capital as items included in shareholders' equity, consisting of the issued common shares. The capital structure of the Company is managed to provide sufficient funding for operating activities. Funds are primarily secured through a combination of equity capital raised by way of private placements and short-term debt. There can be no assurances that the Company will be able to continue raising equity capital and short-term debt in this manner. The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, which are all held with major financial institutions.

There were no changes to the Company's approach to capital management during the period ended July 31, 2022. The Company is not subject to external capital requirements.

(Expressed in Canadian dollars)

## 7. RESTRICTED CASH

As at July 31, 2022, the Company held restricted cash balance of $57,755 (July 31, 2021 - $57,454). Restricted cash relates to the Company's credit card with a financial institution that requires funds to be held in term deposit in the form of guaranteed investment certificate (GIC).

## 8. NOTE RECEIVABLE

On May 15, 2020, the Company entered into a $247,000 (250,000 Singapore dollars) Secured Note with EVVO. The Secured Note is due one year from issuance, is non-interest bearing and secured by a pledge of the disposed EVVO shares. The Secured Note was recognized at a fair value of $158,623 using a discount of 35% on face value. The difference between the fair value and the face value of the Secured Note of $88,377 was recorded in the consolidated statement of operations.

As at July 31, 2022, $Nil note receivable were outstanding as the Company spun-out its note receivable held in EVVO pursuant to the arrangement agreement with Milguass Investment Ltd. (Note 9)

## 9. PLAN OF ARRANGEMENT

On June 7, 2021, the Company entered into an arrangement agreement with Milgauss Investments Ltd. ("Milguass") by way of a statutory arrangement under the BCBCA, pursuant to which the Company acquired 1,007,729 Milguass Shares in exchange for EVVO Labs Pte. Ltd. note receivable and investments in Akiva Systems Inc. and Gold Lion Resources Inc. and distributed the Milguass Shares to the shareholders of the Company.

The transaction was approved by shareholders on August 23, 2021 and the Supreme Court of British Columbia on August 27, 2021 and distribution date was set October 1, 2021.

The Arrangement was recorded as a capital transaction through equity. The carrying values of the net assets and liabilities transferred and acquired pursuant to the Arrangement consisted of the following:

| | | |
|---|---|---|
| Transferred Assets: | | |
| Note receivable – EVVO Labs Pte. Ltd. | $ | 149,889 |
| Investments on Akiva Systems Inc. | | 100,000 |
| Investments on Gold Lion Resources Inc. | | 166,047 |
| Distribution to shareholders | $ | 415,936 |

## 10. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company has various office leases. At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are calculated using a rate of 14%, which is the Company's incremental borrowing rate.

(Expressed in Canadian dollars)

## 10. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

The following is a continuity schedule of lease liabilities for the period ended July 31, 2022:

| | Lease liability continuity | |
|---|---|---|
| Balance, July 31, 2020 | $ | 46,671 |
| Lease additions | | 446,638 |
| Lease payments | | (270,308) |
| Interest expense on lease liabilities | | 13,715 |
| Balance, July 31, 2021 | $ | 236,716 |
| Lease additions | | 350,948 |
| Lease payments | | (510,674) |
| Lease obligation adjustment | | (36,000) |
| Interest expense on lease liabilities | | 56,732 |
| Balance, April 30, 2022 | $ | 97,722 |
| Current portion | | 68,069 |
| Long-term portion | | 29,653 |
| Total | $ | 97,722 |

Future payments for the facility are as follows:

| | Future payments | |
|---|---|---|
| October 31, 2022 (three months) | $ | 47,227 |
| October 31, 2023 | | 50,495 |
| October 31, 2024 | | - |
| October 31, 2025 | | - |
| Total | $ | 97,722 |

The following is a continuity schedule of right-of-use asset for the period ended July 31, 2022:

| | Right-of-use asset continuity | |
|---|---|---|
| Balance, July 31, 2020 | $ | 45,341 |
| Lease additions | | 362,086 |
| Depreciation | | (204,985) |
| Balance, July 31, 2021 | $ | 202,442 |
| Lease additions | | 350,948 |
| Right-of-use adjustment | | 71,820 |
| Depreciation | | (521,297) |
| Balance, July 31, 2022 | $ | 103,913 |

(Expressed in Canadian dollars)

## 11. INTANGIBLE ASSETS AND GOODWILL

The Company acquired certain intangible assets through its acquisitions including workforce, patient lists, and customer relationships.

| | | Patient list | | Customer relationships | | Total |
|---|---|---|---|---|---|---|
| **Balance, July 31, 2020** | $ | **-** | $ | **-** | $ | **-** |
| Acquisitions | | 208,895 | | 3,353,000 | | 3,561,895 |
| Amortization | | (3,482) | | (55,883) | | (59,365) |
| **Balance, July 31, 2021** | **$** | **205,413** | **$** | **3,297,117** | **$** | **3,502,530** |
| Amortization | | (41,779) | | (670,600) | | (712,379) |
| **Balance, July 31, 2022** | **$** | **163,634** | **$** | **2,626,517** | **$** | **2,790,151** |

The following table outlines the estimated future annual amortization expense related to intangible assets:

| | Estimated Amortization | |
|---|---|---|
| October 31, 2022 (three months) | $ | 178,095 |
| October 31, 2023 | | 712,379 |
| October 31, 2024 | | 712,379 |
| October 31, 2025 | | 712,379 |
| October 31, 2026 | | 474,919 |
| | $ | 2,790,151 |

Goodwill arose from the acquisition of Mindscape, KGK and IRP. Goodwill as of July 31, 2022 and July 31, 2021 consists of the following:

| | | Mindscape | | KGK | | IRP | | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance, July 31, 2020** | $ | **-** | $ | **-** | $ | **-** | $ | **-** |
| Acquisitions | | 69,581 | | 17,638,012 | | 1,498,237 | | 19,205,830 |
| Impairment of goodwill | | (69,581) | | (7,338,012) | | (1,498,237) | | (8,905,830) |
| Balance, July 31, 2021 and July 31, 2022 | $ | - | $ | 10,300,000 | $ | - | $ | 10,300,000 |

During the year ended July 31, 2021, the Company revalued the goodwill and recorded an impairment loss of $69,581 on Mindscape, $1,498,237 on IRP and $7,338,012 on KGK. During the period ended July 31, 2022, there was no impairment of goodwill.

The key assumptions used in calculating KGK's recoverable amount were as follows:

| | |
|---|---|
| Discount Rate | 23% |
| Terminal Growth Rate | 2% |
| Terminal Capitalization Multiple | 4.8 |
| Recoverable Amount | $10,300,000 |

(Expressed in Canadian dollars)

## 12. PROPERTY AND EQUIPMENT, NET

| | Equipment(1) | Computers and software(1) | Leasehold improvements(1) | Furnitures and fixtures(1) | Total |
|---|---|---|---|---|---|
| **COSTS** | | | | | |
| Balance, July 31, 2020 | $ - | $ - | $ - | $ - | $ - |
| Acquired by acquisitions | 140,161 | 62,100 | 15,274 | 32,562 | 250,097 |
| Additions | - | 1,988 | - | - | 1,988 |
| Balance, July 31, 2021 | 140,161 | 64,088 | 15,274 | 32,562 | 252,085 |
| Additions | 1,983 | 17,188 | 8,200 | 17,226 | 44,597 |
| Write-off | - | - | - | (1,525) | (1,525) |
| Balance, July 31, 2022 | 142,144 | 81,276 | 23,474 | 48,263 | 295,157 |
| **ACCUMULATED DEPRECIATION** | | | | | |
| Balance, July 31, 2020 | - | - | - | - | - |
| Depreciation | (9,862) | (351) | (5,040) | (901) | (16,154) |
| Balance, July 31, 2021 | (9,862) | (351) | (5,040) | (901) | (16,154) |
| Depreciation | (59,106) | (42,257) | (5,560) | (6,030) | (112,953) |
| Balance, April 30, 2022 | (68,968) | (42,608) | (10,600) | (6,931) | (129,107) |
| **NET BOOK VALUE** | | | | | |
| Balance, July 31, 2021 | $ 130,299 | $ 63,737 | $ 10,234 | $ 31,661 | $ 235,931 |
| Balance, July 31, 2022 | $ 73,176 | $ 38,668 | $ 12,874 | $ 41,332 | $ 166,050 |

(1) During the year ended July 31, 2021, the Company acquired KGK and IRP in the acquisition of certain property and equipment with a carrying value of $250,097.

## 13. INVESTMENTS

As at July 31, 2022, $Nil investments were outstanding as the Company spun-out its investments held in Akiva, Gold Lion and EVVO pursuant to the arrangement agreement with Milguass Investment Ltd. (Note 9).

| | Akiva – units | Champignon – common shares | Gold Lion – common shares | Gold Lion – warrants | EVVO - Note | Total |
|---|---|---|---|---|---|---|
| Balance July 31, 2020 | $ 100,000 | $ 82,568 | $1,040,000 | $ 864,971 | $ 156,681 | $ 2,244,220 |
| Disposals | - | (11,002) | - | - | - | (11,002) |
| Foreign exchange | - | - | - | - | (9,289) | (9,289) |
| Change in fair value | - | (71,566) | (858,800) | (850,216) | - | (1,780,582) |
| Reclassification to Note Receivable | - | - | - | - | ($147,392) | ($147,392) |
| Balance, July 31, 2021 | $ 100,000 | $ - | $ 181,200 | $ 14,755 | $ - | $ 295,955 |
| Spin-out on investments | (100,000) | | (181,200) | (14,755) | | (295,955) |
| Balance, April 30, 2022 | $ - | $ - | $ - | $ - | $ - | $ - |

On April 13, 2020, the Company purchased an aggregate of 1,000,000 common shares of Akiva Systems Inc. ("Akiva") and 500,000 common share purchase warrants exercisable for an additional 500,000 Akiva Shares at a price of $0.40 for a period of 24 months from issuance for $100,000. At July 31, 2021, the fair value of the units was $100,000, which was determined by valuing the Akiva units at the most recent financing price. As part of the Arrangement, the Company spun out the Akiva investment to Milgauss (Note 9).

## 13. INVESTMENTS (CONTINUED)

On May 22, 2020, the Company acquired an aggregate of 2,000,000 common shares of Gold Lion Resources Inc. ("Gold Lion") and 2,000,000 common share purchase warrants exercisable for an additional 2,000,000 Gold Lion Shares at a price of $0.75 for a period of 24 months from issuance for $1,000,000. The $1,000,000 was allocated to shares and warrants based on their relative fair value. As at April 30, 2021, the fair value of the shares was $227,000 which was based on the share price at the end of trading on April 30, 2021. As at July 31, 2021, the fair value of the common share purchase warrants was estimated to be $14,755, using the Black-Scholes Option Pricing Model with the following assumptions: term of 1.06 years, expected volatility of 154%; risk -free rate of 0.29%; and expected dividends of zero. As part of the Arrangement, the Company spun out the Akiva investment to Milgauss (Note 9).

***Debt Investments***

On February 26, 2018, the Company entered into an agreement to purchase convertible debentures with an aggregate principal amount of 2,500,000,000 Korean Wan (CAD $2,880,000) issued by Fourth Link Inc. ("Fourth Link"), a company incorporated under the laws of Korea and quoted on the KOSDAQ board of the Korea Stock Exchange. As consideration, the Company issued 16,800,000 common shares on September 7, 2018 (Note 9). The convertible debentures are unsecured, mature on February 3, 2020, bear interest at 4% per annum payable every 3 months, and may be converted into common stock of Fourth Link at any time from March 3, 2018, to maturity at a conversion price of 1,532 Korean Wan per common share. The transaction was approved by the TSX-V on September 5, 2018. The fair value of the investment on initial recognition was $4,740,476, which was based on the quoted market price of Fourth Link's shares on the closing date.

As of April 30, 2021, the Company has been pursuing legal action against Fourth Link for the redemption of the debentures since Fourth Link was delisted from the KOSDAQ and the Company is unable to convert its shares. Court proceedings have been delayed due to COVID-19 and the court date is currently uncertain. Due to the uncertainty of the Company's ability to recover any value from the debentures, as at July 31, 2019, the investment was written off, resulting in a loss of $4,740,476. As at July 31, 2021 and April 30, 2022, the Company continues to pursue legal action against Fourth Link.

## 14. PROMISSORY NOTES

During the period ended July 31, 2022, the Company entered into demand promissory notes with an arms-length lenders for an aggregate principal sum of $1,620,000 with interest ranging between the rate of eight to ten percent (8-10%) per annum calculated monthly on the principal amount. As at July 31, 2022, the Company recorded an aggregate accrued interest of $67,333.

In addition, there was $300,000 advanced to subsidiary KGK which was a credit facility secured with subsidiary's accounts receivable and was charged interest at 2.5% per month.

## 15. SHARE CAPITAL

***Common shares***

The Company has authorized an unlimited number of common shares without par value.

As of July 31, 2022, the Company had 129,971,885 (July 31, 2021 – 119,026,885) common shares outstanding.

**During the period ended July 31, 2022, the Company completed the following common share issuances:**

During the period ended July 31, 2022, the Company issued 1,200,000 common shares pursuant to warrant exercises for gross proceeds of $240,000.

During the period ended July 31, 2022, the Company issued 4,470,000 common shares pursuant to RSU exercises for gross amount of $2,934,000. The Company re-allocated $2,934,000 from share payment reserve to share capital.

On August 25, 2021, the Company issued 75,000 common shares pursuant to an option exercise for gross proceeds of $66,750. The Company re-allocated $48,949 from share payment reserve to share capital.

On November 18, 2021, the Company issued 200,000 common shares pursuant to the first milestones met as per Share Exchange Agreement with Integrated Rehab and Performance Ltd (“IRP”). The Company assigned a fair value of $338,278 for the common shares issued, which was applied against contingent consideration.

On May 10, 2022, the Company issued 5,000,000 common shares to an arm’s length agent at a deemed price per share of $0.25 for the identification, negotiation, and strategic advice in respect of joint ventures, partnerships, and clinic acquisition opportunities.

**During the year ended July 31, 2021, the Company completed the following common share issuances:**

On January 11, 2021, the Company completed a private placement by issuing 45,399,994 common shares at fair value of $0.10 per share for proceeds of $4,539,899.

On April 7, 2021, the Company issued 16,400 common shares with a fair value of $19,718, based on a level 1 input to Mr. Adam Deffett pursuant to his appointment as Vice President of Capital Markets.

On April 21, 2021, the Company issued 94,292 common shares at a fair value of $101,835 to Mindscape as consideration for the acquisition of all the issued and outstanding equity.

On May 10, 2021, the Company issued 7,000,000 common shares at a fair value of $12,250,000, based on a level 1 input to Aleafia Health as consideration for the acquisition of certain assets and liabilities as per the asset purchase agreement. In connection with the completion of the transaction, the company has issued 500,000 common shares with a fair value of $875,000 to an arm's-length third party that assisted in the facilitation of the asset purchase.

On June 3, 2021, the Company issued 7,419,353 common shares at a fair value of $11,083,586 based on a level 1 input to Auxly Cannabis Group Inc. for consideration of the acquisition of all the issued and outstanding equity of KGK Science Inc. There is a discount for lack of marketability (“DLOM”) as a result of the consideration being locked up in four equal instalments within the first year of the closing date.

On June 15, 2021, the Company issued 602,410 common shares at a fair value of $794,167 based on a level 1 input to Integrated Rehab and Performance Ltd. for the acquisition of all the issued and outstanding equity, the company has issued 42,169 common shares to an arm’s length third party that assisted in the facilitation of the asset purchase. The Company paid a finder’s fee of 42,169 common shares with a fair value of $73,374 to an arm's-length finder in connection with the closing of the transaction.

(Expressed in Canadian dollars)

## 15. SHARE CAPITAL (CONTINUED)

On July 9, 2021, the Company issued 100,000 common shares pursuant to an option exercise for gross proceeds of $12,500.

On July 22, 2021, the Company issued 12,867 common shares with a fair value of $19,301, based on a level 1 input to Mr. Quang Hendersen pursuant to his consulting agreement.

***Warrants***

The following table summarizes warrant activity:

| | Number of warrants | Weighted average price |
|---|---|---|
| Balance, at July 31, 2020 | - | $ - |
| Issuance | 45,399,994 | 0.20 |
| Balance, at July 31, 2021 | 45,399,994 | 0.20 |
| Issuance | 150,000 | 0.42 |
| Exercised | (1,200,000) | (0.20) |
| Balance at July 31, 2022 | 44,349,994 | $ 0.20 |

On January 11, 2021, pursuant to the completion of the private placement, the Company issued 45,399,994 warrants of the Company. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.20 per warrant for a period of sixty months from the issuance date. The warrants have a fair value of $nil as a result of applying the residual method for share capital accounting.

On January 10, 2022, granted 150,000 common share purchase warrants at $0.50 per common share with 100,000 Performance Warrants being exercisable to purchase one common share of the Company at $0.50 per common share, and 50,000 Performance Warrants being exercisable to purchase one common share of the Company at $0.27 per common share. All Performance Warrants vest immediately upon issuance and have a two-year term. The total fair value was calculated using the Black Scholes Option Pricing Model of $17,204 assuming an expected life of 2 years, a risk-free interest rate of 1.08%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The Company recorded share-based payment expense related to the fair value of the performance warrants granted was $17,203 during the period ended July 31, 2022.

***Stock Options***

The Company has adopted a stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the NEO requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares exercisable for a period of up to five years from the date the common shares are listed on the NEO. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares.

On August 8, 2021, the Company granted 460,000 stock options to directors, officers and consultants of the Company with an exercise price of $1.40 per option expiring August 8, 2026. 100,000 options vested immediately and the remaining 360,000 options vest 50% on February 6, 2022 and 50% on August 6, 2022. The total fair value was calculated using the Black-Scholes Option Pricing Model of $477,954 assuming an expected life of 5 years, a risk-free interest rate of 0.88%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $474,863 during the period July 31, 2022.

(Expressed in Canadian dollars)

## 15. SHARE CAPITAL (CONTINUED)

On January 10, 2022, the Company granted 200,000 stock options to a related party of the Company with an exercise price of $0.27 per option expiring January 10, 2027 and vested immediately. The total fair value was calculated using the Black-Scholes Option Pricing Model of $40,152 assuming an expected life of 5 years, a risk-free interest rate of 1.51%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $40,152 during the period ended July 31, 2022.

On March 28, 2022, the Company granted 5,099,999 stock options to directors, officers and consultants of the Company with an exercise price of $0.215 per option expiring March 28, 2027 vesting immediately. The total fair value was calculated using the Black-Scholes Option Pricing Model of $718,947 assuming an expected life of 5 years, a risk-free interest rate of 2.46%, an expected dividend rate of 0.00%, and an expected annual volatility of 100%. The share-based payment expense related to the fair value of the options granted was $718,947 during the period ended July 31, 2022.

During the period ended July 31, 2022, the Company cancelled an aggregate total of 3,250,000 stock options which were previously granted to directors, officers and consultants of the Company due to resignations and cancellation with consent.

The following table summarizes information on stock options outstanding at July 31, 2022 and July 31, 2021:

| | Number of Options | Weighted average price | |
|---|---|---|---|
| Balance at July 31, 2020 | 50,000 | $ | 0.125 |
| 1:2 stock split | 100,000 | $ | 0.125 |
| Exercised | (100,000) | | 0.125 |
| Issuance | 5,550,000 | | 1.29 |
| Balance at July 31, 2021 | 5,550,000 | $ | 1.29 |
| Exercised | (75,000) | | (0.89) |
| Cancelled | (3,250,000) | | (1.18) |
| Issuance | 5,759,999 | | 0.31 |
| Balance at July 31, 2022 | 7,984,999 | $ | 0.68 |

| Number of Options | Exercise Price | | Expiry Date | Exercisable |
|---|---|---|---|---|
| 75,000 | $ | 0.890 | March 22, 2026 | 75,000 |
| 375,000 | $ | 1.300 | April 1, 2026 | 375,000 |
| 1,300,000 | $ | 1.700 | May 26, 2026 | 1,300,000 |
| 225,000 | $ | 1.750 | June 4, 2026 | 225,000 |
| 100,000 | $ | 1.870 | June 7, 2026 | 100,000 |
| 200,000 | $ | 1.550 | July 7, 2026 | 200,000 |
| 460,000 | $ | 1.400 | August 8, 2026 | 280,000 |
| 200,000 | $ | 0.270 | January 10, 2027 | 200,000 |
| 5,049,999 | $ | 0.215 | March 28, 2027 | 5,049,999 |
| 7,984,999 | | | | 7,804,999 |

As at July 31, 2022, the options outstanding had a weighted average exercise price of $0.68 and a weighted average life of 4.37 years.

## 15. SHARE CAPITAL (CONTINUED)

***Restricted Share Units***

The Company has a restricted stock option plan that was approved by the shareholders on September 1, 2021 that allows it to grant options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The stock option and restricted share option plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 20% of the Company's outstanding common shares, calculated from time to time.

Pursuant to the restricted share option plan, if outstanding options are exercised, or expire, and/or the number of issued and outstanding common shares of the Company increases, then the options available to grant under the plan increase proportionately. Options can have a maximum term of five (5) years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted. Participants in the RSU plan may elect to redeem their share units by the Company issuing the participant one common share for each whole vested share unit.

On September 30, 2021, the Company granted 14,900,000 Restricted Share Units ("RSU") to directors, officers and consultants of the Company with an exercise price of $0.95 per option expiring September 30, 2026. The RSU's will vest in one third increments over a one-year period upon receipt of shareholder approval of the RSU plan. The fair value of the RSU is calculated to be $14,155,000. The share-based payment expense related to the fair value of the options granted was $13,366,456 during the period ended July 31, 2022.

On January 10, 2022, the Company granted 1,901,402 Restricted Share Units ("RSU") to a consultant of the Company with an exercise price of $0.35 per option expiring January 10, 2027. The RSU's will vest in one third increments over a one-year period upon receipt of shareholder approval of the RSU plan. The fair value of the RSU is calculated to be $665,491. The share-based payment expense related to the fair value of the options granted was $435,622 during the period ended July 31, 2022.

On March 22, 2022, the Company granted 3,000,000 Restricted Share Units ("RSU") to directors, officers and consultants of the Company with an exercise price of $0.215 per option expiring March 22, 2024. The RSU's will vest in one quarter increments over a one-year period upon receipt of shareholder approval of the RSU plan. The fair value of the RSU is calculated to be $645,000. The share-based payment expense related to the fair value of the options granted was $466,592 during the period ended July 31, 2022.

On May 10, 2022, the Company granted 210,000 Restricted Share Units ("RSU") to an affiliate of an arm's length consultant, with an exercise price of $0.10 per option expiring May 9, 2027. The RSU's vested immediately on the date of issuance. The fair value of the RSU is calculated to be $21,000. The share-based payment expense related to the fair value of the options granted was $21,000 during the period ended July 31, 2022.

On June 1, 2022, the Company granted 1,260,000 Restricted Share Units ("RSU") to an affiliate of an arm's length consultant, with an exercise price of $0.05 per option expiring June 1, 2027. The RSU's vested immediately on the date of issuance. The fair value of the RSU is calculated to be $63,000. The share-based payment expense related to the fair value of the options granted was $63,000 during the period ended July 31, 2022.

During the period ended July 31, 2022, the Company cancelled an aggregate total of 5,000,000 RSUs which were previously granted to consultants of the Company due to cancellation with consent.

(Expressed in Canadian dollars)

## 15. SHARE CAPITAL (CONTINUED)

***Restricted Share Units (Continued)***

The following table summarizes information on stock options outstanding and exercisable at July 31, 2022 and July 31, 2021:

| | Number of Options | Weighted average price |
|---|---|---|
| Balance at July 31, 2021 | - | $ - |
| Issuance | 21,271,402 | 0.75 |
| Exercised | (4,470,000) | (0.60) |
| Cancelled | (5,000,000) | (0.95) |
| Balance at July 31, 2022 | 11,801,402 | $ 0.67 |

| Number of Options | Exercise Price | Expiry Date | Exercisable |
|---|---|---|---|
| 6,900,000 | $ 0.95 | September 30, 2026 | 4,600,000 |
| 1,901,402 | $ 0.35 | January 10, 2027 | 633,801 |
| 3,000,000 | $ 0.215 | March 22, 2024 | 750,000 |
| 11,801,402 | | | 5,983,801 |

As at July 31, 2022, the RSUs outstanding had a weighted average exercise price of $0.67 and a weighted average life of 3.57 years.

***Share Payment Reserve***

The share payment reserve includes stock-based compensation expense related to fair value of stock options granted.

## 16. RELATED PARTY TRANSACTIONS

During the period ended July 31, 2022 and 2021, the Company paid the following consulting and management fees:

| | 2022 | 2021 |
|---|---|---|
| Consulting fees paid to current CEO of the Company | $ 24,000 | $ - |
| Consulting fees paid to former CEO of the Company | 144,000 | 56,500 |
| Consulting fees paid to the current CFO of the Company | - | 45,000 |
| Consulting fees paid to the former CFO of the Company | 66,972 | - |
| Consulting fees paid to a Company controlled by a current director of the Company | 19,500 | 6,000 |
| Consulting fees paid to a Company controlled by a former director of the Company | 154,484 | - |
| | $ 408,956 | $ 107,500 |

At July 31, 2022, $237,572 (2021 - $500) is owing to related parties for unpaid fees which are included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian dollars)

## 17. SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and the United States. The Company has three reportable operating segments.

| 12 Month Ending | Wellbeing & IRP | KGK Science | Mindscape | Total |
|---|---|---|---|---|
| **July 31, 2022** | | | | |
| Revenues | 1,382,459 | 4,777,074 | 281,654 | 6,441,187 |
| Total expenses | (24,731,807) | (6,492,615) | (422,506) | (31,646,928) |
| Net income (loss) | (23,349,348) | (1,715,541) | (140,853) | (25,205,741) |
| **July 31, 2022** | | | | |
| Current assets | 494,062 | 901,758 | 19,383 | 1,415,203 |
| Total assets | 11,517,576 | 5,634,248 | 65,284 | 17,217,108 |
| Total liabilities | 8,774,134 | 8,560,042 | 112,193 | 17,446,368 |
| **July 31, 2021** | | | | |
| Current assets | 3,799,432 | 1,085,413 | 57,008 | 4,941,853 |
| Total assets | 5,593,444 | 16,122,267 | 205,484 | 21,921,195 |
| Total liabilities | 7,169,693 | 6,836,517 | 4,227 | 14,010,437 |

## 18. SUBSEQUENT EVENT

On September 2, 2022, the Company granted 10,000,000 restricted share units (the "RSUs") in aggregate to directors, officers and consultants of the Company. The RSU's vest immediately, will expire in five years from the date of the grant and the consideration is set at $0.065 per share.