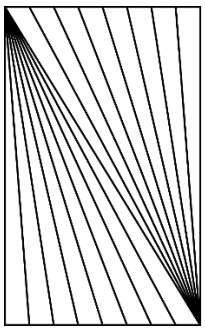

NUMINUS

NUMINUS WELLNESS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended May 31, 2022 and 2021

This Management's Discussion and Analysis ("MD&A") is intended to supplement the unaudited interim condensed consolidated financial statements of Numinus Wellness Inc. for the three and nine months ended May 31, 2022, 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 14, 2022, and should be read in conjunction with the condensed consolidated interim financial statements for the three and nine months ended May 31, 2022 (the "Financial Statements")

Additional information related to Numinus, including its annual information form, is available on SEDAR at www.sedar.com and on the Company's website at www.numinus.com.

COMPANY OVERVIEW

Numinus was incorporated on October 26, 1964, under the Laws of British Columbia. On December 16, 2021, the Company graduated its listing from the TSX Venture Exchange and started trading its common shares on the Toronto Stock 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 and development processes, to be delivered through its network of physical locations, digital solutions and partnerships.

Numinus' clinic network consists of Numinus Health, Mindspace Services ("Mindspace") and the Neurology Centre of Toronto ("NCT"). 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.

Both methylenedioxyamphetamine ("MDMA") and psilocybin are in the process of being researched to be approved for therapeutic use to treat a number of mental health conditions, including PTSD, depression, anxiety and addiction. Numinus is conducting clinical trials with both substances and preparing for the eventual roll-out of these therapies to the general public, once approved by the appropriate regulatory bodies, through its clinic network.

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, the standardization of methods for controlled psychedelics, and the development of a pipeline for product development, protocol development and safety and efficacy studies.

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"), Psilocybin, Ketamine, LSD, Psilocin, Harmaline and Harmalol.
- *Analytical Testing License* under the Cannabis Act and Cannabis Regulations allowing for the analytical testing of cannabis for quality assurance purposes.

COMPANY HIGHLIGHTS

Company Highlights During the Quarter

Cash Flow and Results of Operations

- As at May 31, 2022, the Company reported a strong cash position with cash and cash equivalents balance of $41,786,204.
- Revenues increased by 32% year over year bolstered from the consolidated revenues arising from the acquisitions of Mindspace and NCT.

Corporate Developments

- On March 9, 2022, the Company announced that it received approval from Health Canada to study Ayahuasca and San Pedro cactuses at its licensed, state-of-the art research facility at Numinus Bioscience.
- On March 14, 2022, the Company announced that Numinus Bioscience received approval by the Public Health Agency of Canada for a Containment Level 2 pathogens and toxins license following upgrades of the facility. This addition will contribute novel data on natural psychedelics, presenting additional intellectual property opportunities and other revenue streams through contract research services.

Clinical Developments

- On May 16, 2022, Health Canada approved the Company's application to complete psychedelic-assisted therapy using psilocybin to treat an applicant with treatment-resistant depression. This represents the Company's first psilocybin-assisted therapy treatment outside of ongoing clinical trials, and among the first to use this regulatory mechanism through Health Canada's Special Access Program ("SAP"), which was amended January 5, 2022, to include access to psychedelic compounds on a case-by-case basis.

Research Developments

- Numinus previously secured two new Canadian psychedelic clinics that will host the Canadian sites of the MAPS Public Benefit Corporation (MPAS PBC) study "A multi-site open-label extension study of MDMA-assisted psychotherapy for PTSD" (MAPPUSX), which will continue to study the safety and efficacy of MDMA in treating severe PTSD. On March 30, 2022, the Company announced that its has advanced to the next implementation phase of the clinical trials.

Company Highlights Subsequent to the Quarter

- On June 10, 2022, the Company announced the completion of the acquisition of Novamind following shareholder and court approvals. As a result of the acquisition, Numinus now operates 13 wellness clinics, four clinical research facilities and a dedicated psychedelics research lab – positioning the Company as a leading integrated mental wellness company providing ketamine- and psychedelic-assisted therapies. This acquisition significantly grows Numinus' client service offerings, geographic reach, and revenues. Numinus and Novamind clients will benefit from access to a greater variety of services and treatments over the coming months, including the expansion of virtual therapy services at US-based clinics and increased group therapy offerings in Canada.
- On June 10, 2022, Numinus also named several executive appointments. Michael Tan was promoted to President and Chief Operating Officer, Reid Robison was appointed Chief Clinical Officer, and Paul Thielking has been appointed Chief Science Officer.
- On June 22, 2022, the Company announced that its subsidiary, Numinus Bioscience Inc., filed a patent application with the World Intellectual Property Organization ("WIPO"), an agency of the United Nations, for a rapid production process for *Psilocybe* and other fungi species containing psilocybin and other compounds.
- On June 23, 2022, the Company announced that it launched a Utah-based pilot program to help businesses improve employee mental health by offering ketamine-assisted psychotherapy as a health benefit for eligible employees.
- On June 27, 2022, the Company announced the launch of its new visual brand identity that will be applied to all Company assets including clinics, research sites and digital properties by the end of 2022. This complements the Company's continued growth as a leading mental health care company providing psychedelic-assisted therapies across North America.

Earnings Release Highlights

On July 14, 2022, the Company announced the following developments:

- The Company is focusing on accelerating its timeline to profitability and will postpone its clinical trials of NBIO-01 and NBIO-03, given the high cost of clinical trials. Once the Company can observe a clear direction to regulatory approvals or has achieved profitability, the clinical trials for these drug candidates will commence.
- Given sector consolidation, the decreasing corporate client base for psychedelic substance analytical services and limited revenue generating opportunities, Numinus Bioscience intends to focus purely on proprietary research activities for the foreseeable future. The divisions' analytical testing capabilities remain available for proprietary and on-request basis. The Company, however, has eliminated its business development/sales activities for these services to reduce expenses in this period of sector dislocation.
- Following a review of its growth initiatives and opportunities, the Company has decided to cancel its previously announced second wellness clinic location in Vancouver, Canada. The acquisition of Novamind has provided additional growth opportunities that the Company expects could provide higher return-on-investment.

(Unaudited and expressed in Canadian Dollars)

Capital and liquidity resources

The Company has managed to raise investments to fund its near-term business milestones and operations. While the Company will continue to look for additional revenue opportunities, the Company may need to raise additional capital to meet its business milestones.

Risk Factors

The Company has assessed that there are certain risk factors associated with COVID-19 that would include:

- Volatility in the global capital markets that could negatively impact its ability to access capital.
- Government and other regulatory bodies issue health and safety measures that could cause disruption or closure of operations in its Wellness Center and Lab & Testing facility.
- Interruption to the lab & testing facilities supply chain that could cause delays in providing services to its customers.
- Business interruptions to its customers which can negatively impact their ability in making timely payments.

SELECTED INFORMATION - RESULTS OF OPERATIONS

	For the three months ended May 31		For the nine months ended May 31,	
	2022	2021	**2022**	2021
Revenue	**$ 741,064**	$ 562,076	**$ 2,316,785**	$ 1,022,771
Cost of revenue	**560,219**	577,573	**1,856,216**	1,136,127
Gross profit (loss)	**$ 180,845**	$ (15,497)	**$ 460,569**	$ (113,356)
Expenses				
General and administration	**$ 5,269,941**	2,485,805	**13,732,709**	6,106,625
Share-based compensation	**212,321**	610,386	**2,242,779**	1,284,625
Sales and marketing	**441,723**	967,670	**1,631,887**	2,038,111
Depreciation	**173,219**	76,226	**353,868**	236,586
Research and development	**506,665**	631,124	**1,311,805**	1,041,480
Transaction costs	**456,747**	8,369	**521,669**	152,741
Other items	**128,341**	29,347	**865,655**	17,509
Loss and comprehensive loss	**$ (7,008,112)**	$ (4,824,424)	**$ (20,199,803)**	$ (10,991,033)
Basic and diluted loss per share	**$ (0.03)**	$ (0.02)	**$ (0.10)**	$ (0.07)

Revenue

Revenues increased by 32% and 127% for the three and nine months ended May 31, 2022, compared to May 31, 2021. This increase in revenue was a result of the consolidated revenues arising from the acquisitions of Mindspace and NCT. The following table summarizes the revenues generated by the Company's laboratory operations and clinic network for the three and nine months ended May 31, 2022:

	Three months ended	**Nine months ended**
Clinic Network	$ 731,064	$ 2,059,117
Laboratory Operations	$ 10,000	$ 257,668

Given sector consolidation, the decreasing corporate client base for psychedelic substance analytical services and limited revenue generating opportunities, Numinus Bioscience intends to focus purely on proprietary research activities for the foreseeable future. Numinus Bioscience's analytical testing capabilities remain available for proprietary and on-request basis. The Company has, however, eliminated its business development and sales activities for these services to reduce expenses in this period of sector dislocation. As this business decision was implemented partway through Q3 2022, Numinus Bioscience generated revenue of $10,000 and $257,668 for the three and nine months ended May 31, 2022, and is not expected to generate any further revenue from analytical testing services until and unless sector dynamics improve to sustain those business operations.

(Unaudited and expressed in Canadian Dollars)

Loss for the period

The Company reported net loss and comprehensive loss of $7,008,112 and $20,199,803 compared to $4,824,424 and $10,991,033 for the three and nine months ended May 31, 2022, and May 31, 2021, respectively. The increase in net loss is due to the consolidated operations of Mindspace and NCT, increased research and development activities and increased people, consulting, and legal costs due to the Company's continued growth.

The Company reported general and administration expenses of $5,269,941 and $13,732,709 compared to $2,485,805 and $6,106,625 for the three and nine months ended May 31, 2022, and May 31, 2021, respectively. The below items are included in the Company's general and administration costs and contributed to the increase.

- Salaries and wages incurred were $5,658,639 compared to $1,864,579 for the nine months ended May 31, 2022, and May 31, 2021, respectively. This increase was a result of key leadership and staff hires from the acquisition of Mindspace and NCT in addition to growth in the Company's clinic operations, protocol development, marketing, finance and technology teams.
- Professional and consulting fees incurred were $4,532,341 compared to $3,003,435 for the nine months ended May 31, 2022, and May 31, 2021, respectively. The increase is due to higher legal fees related to the Company's acquisition of NCT (Note 4, *Acquisitions*) and resourcing to support the Company's growth.
- Office and miscellaneous expenses incurred were $3,541,729 compared to $1,238,611 for the nine months ended May 31, 2022, and May 31, 2021, respectively. The increase is a result of the consolidated operations of Mindspace and NCT.

The Company incurred research and development costs of $506,665 and $1,311,805 compared to $631,124 and $1,041,480 for the three and nine months ended May 31, 2022, and May 31, 2021, respectively. The increases in research and development expenditures are a result of the Company's investments in the following initiatives during the year:

- Online group therapy programming and educational training programs
- Research and development of *Psilocybe* natural extracts to be used in its Phase 1 clinical trial
- Ketamine Assisted Psychotherapy protocols to be implemented its clinics
- MAPS MDMA-assisted psychotherapy for PTSD single-arm, open label trial
- Compassionate access trial of psilocybin-assisted psychotherapy for substance use disorder

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's selected financial information for each of the past eight quarters ending May 31, 2022:

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
	$	$	$	$	$	$	$	$
Revenue	741,064	786,104	789,617	490,899	562,076	231,507	229,188	271,030
Net loss and comprehensive loss	(7,008,112)	(7,837,602)	(5,354,089)	(7,782,912)	(4,824,424)	(4,237,872)	(1,928,737)	(3,292,631)
Basic and diluted loss per share [(1)]	(0.03)	(0.06)	(0.03)	(0.04)	(0.02)	(0.03)	(0.02)	(0.03)

[(1)] Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

The Company is currently generating revenues from its clinics in Vancouver, Montreal and Toronto. The Company is continuing to build out its virtual therapy services to meet the ongoing demand on wellness psychotherapy services given the impact on mental health during the pandemic.

The Company's consolidated revenues have decreased quarter over quarter because of a reduction of revenues recognized from its lab testing facility in Nanaimo. This is due to a new strategic direction for the lab in focusing solely on research and development. This decrease in revenues was slightly offset by continued growth in revenues across the Company's clinic operations.

The quarter over quarter decrease in net loss is due to a significant decrease in share-based compensation expense and non-cash revaluation of contingent liabilities recognized in Q3 2022 compared to Q2 2022. This was offset by increases in general

(Unaudited and expressed in Canadian Dollars)

and admin expenses and transaction costs in Q3 as operations continued to ramp-up in addition to continued M&A work related to the Novamind transaction.

LIQUIDITY AND CAPITAL RESOURCES

The Company did not generate any cash flow from operations for the nine months ended May 31, 2022. The Company's financial success is reliant on management's ability to identify and evaluate suitable growth and acquisition opportunities. 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 at May 31, 2022, the Company had cash and cash equivalents of $41,786,204. Management estimates that the Company has sufficient working capital to continue operations for the next twelve months.

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

The Company had working capital of $40,909,104 as at May 31, 2022, compared to $59,057,075 as at August 31, 2021. The decrease in working capital was a result of the Company's acquisition of NCT, due diligence work related to the acquisition of Novamind, continued advancement on research and development, and its ongoing operations.

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 Vancouver, Montreal and Nanaimo, BC expiring twenty years

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 a 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	$874,601	$1,792,499	$955,825	$2,389,188	$4,568,485	$10,580,598

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.

Notice of Claims

The Company 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.

Cash and Financial Conditions

The company had a cash balance of $41,786,204 as at May 31, 2022, compared to a cash balance of $59,292,968 as at August 31, 2021. The decrease in cash as a result of cash flows used in operating activities of $16,398,767.

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 cash outflow of $1,311,908 for the nine months ended May 31, 2022, compared to cash outflows of $499,113 for the comparative period. The increase in cash outflows is due to cash paid for acquisition of NCT and equipment.

Financing Activities

For the nine months ended May 31, 2022, the Company issued 1,902,000 common shares of the Company on the exercise of options for gross proceeds of $435,012. The Company also reclassified $94,567 from reserves to share capital on the exercise of these options.

For the nine months ended May 31, 2022, the Company issued an aggregate of 739,280 common shares on the exercise of warrants for gross proceeds of $379,197. The Company also reclassified $28,557 from reserves to share capital on the exercise of these warrants.

SHARE CAPITAL AND RESERVES

Common Shares

As at May 31, 2022, nil shares (August 31, 2021 – 8,967,640) were held in escrow.

On September 22, 2021, the Company issued 206,228 common shares with a fair value of $171,169 as part of the NCT acquisition consideration (Note 4).

On January 4, 2022, the Company issued 2,000,000 common shares with a fair value of $1,220,000 related to the departure of Numinus' former Chief Strategy Officer.

On February 8, 2022, the Company issued 151,515 common shares with a fair value of $101,515 as part of the retention shares on the first anniversary of the acquisition of Mindspace.

On March 18, 2022, the Company issued 408,712 common shares with a fair value of $183,920 as part of year 1 revenue milestone shares related to Mindspace.

During the nine months ended May 31, 2022, the Company issued 165,441 common shares with a fair value of $249,816 as part of the time-based payout of 441,176 common shares over the course of 24 months from the acquisition date of Mindspace on February 8, 2021.

During the nine months ended May 31, 2022, the Company issued 1,902,000 common shares of the Company on the exercise of options for gross proceeds of $340,445. The Company also reclassified $94,567 from reserves to share capital on the exercise of these options.

During the nine months ended May 31, 2022, the Company issued an aggregate of 739,280 common shares on the exercise of warrants for gross proceeds of $350,640. The Company also reclassified $28,557 from reserves to share capital on the exercise of these warrants.

As at May 31, 2022, the Company had 208,650,250 Common Shares issued and outstanding.

On the date of this MD&A, the Company had 252,569,353 Common Shares issued and outstanding.

Options

For the nine months ended May 31, 2022, the Company issued 1,902,000 common shares of the Company on the exercise of options for gross proceeds of $435,012. The Company also reclassified $94,567 from reserves to share capital on the exercise of these options.

As at May 31, 2022 and on the date of this MD&A, the Company had 7,946,622 stock options outstanding.

Warrants

During the nine months ended May 31, 2022, the Company issued an aggregate of 739,280 common shares on the exercise of warrants for gross proceeds of $350,640. The Company also reclassified $28,557 from reserves to share capital on the exercise of these warrants.

During the nine months ended May 31, 2022, 7,399,491 warrants were expired unexercised.

As at May 31, 2022 and on the date of this MD&A, the Company had 32,519,071 warrants outstanding.

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 Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, and Chief Strategy Officer. A summary of the remuneration attributed to key management personnel is disclosed in Note 13, *Related Party Transactions* in the Company's condensed consolidated interim financial statements. There have been no other transactions with related parties.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES

Basic of preparation and accounting policies

The Company's condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The Company's condensed consolidated interim financial statements should be read in conjunction with its audited consolidated financial statements for the year ended August 31, 2021.

The accounting policies applied in the preparation of the Company's condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended August 31, 2021.

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of judgements and/or estimates that affect the amounts reported and disclosed in the condensed consolidated interim financial statements and related notes. Critical accounting estimates represent estimates that are uncertain and for which changes in those estimates could materially impact the Company's consolidated financial statements. The critical judgements and key sources of estimation uncertainty that have the most significant effect in the preparation of the Company's condensed consolidated interim financial statements for the three and nine months ended May 31, 2022, are consistent with those disclosed in Note 4 of the Company's audited consolidated financial statements for the year ended August 31, 2021.

FINANCIAL INSTRUMENTS AND RELATED RISKS

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.

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

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts receivable	Amortized cost
Contingent consideration payable	FVTPL
Due from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
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 plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at fair value through profit or 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 financial asset 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 gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The 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.

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.

Risk Management

The Company's risk exposures and the impact on the Company's 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 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 May 31, 2022, the Company's financial liabilities consist of accounts payable and accrued liabilities and current contingent consideration payable and lease liabilities which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. As at May 31, 2022, the Company has cash and cash equivalents of $41,786,204 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 May 31, 2022, 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.

RISKS RELATED TO THE PSYCHEDELICS, CANNABIS & WELLNESS INDUSTRY

The industry in which the Company operates could subject us to comply with a myriad of other federal, provincial, state, and local laws and regulations, which could include, among others, laws and regulations relating to psychedelics, psychedelic-assisted psychotherapies and cannabis, personally identifiable information, wage and hour restrictions, health and safety matters, consumer protection and environmental matters. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and regulatory bodies and obtaining all regulatory approvals, where necessary, for the delivery of its services and the services delivered by those regulated professionals within its network. The Company cannot predict the time required to secure all appropriate regulatory approvals for such services. Compliance with such laws and regulations may be costly and a failure to comply with such laws and regulations could result in fines, penalties, litigation and other liability that could materially adversely affect the Company.

The Company's business is and will continue to be regulated and applicable laws continue to change and develop. Regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. Further, the Company cannot predict what kind of regulatory requirements its business will be subject to in the future. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Furthermore, although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to conduct its business. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of psychedelic compounds or other controlled substances, or more stringent implementation thereof could have a substantial adverse impact on the Company. Local, provincial, state, and federal laws and enforcement policies concerning psychedelic-related conduct are changing rapidly and will continue to do so for the foreseeable future. Changes in applicable laws and regulations are unpredictable and could have a material adverse effect on the Company. Changes in applicable laws or regulations could significantly diminish the Company's prospects. The Company has little or no control over potential changes to laws or regulations that may affect its business.

Additionally, governmental regulations affect taxes and levies, healthcare costs, energy usage and labor issues, all of which may have a direct or indirect effect on the Company's business and its clients or suppliers. Changes in these laws or regulations, or the introduction of new laws or regulations, could increase the costs of doing business for the Company, or its customers or suppliers, or restrict the Company's actions, causing the Company to be materially adversely affected.

Changes in Laws, Regulations and Guidelines

The Controlled Drugs and Substances Act ("CDSA") is Canada's federal drug control statute. Controlled substances are categorized into eight Schedules based upon their perceived danger. Schedule 1 substances are deemed to have the highest potential for abuse and carry the most severe penalties for violations – the severity of the penalties decreases for subsequent Scheduled substances. Most psychedelics are Schedule 3 substances, including LSD, psilocybin and psilocin (magic mushrooms), mescaline (peyote and San Pedro cactus), and DMT (found in many plants, but most commonly an ingredient in ayahuasca). MDMA and Ketamine are both Schedule 1 substances although Ketamine can be legally prescribed by a medical doctor and treatment is delivered through a licensed practitioner to treat a specific medical condition such as depression and anxiety. The CDSA generally prohibits all uses of controlled substances unless an exemption is granted under Section 56 of the CDSA or the regulations allow otherwise, including through a clinical trial. The Canadian Minister of Health can grant exemptions under section 56 of the CDSA to use controlled substances if it is deemed to be necessary for a medical or scientific purpose or is otherwise in the public interest. Since August 2020, federal Minister of Health, has granted approval to numerous Canadians to use psilocybin in the therapeutic treatment of their end-of-life distress.

Health Canada's Special Access Program ("SAP") was designed to allow Canadian's access to new, potentially life-saving medication before they are formally approved for routine use in health care. Historically, psychedelic medications have been ineligible for SAP applications. In January 2020, Health Canada revised the SAP to permit allow healthcare practitioners to make applications for use of controlled substances on behalf of specific patients or groups of patients on a forward looking basis access to MDMA, psilocybin, DMT, and LSD for their patients, including for the purposes of psychedelic-assisted psychotherapy. Based on this expansion, the Company feels further Section 56 exemptions could be an avenue for getting

access to controlled substances like psychedelics to a broader scope of potential patients and that this may open up additional avenues for access once further clinical studies have been published.

Despite the general prohibition on controlled substances, there are regulations that can allow authorized persons to possess, produce, sell, import/export, and transport-controlled substances. The Food, Drug and Regulations gives authorization to persons (including licensed dealers and those exempted under section 56 of the CDSA) to have access to psychedelic controlled substances. Ketamine is also listed as a Schedule 1 drug under the CDSA; however, it is permitted for common use in accordance with its regulation as a narcotic under the Narcotic Control Regulations and is the only psychedelic permitted for use by this regulation. It is already legally available for medical use. These regulations provide a framework for expanding and monitoring the legal use of controlled substances in Canada as well as, importantly, issuing licenses to prospective dealers.

General Healthcare Regulation

Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements and, as a result, the Company's businesses operate in an environment in which government regulations and funding play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the businesses' control. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services, the practice of healthcare services through a corporation, or their interpretation and application, could adversely affect the business, financial condition and results of operations of these business units. In addition, the Company could incur significant costs while complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Company.

Risks Relating to the Licensing Process

Laws applicable to psychedelic drugs and compounds are constantly changing throughout the global psychedelic industry. The future business partnerships, contracting arrangements, and licensee agreements that the Company may make may be subject to receiving regulatory certification or accreditation through Health Canada, or any other applicable regulatory authority or licensing body. Such licensing, certification or accreditation may include, but not be limited to: licenses issued under the CDSA, the Narcotic Control Regulations, GMP Certification and ISO certification. Licensing requirements are stringent and there can be no guarantee that the regulatory authorities will issue, extend or renew any license. Failure to maintain a license or any failure to comply with the requirements of a license would have a material adverse impact on the business, financial condition and operating results of the Company and could lead to a significant decline in the value of its securities.

Unfavorable Publicity or Consumer Perception

Numinus believes the psychedelic industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of psychedelic medicines and therapies. Consumer perception may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of psychedelic therapies.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the psychedelics market or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed services and the business, results of operations, financial condition, and cash flows of the Company. Numinus' dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed services, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy, and quality of psychedelic therapies in general, or the Company's proposed products and services specifically, or associating the consumption of psychedelic therapies with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Liabilities and Enforcement Complaints

Numinus' participation in the psychedelic industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, provincial, or local governmental authorities. Litigation, complaints, and enforcement actions could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The Psychedelic Industry Faces Significant Opposition

It is believed by many that large well-funded businesses may have strong economic opposition to the psychedelics industry. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the psychedelics industry. Any inroads the pharmaceutical industry could make in halting or impeding the psychedelics industry could have a material adverse effect on the Company.

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 and cannabis 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.

SUBSEQUENT EVENTS

Acquisition of Novamind Inc.

On June 10, 2022, the Company completed the acquisition of Novamind Inc. ("Novamind") following shareholder and court approvals. The Company acquired 100% of the issued and outstanding securities of Novamind through the issuance of up to 74,193,046 common shares. Novamind shareholders and RSU shareholders have been issued 0.84 Numinus shares per Novamind share. As a result of the acquisition, Novamind has ceased trading on the Canadian Securities Exchange (CSE). The acquisition of Novamind expands the Company's client service offerings, geographic reach and revenues into the United States. Due to the limited time between the closing of the acquisition and the issuance of these condensed consolidated interim 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 assessing the fair value of the assets acquired and liabilities assumed.