

Novamind Inc.
Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars)
(Unaudited)

Novamind Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

As at:	December 31, 2021	June 30, 2021
Assets		
Current Assets		
Cash	2,732,503	5,426,286
Accounts receivable	633,365	500,502
Interest receivable (note 9)	-	156,504
Prepaid expenses	115,616	180,948
Marketable securities (note 5)	1,677,859	2,975,329
Convertible debenture receivable (note 9)	-	1,763,880
Receivable from related party (note 16)	2,501	-
Total Current Assets	5,161,844	11,003,449
Long-term investment (note 5)	633,900	-
Property and equipment (note 6)	1,487,072	846,420
Right-of-use-asset (note 7)	5,075,575	3,494,194
Intangible assets (note 8)	568,690	634,699
Goodwill (note 8)	1,199,373	1,172,506
Total Assets	14,126,454	17,151,268
Liabilities and Shareholders' Equity		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	1,136,651	857,178
Loan payable to related party (note 16)	-	49,576
Lease liabilities (note 10)	724,831	415,264
Deferred revenue (note 11)	158,925	-
Total Current Liabilities	2,020,407	1,322,018
Deferred tax liability	151,000	167,000
Lease liabilities (note 10)	4,915,284	3,401,668
Deferred revenue (note 11)	141,509	-
Total Liabilities	7,228,200	4,890,686
Shareholders' Equity		
Share capital (note 12)	17,712,088	17,464,514
Obligation to issue shares (note 3)	-	230,625
Warrants (note 13)	1,257,433	1,257,433
Contributed surplus (note 14)	2,991,717	2,085,230
Accumulated other comprehensive loss	(127,664)	(193,971)
Deficit	(14,935,320)	(8,583,249)
Total Shareholders' Equity	6,898,254	12,260,582
Total Liabilities and Shareholders' Equity	14,126,454	17,151,268

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

Nature of Operations and Going Concern (note 1)

Contingent Liability (note 19)

Subsequent Events (note 20)

On Behalf of the Board:

"Yaron Conforti"
Director

"Sruli Weinreb"
Director

Novamind Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars - Unaudited)

	Three months ended December 31, 2021	Three months ended December 31, 2020	Six months ended December 31, 2021	Six months ended December 31, 2020
Revenues				
Service fee income	2,382,537	1,236,568	4,195,643	2,108,166
Clinical trial income	52,587	52,260	97,231	53,943
Consulting fee income	17,416	-	17,416	-
	2,452,540	1,288,828	4,310,290	2,162,109
Cost of services (note 17)	1,973,201	701,447	3,276,966	1,181,101
Gross margin	479,339	587,381	1,033,324	981,008
Expenses				
Consulting fees (note 16)	217,671	416,268	605,725	481,391
Amortization (notes 6 and 8)	65,773	111,598	150,390	150,349
Interest expense and bank charges	127,129	91,351	232,374	150,720
Professional fees	486,195	450,419	735,580	726,460
Office and general	360,215	87,368	860,368	287,661
Advertising and promotion	203,031	236,650	313,384	337,713
Share-based compensation (notes 14 and 16)	380,788	664,814	906,487	664,814
Filing fees	4,884	15,000	8,634	20,650
Salaries and wages (note 16)	1,415,064	791,078	2,735,195	1,005,252
Software license fees	131,238	75,485	243,524	120,180
Sub-contract fees (note 16)	-	5,922	-	14,334
Total Expenses	3,391,988	2,945,953	6,791,661	3,959,524
Other Income (Expense)				
RTO transaction cost (note 4)	-	(1,379,144)	-	(1,379,144)
Foreign exchange	(32,338)	(19,551)	(146,883)	14,911
Unrealized (loss) gain of marketable securities and convertible debentures (note 5 and 9)	(315,212)	156,694	(1,259,621)	200,221
Realized gain on settlement of convertible debenture (note 9)	-	-	479,321	-
Realized gain on disposition of marketable securities (Note 5)	-	-	317,449	-
Interest income (note 9)	-	32,339	-	64,408
Loss before income taxes	(3,260,199)	(3,568,234)	(6,368,071)	(4,078,120)
Income tax recovery	(11,000)	(351)	(16,000)	(16,623)
Net loss for the period	(3,249,199)	(3,567,883)	(6,352,071)	(4,061,497)
Other comprehensive loss				
Foreign currency translation adjustment	(27,768)	(126,606)	(66,307)	(137,057)
Net loss and comprehensive loss for the period	(3,276,967)	(3,694,489)	(6,285,764)	(4,198,554)
Basic and diluted net loss per share	(0.08)	(0.11)	(0.15)	(0.13)
Weighted average number of common shares outstanding, basic and diluted	42,835,901	33,399,926	42,674,496	30,316,865

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

Novamind Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars - Unaudited)

	Share Capital		Obligation to issue shares	Warrant reserves	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
	Number	Amount						
Balance, June 30, 2020	23,426,250	4,334,505	727,500	123,601	-	-	(1,329,494)	3,856,112
Shares issued in private placements	12,640,000	11,056,000	(727,500)	-	-	-	-	10,328,500
Share issuance costs	-	(1,115,384)	-	486,643	-	-	-	(628,741)
Shares issued and to be issued in the Cedar Acquisition	2,562,500	1,025,000	743,125	-	-	-	-	1,768,125
Reverse take-over transaction	1,372,017	1,372,017	-	338	-	-	-	1,372,355
Shares and warrants issued for consulting services	200,000	200,000	-	117,882	-	-	-	317,882
Warrants issued for consulting services	-	-	-	142,050	-	-	-	142,050
Share-based compensation	-	-	-	-	204,882	-	-	204,882
Net loss and comprehensive loss for the period	-	-	-	-	-	(137,057)	(4,061,497)	(4,198,554)
Balance, December 31, 2020	40,200,766	16,872,138	743,125	870,514	204,882	(137,057)	(5,390,991)	13,162,611
Balance, June 30, 2021	41,540,287	17,464,514	230,625	1,257,433	2,085,230	(193,971)	(8,583,249)	12,260,582
Shares issued for consulting services	14,364	16,949	-	-	-	-	-	16,949
Shares issued in the Cedar Acquisition	1,281,250	230,625	(230,625)	-	-	-	-	-
Share-based compensation	-	-	-	-	906,487	-	-	906,487
Net loss and comprehensive loss for the period	-	-	-	-	-	66,307	(6,352,071)	(6,285,764)
Balance, December 31, 2021	42,835,901	17,712,088	-	1,257,433	2,991,717	(127,664)	(14,935,320)	6,898,254

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

Novamind Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	Six months Ended December 31, 2021	Six months Ended December 31, 2020
Operating activities		
Net loss for the period	(6,352,071)	(4,061,497)
Items not affecting cash used in operating activities:		
Unrealized loss (gain) on marketable securities and convertible debenture receivable	1,259,621	(200,221)
Loss (gain) on foreign exchange	132,138	(25,322)
Amortization	577,753	364,995
Interest expense	229,676	138,202
Deferred income tax recovery	(16,000)	(16,623)
Share-based compensation	906,487	664,814
Consulting fees	16,949	-
Gain on settlement of convertible debenture receivable	(479,321)	-
Gain on disposition of marketable securities	(317,449)	-
RTO transaction cost	-	1,379,144
	(4,042,217)	(1,756,508)
Changes in non-cash working capital:		
Accounts receivable	(132,863)	41,713
Interest receivable	-	(65,237)
Prepaid expenses	65,332	(3,456)
Accounts payable and accrued liabilities	527,694	673,352
Deferred revenue	300,434	-
Cash flows used in operating activities	(3,281,620)	(1,110,136)
Investing activities		
Purchase of property and equipment	(1,091,371)	(282,202)
Proceeds from settlement of convertible debentures	1,757,400	-
Leasehold improvement allowance	403,566	-
Investment in convertible debentures	-	(232,320)
Cash obtained upon Cedar Acquisition	-	429,436
Cash paid for Cedar Acquisition	(250,000)	(500,000)
Cash obtained upon RTO	-	175,178
Proceeds from sale of marketable securities	874,265	-
Purchase of marketable securities	(642,700)	-
Cash flows used in investing activities	1,051,160	(409,908)
Financing activities		
Shares issued in private placements, net of share issuance cost	-	9,752,259
Amount paid to related party	(52,077)	-
Payment on lease liabilities	(422,277)	(189,046)
Cash flows provided by financing activities	(474,354)	9,563,213
Change in cash	(2,704,814)	8,043,169
Impact of foreign exchange on cash	11,031	(19,445)
Cash, beginning of period	5,426,286	2,845,018
Cash, ending of period	2,732,503	10,868,742

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

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Six Months Ended December 31, 2021 (Expressed in Canadian Dollars - Unaudited)

1. Nature of Operations and Going Concern

Novamind Inc. (the "Company"), incorporated under the Canada Business Corporations Act, is a mental health company enabling safe access to psychedelic medicine through a network of psychiatry clinics and clinical research sites. The Company's common shares are listed under the symbol "NM" on the Canadian Securities Exchange. The head office and registered office of the Company is located at 10 Wanless Ave Suite 201, Toronto, ON, Canada, M4N 1V6.

On November 12, 2020, the Company entered into a business combination agreement with Novamind Ventures Inc. ("Novamind Ventures"), a private Ontario company incorporated on May 22, 2019, whereby the Company acquired all issued and outstanding shares of Novamind Ventures on December 22, 2020, by exchanging outstanding and issued shares of Novamind Ventures to the shares of the Company on a 4 to 1 ratio (the "RTO") (note 4). The RTO was structured as a three-cornered amalgamation pursuant to which Novamind Ventures amalgamated with a wholly-owned subsidiary of the Company, 2784326 Ontario Inc. to form an amalgamated entity. Novamind Ventures is deemed to be the acquirer for the accounting purposes. The consolidated financial statements are considered a continuation of Novamind Ventures. All reference to shares, per share amount, and warrants in these condensed interim consolidated financial statements have been retroactively restated to reflect the conversion ratio.

On July 22, 2020, the Company acquired 100% of the issued and outstanding shares of Cedar Psychiatry Inc. and Cedar Clinical Research Inc. (collectively "Cedar Group") pursuant to a stock purchase agreement dated July 22, 2020 and amended on November 19, 2020 (the "Cedar Acquisition") (note 3).

The condensed interim consolidated financial statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. The Company has incurred losses since the inception of its business and as of December 31, 2021, the Company's accumulated deficit was \$14,935,320. These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenue and expenses, and the condensed interim statement of financial position classification used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

2. Basis of Presentation

Statement of Compliance

The condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 – Interim Financial Reporting.

These condensed interim consolidated financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company’s most recent audited consolidated financial statements for the year ended June 30, 2021, which were prepared in accordance with IFRS as issued by IASB.

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company’s most recent audited consolidated financial statements for the year ended June 30, 2021.

The preparation of these condensed interim consolidated financial statements in conformity with IFRS also requires management to make estimates and judgements that may have a significant impact on these condensed interim consolidated financial statements. Estimates are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The critical accounting judgements and estimates were presented in the Company’s most recent audited consolidated financial statements for the year ended June 30, 2021 and are the same as those applied for the three and six months ended December 31, 2021.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 28, 2022.

Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and Novamind Ventures is the Canadian dollar. The functional currency of Cedar Psychiatry Inc. and Cedar Clinical Research Inc. is the US dollar.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and all of its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain variable benefits from its power over the entity’s activities. Subsidiaries are included in the condensed interim consolidated financial results of the Company from the effective date of acquisition of control up to the effective date of disposal or loss of control.

Details of the Company’s subsidiaries are as follows:

Entity	Country of Incorporation	Ownership interest
Novamind Ventures Inc.	Canada	100%
Cedar Psychiatry Inc.	USA	100%
Cedar Clinical Research Inc.	USA	100%

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Six Months Ended December 31, 2021 (Expressed in Canadian Dollars - Unaudited)

3. Acquisition of Cedar Group

On July 23, 2020, the Company acquired 100% of the issued and outstanding shares of Cedar Group. The consideration in connection with the Cedar Acquisition consisted of (i) the issuance of 5,125,000 of the shares of the Company: 2,562,500 on closing of the Cedar Acquisition; 1,281,250 issued six months after the closing of the Cedar Acquisition; and 1,281,250 issued 12 months after the closing of the Cedar Acquisition, and (ii) cash payments totaling \$1,000,000 paid according to the following schedule: \$500,000 on closing of the Cedar Acquisition; \$250,000 six months after closing of the Cedar Acquisition; and \$250,000 paid 12 months after closing of the Cedar Acquisition. During the year ended June 30, 2021, the Company paid \$750,000 and issued 3,843,750 common shares for Cedar Acquisition. As at June 30, 2021, the Company recorded \$248,221 consideration payable which was included in accounts payable and accrued liabilities and recorded \$230,625 for the shares to be issued.

During the six months ended December 31, 2021, the Company paid \$250,000 and issued 1,281,250 common shares as final settlement of the consideration for the Cedar Acquisition.

The Company determined that the acquisition was a business combination under IFRS 3 - Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill.

The purchase price allocation calculation is as follows:

Consideration - cash	958,824
Consideration - shares	1,768,125

Total consideration paid	2,726,949
---------------------------------	------------------

Identifiable assets acquired	
Cash	430,641
Accounts receivable	485,147
Prepaid expenses	14,352
Property and equipment	75,276
Right-of-use assets	1,470,892
Accounts payable	(92,852)
Lease liabilities	(1,470,892)
Deferred tax liability	(234,000)
Loan payable to related party	(53,563)
Government loan payable	(8,935)
Patient relationship	449,971
Brand name	393,993

Total identifiable assets acquired	1,460,030
---	------------------

Total goodwill	1,266,919
-----------------------	------------------

	2,726,949
--	------------------

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

3. Acquisition of Cedar Group (continued)

The value of the share consideration was estimated using a combination of the Finnerty put option model and Chaffe model to estimate the discount related to the shares to be issued six and twelve months after the acquisition. The key assumptions used are as follows:

	Shares issued 6 months after acquisition	Shares issued 12 months after acquisition
Volatility	131%	111%
Risk-free rate	0.14%	0.12%
Term	0.5 years	1 year

The cash payments due six and twelve months after the closing of the acquisition are discounted using an effective interest rate of 12%.

The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will contribute to operational efficiencies within the Company.

4. Reverse takeover

On December 22, 2020 ("RTO Date"), the Company completed a RTO with Novamind Ventures, whereby the Company acquired all the issued and outstanding common shares of Novamind Ventures in exchange for 38,628,749 shares of the Company. The Company did not constitute a business as defined under IFRS 3; therefore, the RTO is accounted under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as RTO transaction costs to net loss. The accounting for this transaction resulted in the following:

1. The condensed interim consolidated financial statements are issued under the legal parent, Novamind Inc., but are considered a continuation of the financial statements of the legal subsidiary, Novamind Ventures.
2. As Novamind Ventures is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the condensed interim consolidated financial statements at their historical carrying values.

The fair value of the consideration given and charged to listing expense was comprised of:

Consideration	
Fair value of shares issued (1,372,017 shares)	1,372,017
Fair value of warrants	338
Professional fees incurred for RTO	184,528
Total consideration	1,556,883

Identifiable assets acquired	
Cash	175,178
Accounts receivable	5,382
Accounts payable and accrued liabilities	(2,821)
Total identifiable assets acquired	177,739
Unidentifiable assets acquired	
RTO transaction cost	1,379,144
Total net identifiable assets and RTO transaction cost	1,556,883

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements****Three and Six Months Ended December 31, 2021****(Expressed in Canadian Dollars - Unaudited)**

4. Reverse takeover (continued)

The fair value of 1,372,017 issued common shares was estimated using \$1 share from the concurrent private placement.

The Company is deemed to have assumed 31,000 warrants exercisable at a price of \$25 per share expiring on August 17, 2021 and 3,680 warrants exercisable at a price of \$25 per share expiring on September 7, 2021. The fair value of share-purchase warrants was \$338 estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

Risk-free interest rate	0.23%
Estimate life	0.88 to 0.94 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

5. Marketable Securities and Long-term Investment

	Field Trip	ATAI	Bionomics	SPV	Bienstar	Total
	(i)	(ii)	(iii)	(iv)	(v)	
Balance, June 30, 2020	196,615	-	-	-	-	196,615
Additions	-	269,334	961,195	1,220,000	-	2,450,529
Proceeds on disposal	(711,079)	-	(633,672)	-	-	(1,344,751)
Realized gain	563,617	-	176,141	-	-	739,758
Unrealized fair value gain	220,965	578,029	163,286	-	-	962,280
Unrealized foreign currency gain (loss)	-	-	(48,502)	19,400	-	(29,102)
Balance, June 30, 2021	270,118	847,363	618,448	1,239,400	-	2,975,329
Additions	-	-	-	-	642,700	642,700
Proceeds on disposal	(287,445)	-	(586,820)	-	-	(874,265)
Realized gain	238,292	-	79,157	-	-	317,449
Unrealized fair value (loss)	(220,965)	(423,130)	(163,286)	14,226	(8,800)	(801,955)
Unrealized foreign currency gain	-	-	52,501	-	-	52,501
Balance, December 31, 2021	-	424,233	-	1,253,626	633,900	2,311,759

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Six Months Ended December 31, 2021 (Expressed in Canadian Dollars - Unaudited)

5. Marketable Securities (continued)

(i) On January 15, 2020, the Company acquired 166,666 common shares of Field Trip Psychedelics Inc., a private company, at a price of US\$0.90 per share for \$196,615. The shares were subject to lock-up restrictions whereby 25% of the shares will release on November 30, 2020 (released), 25% on January 29, 2021 (released), 25% on May 29, 2021 (released) and 25% on July 28, 2021 (released). On October 1, 2020, the Company's Field Trip Psychedelics Inc. common shares were exchanged for common shares of Field Trip Health Ltd., a public company listed on the Toronto Stock Exchange under the symbol FTRP, in connection with a reverse takeover transaction. As at December 31, 2021, the Company held nil (June 30, 2021 – 41,666) common shares valued at \$nil (June 30, 2021 - \$270,118). During the year ended June 30, 2021, the Company sold 125,000 common shares for proceeds of \$711,079, resulting in a gain on disposition of \$563,617. During the six months ended December 31, 2021, the company sold 41,666 (2020 – nil) common shares for proceeds of \$287,445, resulting in a gain on disposition of \$238,292.

(ii) During the year ended June 30, 2021, the convertible note of ATAI Life Science ("ATAI") was converted into 43,856 common shares of ATAI (note 9). Upon conversion, the Company recorded a loss on conversion of \$24,569. The shares were subject to lock-up restrictions and were released on December 15, 2021. The ATAI common shares trade on the NASDAQ Exchange. As at December 31, 2021, the investment in ATAI is valued at \$424,233 (June 30, 2021 - \$847,363).

(iii) In February 2021, the Company acquired 6,657,933 shares of Bionomics Limited ("Bionomics"), a biopharmaceutical company listed on the Australian Securities Exchange for \$961,195. During the year ended June 30, 2021, the Company sold 3,156,061 Bionomics shares for proceeds of \$633,672, resulting in a gain on disposition of \$176,141. During the six months ended December 31, 2021, the Company sold its remaining Bionomics shares for proceeds of \$586,820, resulting in a gain on disposition of \$79,157.

(iv) During the year ended June 30, 2021, the Company acquired an investment in Alto Neuroscience, Inc. ("Alto"), a clinical-stage biopharmaceutical company, via the purchase of 1,000,000 non-voting participating investor shares in a special purpose vehicle (the "SPV") for \$1,220,000 (US\$1 million). As at December 31, 2021, the investment in the SPV is valued at \$1,253,626 (June 30, 2021 - \$1,239,400). The fair value was determined based on the net asset value per share of the SPV, as determined by the SPV administrator, which incorporates the fair value of the underlying investment in Alto, as determined by the SPV investment manager.

(v) During the six months ended December 31, 2021, the Company acquired an investment in Bienstar Wellness Corp. ("Bienstar"), an early-stage private mental health company, via the purchase of 2,000,000 common shares for \$642,700 (US\$ 500,000). As at December 31, 2021, the investment in Bienstar is valued at \$633,900, determined based on observable market transactions and there was no change in the value (in US\$) since the acquisition in November 2021. The investment in Bienstar has been classified as a long-term investment.

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements****Three and Six Months Ended December 31, 2021****(Expressed in Canadian Dollars - Unaudited)**

6. Property and Equipment

Cost	Furniture and Equipment	Computer Equipment	Medical Equipment	Leasehold Improvements	Total
Balance, June 30, 2020	-	-	-	-	-
Acquired on acquisition	74,597	-	679	-	75,276
Addition	19,574	11,001	-	895,591	926,166
Foreign exchange	(6,343)	(327)	(51)	(26,665)	(33,386)
Balance, June 30, 2021	87,828	10,674	628	868,926	968,056
Addition	118,287	7,295	-	965,789	1,091,371
Leasehold improvement allowance	-	-	-	(403,566)	(403,566)
Foreign exchange	2,735	289	14	23,344	26,382
Balance, December 31, 2021	208,850	18,258	642	1,454,493	1,682,243
Accumulated Amortization					
Balance, June 30, 2020	-	-	-	-	-
Amortization	24,352	296	349	101,371	126,368
Foreign exchange	(723)	(9)	(10)	(3,990)	(4,732)
Balance, June 30, 2021	23,629	287	339	97,381	121,636
Amortization	20,671	1,389	295	47,967	70,322
Foreign exchange	665	15	8	2,525	3,213
Balance, December 31, 2021	44,965	1,691	642	147,873	195,171
Net Book Value					
At June 30, 2021	64,199	10,387	289	771,545	846,420
At December 31, 2021	163,885	16,567	-	1,306,620	1,487,072

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Six Months Ended December 31, 2021 (Expressed in Canadian Dollars - Unaudited)

7. Right-of-use Assets

Cost	Offices	TMS System	Total
Balance, June 30, 2020	-	-	-
Additions upon acquisition	1,181,687	289,205	1,470,892
Additions	2,409,322	328,816	2,738,138
Foreign exchange	(159,733)	(31,334)	(191,067)
Balance, June 30, 2021	3,431,276	586,687	4,017,963
Additions	1,919,559	-	1,919,559
Foreign exchange	90,355	13,443	103,798
Balance, December 31, 2021	5,441,190	600,130	6,041,320
Accumulated Amortization			
Balance, June 30, 2020	-	-	-
Amortization	384,869	154,959	539,828
Foreign exchange	(11,449)	(4,610)	(16,059)
Balance, June 30, 2021	373,420	150,349	523,769
Amortization	345,894	81,469	427,363
Foreign exchange	10,670	3,943	14,613
Balance, December 31, 2021	729,984	235,761	965,745
Net book value			
Balance, June 30, 2021	3,057,856	436,338	3,494,194
Balance, December 31, 2021	4,711,206	364,369	5,075,575

8. Goodwill and Intangible Assets

Cost	Goodwill	Brand Name	Patient Relationships	Total Intangible Assets
Balance, June 30, 2020	-	-	-	-
Additions upon acquisition	1,266,919	393,993	449,971	843,964
Foreign exchange	(94,413)	(29,361)	(33,533)	(62,894)
Balance, June 30, 2021	1,172,506	364,632	416,438	781,070
Foreign exchange	26,867	8,355	9,543	17,898
Balance, December 31, 2021	1,199,373	372,987	425,981	798,968
Accumulated Amortization				
Balance, June 30, 2020	-	-	-	-
Amortization	-	70,426	80,432	150,858
Foreign exchange	-	(2,095)	(2,392)	(4,487)
Balance, June 30, 2021	-	68,331	78,040	146,371
Amortization	-	37,379	42,689	80,068
Foreign exchange	-	1,792	2,047	3,839
Balance, December 31, 2021	-	107,502	122,776	230,278
Net book value				
Balance, June 30, 2021	1,172,506	296,301	338,398	634,699
Balance, December 31, 2021	1,199,373	265,485	303,205	568,690

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)**

9. Convertible Debentures Receivable

	Synthesis Convertible Loan	ATAI Convertible Note	Total
Balance, June 30, 2020	1,139,590	-	1,139,590
Additions	-	232,320	232,320
Conversion	-	(288,675)	(288,675)
Unrealized fair value gain	465,951	53,857	519,808
Unrealized foreign currency gain	158,339	2,498	160,837
Balance, June 30, 2021	1,763,880	-	1,763,880
Additions	-	-	-
Settlement	(1,600,896)	-	(1,600,896)
Realized gain	479,321	-	479,321
Unrealized fair value loss	(457,666)	-	(457,666)
Unrealized foreign currency loss	(184,639)	-	(184,639)
Balance, December 31, 2021	-	-	-

On November 18, 2019, the Company entered into a convertible loan agreement with Synthesis Institute B.V. ("Synthesis"). The Company loaned a €750,000 (\$1,121,575) aggregate principal amount to Synthesis (the "Convertible Loan"). The Convertible Loan (i) had a maturity date of May 19, 2021; (ii) accumulated interest at an annual interest rate of 10%, calculated monthly and payable at maturity; and (iii), upon Synthesis completing an equity financing of not less than €5,000,000 to arm's length parties (the "Synthesis Financing"), the Convertible Loan plus accrued interest shall convert into shares of Synthesis ("Synthesis Shares") at the same terms as the Synthesis Financing at a 15% discount. On October 5, 2020, the Company entered into an amendment whereby the maturity date of the Convertible Loan was extended to October 15, 2021, and the conversion terms were amended as follow: upon the Synthesis Financing, the Convertible Loan principal and accrued interest shall convert into Synthesis Shares, whereby a valuation cap of €9,600,000 and a discount of 15% are applied to the price of the Synthesis Shares.

During April 2021, the Company started discussions with Synthesis with the objective of reaching an agreement whereby Synthesis would settle the Convertible Loan and whereby the Company would waive its rights pursuant to the Convertible Loan and the Synthesis Financing. During the six months ended December 31, 2021, the Company and Synthesis reached an agreement whereby Synthesis paid the Company €1,200,000 (\$1,757,400) as final settlement of the Convertible Loan and accrued interest of \$156,504. The settlement resulted in a gain on settlement of \$479,321.

During the three and six months ended December 31, 2021, the Company accrued interest income of \$nil (2020 - \$29,371 and \$59,160, respectively).

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements****Three and Six Months Ended December 31, 2021****(Expressed in Canadian Dollars - Unaudited)**

9. Convertible Debenture Receivable (continued)

On July 21, 2020, the Company entered into a convertible note purchase agreement (the “ATAI Investment Agreement”) with ATAI Life Sciences AG (“ATAI”). Pursuant to the ATAI Investment Agreement, the Company purchased a €150,000 principal amount convertible note (the “ATAI Convertible Note”). The ATAI Convertible Note has a maturity date of January 31, 2022 and accumulates interest at an annual interest rate of 5%, payable at maturity. The ATAI Convertible Note mandatorily converts (a “ATAI Mandatory Conversion Event”) (i) upon the sale of the issued and outstanding share capital of ATAI (the “ATAI Sale”), (ii) upon ATAI completing an equity financing of not less than €30,000,000 (the “ATAI Financing”), (iii) upon the completion of capital raising by ATAI, other than the ATAI financing, which is approved by 75% of the then outstanding ATAI Convertible Note holders (a “Non-Qualifying ATAI Financing”), or (iv) upon an event of default by ATAI pursuant to the terms of the ATAI Investment Agreement. Upon the occurrence of a Mandatory Conversion Event, the then outstanding ATAI Convertible Note principal and interest shall convert into ordinary bearer shares (no-par value shares) of ATAI (“ATAI Shares”), at a conversion price of, (i) in the event of an ATAI Sale, the price of the ATAI Shares being offered on such ATAI Sale, (ii) in the event of an ATAI Financing or Non-Qualifying ATAI Financing, the price of the ATAI Shares being offered pursuant to such ATAI Financing or Non-Qualifying ATAI Financing, or (iii) in the event of an event of default, €38 per ATAI Share.

During the year ended June 30, 2021, the Company converted the ATAI Convertible Note and accrued interest into 43,856 common shares of ATAI with the completion of a capital raising by ATAI at a raise price of \$6.14 per share (note 5).

During the three and six months ended December 31, 2021, the Company accrued interest income of \$nil (2020 – \$2,937 and \$5,217, respectively).

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

10. Lease Liabilities

The Company leases certain assets under lease agreements. The lease liabilities consist of leases of various clinical facilities with a term ranging from one to ten years and the TMS Systems with a four-year term. The leases are calculated using an incremental borrowing rate of 9% per annum.

	Offices	TMS Systems	Total
Balance, June 30, 2020	-	-	-
Additions upon acquisition	1,181,687	289,205	1,470,892
Additions	2,409,322	324,984	2,734,306
Accretion	259,291	45,597	304,888
Lease payments	(331,755)	(176,495)	(508,250)
Foreign exchange	(157,578)	(27,326)	(184,904)
Balance, June 30, 2021	3,360,967	455,965	3,816,932
Additions	1,919,559	-	1,919,559
Accretion	212,430	15,467	227,897
Lease payments	(325,380)	(96,897)	(422,277)
Foreign exchange	88,053	9,951	98,004
Balance, December 31, 2021	5,255,629	384,486	5,640,115
Allocated as:			
Current	557,769	167,062	724,831
Non-current	4,697,860	217,424	4,915,284
Balance, December 31, 2021	5,255,629	384,486	5,640,115

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Maturity analysis	December 31, 2021
Less than one year	1,203,409
One to three years	2,348,330
Three to five years	1,858,179
Greater than five years	2,224,069
Total undiscounted lease liabilities	7,633,987
Amount representing implicit interest	(1,993,872)
Lease liabilities	5,640,115

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Six Months Ended December 31, 2021

(Expressed in Canadian Dollars - Unaudited)

11. Deferred Revenue

On November 22, 2021, the Company entered into an advisory service agreement with Bienstar (Note 5). Services are to be provided over a two-year term and include providing advice related to best practices for developing clinics, advising on the selection of software for clinic management, and arranging site visits and access to senior executives of the Company. The Company received a one-time payment of \$317,850 (US\$-250,000) as payment for the services to be provided over the two-year term. Consulting revenue from this agreement is recognized over time in line with the satisfaction of the performance obligations. During the six months ended December 31, 2021, the Company recognized \$17,416 as consulting fee income and the remaining \$300,434 as deferred revenue.

12. Share Capital

(a) *Authorized*

The Company is authorized to issue an unlimited number of common shares.

(b) *Issued and outstanding - Common Shares*

(i) On July 14, 2020, the Company issued 2,640,000 common shares for proceeds of \$1,056,000, \$727,500 of which was received during the period ended June 30, 2020, as obligation to issue shares. The Company incurred share issuance costs of \$30,969 and issued 184,800 broker warrants with each broker warrant exercisable into one common share of the Company at \$0.40 for two years from the issuance. The fair value of these broker warrants at the date of issuance was estimated using the Black-Scholes option-pricing model with the following assumptions: two year expected life; 100% expected volatility; risk-free interest rate of 0.29%; and an expected dividend yield of 0%. The fair value assigned to these broker warrants was \$38,578.

(ii) On November 16, 2020, the Company completed a private placement offering of 10,000,000 common shares for proceeds of \$10,000,000 (the "Financing").

In connection with the Financing, the Company paid cash finders' fees of \$612,286 and issued 590,539 broker warrants exercisable at \$1.00 for a period of three years. The fair value of the broker warrants was estimated at \$448,065 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.29%
Estimate life	2 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(iii) In connection with the Cedar Acquisition on July 23, 2020, the Company issued 2,562,500 common shares on the date of acquisition; 1,281,250 common shares on January 23, 2021; and 1,281,250 common shares on July 23, 2021 (which was recorded as obligation to issue shares as at June 30, 2021). The fair value of the share consideration was determined to be \$1,768,125 on the acquisition date. See note 3.

(iv) In connection with the RTO, the Company assumed 31,000 share purchase warrants exercisable at a price of \$25 per share expiring on August 17, 2021, and 3,680 share purchase warrants exercisable at a price of \$25 per share expiring on September 7, 2021. The fair value of share purchase warrants was \$338. See note 4.

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

12. Share Capital (continued)

(v) On December 23, 2020, the Company issued 284,034 purchase warrants pursuant to consulting agreements. The share purchase warrants are exercisable at an exercise price of \$1.00 per Common Share for 12 months from the date of issuance. The fair value of the share purchase warrants was estimated at \$142,050 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.22%
Estimate life	1 year
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(vi) On December 23, 2020, the Company issued 200,000 common shares and 200,000 share purchase warrants pursuant to a consulting agreement. The fair value of the common shares was estimated at \$200,000 based on the price of the Novamind Ventures Financing. The share purchase warrants are exercisable at an exercise price of \$1.50 per Common Share for 24 months from the date of issuance. The fair value of the share purchase warrants was estimated at \$117,882 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.22%
Estimate life	2 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

The fair value of the common shares and warrants issued was recorded in consulting fees in the condensed statement of loss and comprehensive loss for the year ended June 30, 2021.

Risk-free interest rate	0.12%
Estimate life	1 year
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(vii) In January and April 2021, the Company issued 23,877 common shares as a payment for consulting fees. The fair value of the common shares was estimated at \$33,900.

(viii) On January 26, 2021, the Company issued 100,000 share purchase warrants with exercisable at a price of \$1.65 per share for 12 months from the date of issuance as per service agreement with Venture North Capital Inc. and issued 400,000 share purchase warrants with exercise price of \$1.65 per share for 12 months from the date of issuance as per service agreement with Octagon Media Corp. The fair value of the share purchase warrants was estimated at \$413,015 using the Black Scholes valuation model with the following assumptions:

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

12. Share Capital (continued)

Risk-free interest rate	0.12%
Estimate life	1 year
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(ix) On July 16, 2021, the Company issued 14,364 common shares as payment for consulting fees. The fair value of the common shares was estimated at \$16,949

13. Warrants

The following table reflects the continuity of warrants:

	Number of Broker Warrants	Weighted Average Exercise Price (\$)
Balance, June 30, 2020	589,838	1.30
Issued (Note 12)	1,794,042	1.64
Exercised	(34,394)	1.00
Balance, June 30, 2021	2,349,486	1.34
Expired	(318,703)	3.61
Balance, December 31, 2021	2,030,783	0.98

The following table reflects the warrants issued and outstanding as of December 31, 2021:

Expiry Date	Exercise Price (\$)	Contractual Life (years)	Broker Warrants Outstanding
January 8, 2022	0.40	0.02	156,624
March 20, 2022	0.40	0.22	124,688
June 19, 2022	0.40	0.47	117,688
June 29, 2022	0.40	0.49	190,838
July 14, 2022	0.40	0.53	184,800
December 23, 2022	1.50	0.98	200,000
January 26, 2022	1.65	0.07	500,000
November 16, 2023	1.00	1.88	556,145
	0.98	0.76	2,030,783

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Six Months Ended December 31, 2021 (Expressed in Canadian Dollars - Unaudited)

14. Stock options

The Company issued stock options to acquire common shares as follows:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, June 30, 2020	-	-
Granted	3,946,052	0.58
Balance, June 30, 2021, and December 31, 2021	3,946,052	0.58

The following table reflects the actual stock options issued and outstanding as of December 31, 2021:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Options Vested (Exercisable)
April 30, 2025	0.40	3.33	125,000	125,000
December 11, 2025	0.40	3.95	3,021,052	1,510,526
December 22, 2025	1.00	3.98	300,000	300,000
January 26, 2022	1.65	0.07	100,000	100,000
January 19, 2026	1.40	4.05	400,000	100,000
	0.58	3.84	3,946,052	2,135,526

During the three and six months ended December 31, 2021, \$380,788 and \$906,487 in share-based compensation was recorded relating to the vesting of these stock options (2020 - \$664,814 and \$664,814).

15. Fair Value and Financial Risk Factors

Risk Management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Fair Values

The Company has designated its cash and investment as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

The carrying value of the Company's financial liabilities as at December 31, 2021 approximate their fair value due to their short terms to maturity.

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

15. Fair Value and Financial Risk Factors (continued)

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at December 31, 2021:

December 31, 2021	Level 1	Level 2	Level 3	Total
Cash	2,732,503	-	-	2,732,503
Marketable securities	424,233	-	1,253,626	1,677,859
Long-term investment	-	633,900	-	633,900

Level 3 hierarchy:

As at December 31, 2021, the Company's investment in the SPV (note 5) is classified as Level 3 as it is measured at fair value utilizing non-observable market inputs. The fair value was determined based on the net asset value ("NAV") per share of the SPV, as determined by the SPV administrator, which incorporates the fair value of the underlying investment in Alto, as determined by the SPV investment manager.

The administrator determines the NAV per share by aggregating the value of the assets owned and deducting all of the liabilities of the SVP (including accrued liabilities and such provisions and allowances for contingencies as the administrator considers appropriate in respect of the costs and expenses payable by the SPV) and dividing such sum by the number of shares outstanding at the close of business on the valuation day.

The investment manager assume responsibility for the valuation of the assets of the SPV, in accordance with the valuation policies and procedures of its valuation committee, which are in accordance with fair value principles.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at December 31, 2021 is shown below:

Description	Input	Sensitivity	December 31, 2021
Investment in the SPV	Net asset value	10%	\$ 125,000

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at December 31, 2021, management believes that the credit risk with respect to its financial assets is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. As at December 31, 2021, management believes that its liquidity risk is minimal. See subsequent events (Note 20).

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

15. Fair Value and Financial Risk Factors (continued)

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 risk factors. The market risk factor that affects the Company is foreign currency risk.

(a) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash held as collateral in guaranteed investment certificates or interest-bearing accounts of select major Canadian chartered banks. The Company regularly monitors its cash activities in compliance with its cash management policy.

As of December 31, 2021, the Company's interest rate risk mainly relates to the cash balances and was considered to be minimal.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar. As of December 31, 2021, sensitivity to a plus or minus 10% change in US dollar foreign exchange rate would affect the reported comprehensive loss by approximately \$114,000.

16. Related Party Transactions

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Officers (including VP's and SVP's) and members of the Company's Board of Directors.

Compensation awarded to key management personnel is as follows:

	Three months ended December 31, 2021	Three months ended December 31, 2020	Six months ended December 31, 2021	Six months ended December 31, 2020
Consulting fee - Emmcap Corp. (i)	-	130,000	-	205,000
Consulting fee - Seek Capital Management (ii)	-	75,000	-	90,000
Consulting fee- Bay Street Mercantile (iii)	-	75,000	-	90,000
Salaries	656,788	123,314	1,167,446	264,640
Director fees	57,143	-	91,429	-
Lease payments (iv)	38,940	44,225	77,874	71,514
Sub-contractor fees (v)	-	-	-	3,974
Share-based compensation	359,924	132,658	821,522	132,658
Total	1,112,795	580,197	2,158,271	857,786

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

16. Related Party Transactions (continued)

(i) Emmcap Corp. is controlled by the CEO of the Company. During the six months ended December 31, 2021, Emmcap Corp. subscribed to nil common shares of the Company (2020 - 194,300 common shares of the Company for \$194,300).

(ii) Seek Capital is controlled by a director of the Company. During the six months ended December 31, 2021, Seek Capital. subscribed to nil common shares of the Company (2020 - 200,000 common shares of the Company for \$200,000). As at December 31, 2021, Seek Capital was owed \$40,000 for director fees (June 30, 2021 - \$34,286) which was included in accounts payable and accrued liabilities.

(iii) Bay Street Mercantile is controlled by a director of the Company. During the six months ended December 31, 2021, Bay Street Mercantile subscribed to nil common shares of the Company (2020 - 100,000 common shares of the Company for \$100,000). As at December 31, 2021, Bay Street Mercantile was owed \$40,000 for director fees (June 30, 2021 - \$34,286) which was included in accounts payable and accrued liabilities.

(iv) During the three and six months ended December 31, 2021, the Company made lease payments of \$38,940 and \$77,874, respectively (2020 - \$44,225 and \$71,514, respectively) to a company controlled by an officer of the Company for the use of an office space.

(v) During the six months ended December 31, 2020, the Company paid sub-contract fees of \$3,974 to a company controlled by an officer of the Company.

(vi) As of December 31, 2021, the receivable from related party, due from an officer of the Company, is \$2,501 (June 30, 2021 – loan payable to related party of \$49,576), which is unsecured, due on demand and non-interest bearing.

(vii) As of December 31, 2021, the Company owed \$nil (June 30, 2021 - \$248,078) to two officers for consideration payable for the Cedar Acquisition (note 3).

17. Cost of Services

	Three months ended December 31, 2021	Three months ended December 31, 2020	Six months ended December 31, 2021	Six months ended December 31, 2020
Salaries and wages to psychiatric service providers	1,656,521	563,576	2,677,481	952,059
Amortization of right-of-use-assets	216,432	132,829	427,363	213,700
Medical supplies and prescription drugs	100,248	5,042	172,122	15,342
Total	1,973,201	701,447	3,276,966	1,181,101

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements****Three and Six Months Ended December 31, 2021****(Expressed in Canadian Dollars - Unaudited)**

18. Segmented Information

The Company has two reportable segments related to its outpatient mental health clinics business which it operates in the United States and corporate administration in Canada. The disclosure with regards to the Company's aforementioned segments and locations are listed below:

Three months December 31, 2021	Mental Health Clinics	Corporate	Consolidated
Revenue	2,435,124	17,416	2,452,540
Cost of sales	1,973,201	-	1,973,201
Gross profit	461,923	17,416	479,339
Total expenses	1,735,379	1,656,609	3,391,988
Other expense	-	(347,550)	(347,550)
Deferred tax recovery	(11,000)	-	(11,000)
Net loss	(1,262,456)	(1,986,743)	(3,249,199)

Three months December 31, 2020			
Revenue	1,288,828	-	1,288,828
Cost of sales	701,447	-	701,447
Gross profit	587,381	-	587,381
Total expenses	1,221,472	1,724,481	2,945,953
Other income (expense)	1,379,144	(169,482)	1,209,662
Current tax expense	(351)	-	(351)
Net loss	(2,012,884)	(1,554,999)	(3,567,883)

Six months December 31, 2021	Mental Health Clinics	Corporate	Consolidated
Revenue	4,292,874	17,416	4,310,290
Cost of sales	3,276,966	-	3,276,966
Gross profit	1,015,908	17,416	1,033,324
Total expenses	3,427,828	3,363,833	6,791,661
Other expense	-	(609,734)	(609,734)
Deferred tax recovery	(16,000)	-	(16,000)
Net loss	(2,395,920)	(3,956,151)	(6,352,071)

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

18. Segmented Information (continued)

Six months December 31, 2020	Mental Health Clinics	Corporate	Consolidated
Revenue	2,162,109	-	2,162,109
Cost of sales	1,181,101	-	1,181,101
Gross profit	981,008	-	981,008
Total expenses	1,704,339	2,255,185	3,959,524
Other expense	1,379,144	(279,540)	1,099,604
Current tax expense	7,377	-	7,377
Deferred tax recovery	(24,000)	-	(24,000)
Net loss	(2,085,852)	(1,975,645)	(4,061,497)
As at December 31, 2021	Mental Health Clinics	Corporate	Consolidated
Non-current assets	8,330,710	633,900	8,964,610
Total assets	9,640,633	4,485,821	14,126,454
Total liabilities	6,360,915	867,285	7,228,200
As at June 30, 2021	Mental Health Clinics	Corporate	Consolidated
Non-current assets	6,147,819	-	6,147,819
Total assets	7,385,976	9,765,292	17,151,268
Total liabilities	4,306,761	583,925	4,890,686

19. Contingent liability

On July 22, 2021, the Company received a demand letter from a former employee claiming wrongful dismissal damages equal to approximately their annual salary, to be paid out in lump sum, and continuation of benefits for 6 months. In January 2022, the Company reached a settlement and agreed to pay a lump sum severance of approximately \$13,734 (US\$10,833). The amount had been included in accounts payable and accrued liabilities.

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Six Months Ended December 31, 2021
(Expressed in Canadian Dollars - Unaudited)

20. Subsequent event

Business combination

On January 18, 2022 (the “Closing Date”), the Company closed the acquisition (the “Acquisition”) of Arizona-based Foundations for Change, Inc. (“Foundations”), a mental health practice specialized in ketamine-assisted psychotherapy.

Within 30 days of the closing of the Acquisition, the Company will pay to the seller US\$100,000 in cash, less certain trade and other accounts payable related to the business of Foundations at the Closing Date. Additionally, subject to the seller’s continued employment by the Company, the Company will pay to the seller three cash payments of US\$50,000 within 60 days of the following three anniversaries of the Closing Date.

Additionally, subject to the seller’s continued employment by the Company, the Company will issue to the seller an aggregate of US\$150,000 payable by way of the issuance of common shares in the capital of the Company (the “Shares”), as follows:

- (i) US\$50,000 of Shares on the first anniversary of the Closing Date and issued to the Seller within 60 days of such date, to be issued at a price per Share equal to the five-day volume-weighted average trading price of the Shares on the Canadian Securities Exchange (the “CSE”) (or if the Company is not listed on the CSE then, such other stock exchange on which the Shares are listed and where a majority of the trading volume occurs) (the “5-Day VWAP”) calculated from the first anniversary of the Closing Date;
- (ii) US\$50,000 of Shares on the second anniversary of the Closing Date and issued to the Seller within 60 days of such date, to be issued at a price per Share equal to the 5-Day VWAP calculated from the second anniversary of the Closing Date; and
- (iii) US\$50,000 of Shares earned on the third anniversary of the Closing Date and issued to the Seller within 60 days of such date, to be issued at a price per Share equal to the 5-Day VWAP calculated from the third anniversary of the Closing Date.

In connection with the Acquisition, the Company issued 441,261 Shares pursuant to the terms of debt settlement agreements entered into with certain holders of debt of Foundations (the “Debtholders”), at a deemed price per share equal to \$0.468 per Share. The Shares are subject to a statutory hold period expiring on May 18, 2022, in accordance with applicable Canadian securities laws and the policies of the Canadian Securities Exchange. The Company also paid to the Debtholders an aggregate of US\$336,955 cash. Additionally, Foundations will possess approximately US\$333,625 of permitted indebtedness as at the Closing Date.

Private Placement

On January 26, 2022, the Company closed a private placement of its common shares (“Common Shares”) (or Common Share equivalents) and warrants to purchase Common Shares (“Warrants”) for gross proceeds to the Company of approximately \$5,000,000 (the “Private Placement”). Pursuant to the Private Placement, the Company issued 4,750,000 Common Shares, 7,750,000 Common Share equivalents (consisting of pre-funded warrants exercisable into Common Shares) and Warrants to purchase up to an aggregate of 12,500,000 Common Shares, at a purchase price of \$0.40 per Common Share and associated Warrant. Each Warrant entitles the holder to purchase Common Shares at an exercise price of \$0.50 per Common Share at any time on or prior to January 26, 2027.

The agent for the Private Placement received (i) a cash commission of \$400,000 (equal to 8.0% of the gross proceeds of the Private Placement) and (ii) 1,000,000 compensation warrants (the “Agent Warrants”). The Agent Warrants are exercisable at an exercise price of CAD\$0.50 per Common Share at any time on or before January 27, 2025.