EDGAR SUBMISSION SUMMARY

Issuer Name	FSD Pharma Inc.
Submission Type	6-K
Live File	On
Return Copy	On
Exchange	NONE
Confirming Copy	Off
Filer CIK	0001771885
Filer CCC	xxxxxxxx
Period of Report	08-13-2024
Notify via Filing website Only	Off
Emails	confirmations@issuerdirect.com

Documents

Form Type	File Name	Description
6-K	fsd_6k.htm	FORM 6-K
EX-99.1	fsd_ex991.htm	FINANCIAL STATEMENTS
EX-99.2	fsd_ex992.htm	MDA
EX-99.3	fsd_ex993.htm	CEO CERTIFICATE
EX-99.4	fsd_ex994.htm	CFO CERTIFICATE
GRAPHIC	fsd_ex993img1.jpg	
GRAPHIC	fsd_ex993img2.jpg	
GRAPHIC	fsd_ex994img1.jpg	
GRAPHIC	fsd_ex994img2.jpg	

Module and Segment References

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of: **August 2024**

Commission File Number: **001-39152**

FSD PHARMA INC.

(Translation of registrant's name into English)

199 Bay St., Suite 4000
Toronto, Ontario M5L 1A9, Canada
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

EXPLANATORY NOTE

On August 9, 2024, FSD Pharma, Inc. (the "Company") issued a press release ("Press Release") announcing a share consolidation name change and other matters , which are described in more detail in Exhibit 99.1 attached hereto and incorporated herein by reference. The Press Release is incorporated by reference into the Company's Registration Statement on Form F-3, (File No. 333-276264), as amended or supplemented, to the extent not superseded by documents or reports subsequently filed or amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FSD Pharma Inc.
(Registrant)

Date: August 13, 2024

By: /s/ Nathan Coyle
Nathan Coyle, Chief Financial Officer

Exhibit	Description
99.1	Financial statements for the period ending June 30, 2024
99.2	MDA for the period ending June 30, 2024
99.3	CEO Certificate
99.4	CFO Certificate

EXHIBIT 99.1

FSD Pharma Inc.
Condensed consolidated interim financial statements

For the three and six months ended June 30, 2024 and 2023
[unaudited] [expressed in United States dollars, except per share amounts]

FSD PHARMA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
[Unaudited] [expressed in United States dollars]

As at	Notes	June 30, 2024 $	December 31, 2023 $
ASSETS			
Current assets			
Cash and cash equivalents		**3,306,641**	2,757,040
Other receivables	3	**86,868**	228,764
Prepaid expenses and deposits	4	**130,424**	155,413
Investments	6	**21,918**	756,100
Finance receivables, net	5	**6,476,204**	7,187,988
		10,022,055	11,085,305
Non-current assets			
Equipment, net		**64,873**	87,583
Investments	6	**5,845**	6,049
Right-of-use asset, net		**8,244**	32,838
Finance receivables, net	5	**—**	907,366
Intangible assets, net	7	**5,145,932**	5,355,687
Total assets		**15,246,949**	17,474,828
LIABILITIES			
Current liabilities			
Trade and other payables	8,18	**4,419,667**	4,195,029
Lease obligations		**9,634**	38,650
Warrants liability	9	**1**	31,338
Notes payable	10	**615,562**	300,549
		5,044,864	4,565,566
Total liabilities		**5,044,864**	4,565,566
SHAREHOLDERS' EQUITY			
Class A share capital	11	**151,622**	151,622
Class B share capital	11	**140,554,285**	137,626,863
Warrants	11	**2,437,167**	2,723,356
Contributed surplus		**30,655,099**	30,225,741
Foreign exchange translation reserve		**83,497**	417,341
Accumulated deficit		**(162,923,451)**	(157,908,160)
Equity attributable to shareholders of the Company		**10,958,219**	13,236,763
Non-controlling interests	13	**(756,134)**	(327,501)
		10,202,085	12,909,262
Total liabilities and shareholders' equity		**15,246,949**	17,474,828
Going concern	1		
Commitments and contingencies	17		
Subsequent events	20		

On behalf of the Board:

"Signed"
Director - Zeeshan Saeed

"Signed"
Director - Eric Hoskins

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
[unaudited] [expressed in United States dollar, except number of shares]

	Notes	Three months ended June 30,		Six months ended June 30,	
		2024	2023	**2024**	2023
		$	**$**	**$**	**$**
Expenses					
General and administrative	15	**2,310,283**	1,870,758	**4,229,495**	4,587,535
External research and development fees		**897,986**	1,610,528	**1,058,246**	3,922,124
Share-based payments	12	**111,524**	403,393	**169,267**	3,609,928
Depreciation and amortization	7	**136,813**	1,107,318	**256,954**	2,237,289
Impairment loss		**-**	3,839,523	**-**	4,319,619
Total operating expenses		**3,456,606**	8,831,520	**5,713,962**	18,676,495
Loss from operations		**(3,456,606)**	(8,831,520)	**(5,713,962)**	(18,676,495)
Interest income	16	**(104,424)**	(186,163)	**(276,948)**	(458,504)
Finance expense, net		**8,357**	—	**20,771**	667
Loss on settlement of debt	11	**—**	—	**17,476**	—
Gain on measurement of financial liability		**—**	(2,926,922)	**—**	(2,926,922)
(Gain) loss on change in fair value of derivative liability	9	**(8,040)**	(328,193)	**(31,337)**	(121,243)
Loss on changes in fair value of investments	6	**—**	100,051	**—**	277,329
Net loss from operations		**(3,352,499)**	(5,490,293)	**(5,443,924)**	(15,447,822)
Other comprehensive loss					
Items that may be subsequently reclassified to loss:					
Exchange (loss) on translation of foreign operations		**(101,089)**	(232,891)	**(333,844)**	(217,489)
Comprehensive loss		**(3,453,588)**	(5,723,184)	**(5,777,768)**	(15,665,311)
Net loss attributable to:					
Equity owners of the Company		**(3,111,916)**	(5,490,293)	**(5,015,291)**	(15,447,822)
Non-controlling interests	13	**(240,583)**	—	**(428,633)**	—
		(3,352,499)	(5,490,293)	**(5,443,924)**	(15,447,822)
Net (loss) per share					
Basic and diluted	14	**$ (0.08)**	$ (0.14)	**$ (0.13)**	$ (0.39)
Weighted average number of shares outstanding – basic and diluted	14	**41,675,769**	39,234,204	**41,287,102**	39,901,651

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

FSD PHARMA INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended June 30, 2024 and 2023
[expressed in United States dollars, except number of shares]

	Class A shares		Class B shares		Warrants		Contributed surplus	Non-controlling interests	Foreign exchange translation reserve	Accumulated deficit	Total
	#	$	#	$	#	$	$	$	$	$	$
Balance, December 31, 2022	**72**	**151,588**	**38,504,210**	**143,258,972**	**6,482,093**	**2,142,400**	**28,500,924**	**—**	**652,601**	**(144,164,265)**	**30,542,220**
Share repurchase [note 11]	—	—	(1,904,700)	(7,165,356)	—	—	—	—	—	4,207,540	(2,957,816)
Share-based payments [note 12]	—	—	—		—	—	2,377,948	—	—	—	2,377,948
Share options exercised [note 11]	—	—	21,000	33,247	—	—	(13,000)	—	—	—	20,247
PSUs converted to shares [note 11,12]	—	—	2,420,104	1,180,070	—	—	(1,180,070)	—	—	—	—
Warrants issued [note 11]	—	—	—	—	3,925,000	1,231,980	—	—	—	—	1,231,980
Warrants expired [note 11	—	—	—	—	(7,311)	(138,885)	138,885	—	—	—	—
Comprehensive loss for the period	—	—	—	—	—	—	—	—	(217,489)	(15,447,822)	(15,665,311)
Balance, June 30, 2023	**72**	**151,588**	**39,040,614**	**137,306,933**	**10,399,782**	**3,235,495**	**29,824,687**	**—**	**435,112**	**(155,404,547)**	**15,549,268**
Balance, December 31, 2023	**72**	**151,622**	**39,376,723**	**137,626,863**	**10,324,043**	**2,723,356**	**30,225,741**	**(327,501)**	**417,341**	**(157,908,160)**	**12,909,262**
Shares issued [note 11]	—	—	6,798,358	2,139,808	—	—	—	—	—	—	2,139,808
Shares for debt [note 11,12]	—	—	1,139,304	685,051	—	—	—	—	—	—	685,051
Share-based payments [note 12]	—	—	—	—	—	—	169,267	—	—	—	169,267
Warrants expired [note 11]	—	—	—	—	(1,350,000)	(286,189)	286,189	—	—	—	—
Exercise of options [note 11,12]	—	—	94,000	102,563	—	—	(26,098)	—	—	—	76,465
Comprehensive loss for the period	—	—	—	—	—	—	—	(428,633)	(333,844)	(5,015,291)	(5,777,768)
Balance, June 30, 2024	**72**	**151,622**	**47,408,385**	**140,554,285**	**8,974,043**	**2,437,167**	**30,655,099**	**(756,134)**	**83,497**	**(162,923,451)**	**10,202,085**

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

	2024	2023
Operating activities		
Net loss from operations	**(5,443,924)**	(15,447,822)
Add (deduct) items not affecting cash		
Depreciation and amortization	**256,954**	2,237,289
Interest expense	**20,771**	15,071
Share-based payments	**169,267**	3,609,928
Change in fair value of investments	**—**	277,329
Change in fair value of derivative liability	**(31,337)**	(121,243)
Unrealized foreign exchange (gain) loss	**662,582**	—
Loss on settlement of debt	**17,476**	—
Gain on measurement of financial liability		(2,926,922)
Impairment loss	**—**	4,319,619
Changes in non-cash working capital balances		
Finance receivables	**1,619,150**	(896,431)
Other receivables	**141,896**	5,353
Prepaid expenses and deposits	**24,989**	(30,545)
Note receivable	**—**	(224,610)
Trade and other payables	**(17,700)**	919,954
Cash used in operating activities	**(2,579,876)**	(8,263,030)
Investing activities		
Redemption of investments	**738,000**	—
Purchase of investments	**(21,918)**	—
Cash provided by investing activities	**716,082**	—
Financing activities		
Share repurchase	**—**	(2,957,816)
Proceeds from issuance of shares, net	**2,139,808**	—
Proceeds from loan payable	**302,801**	—
Payment of lease obligation	**(29,214)**	(109,026)
Share options exercised	**-**	20,247
Cash provided by (used in) financing activities	**2,413,395**	(3,046,595)
Net increase (decrease)	**549,601**	(11,309,625)
Cash and cash equivalents, beginning of the period	**2,757,040**	16,980,472
Cash and cash equivalents, end of the period	**3,306,641**	5,670,847
Non-cash transactions		
Shares issued for debt	**685,051**	—
Exercise of options - shares issued for services	**102,563**	—

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

1. Nature of business

FSD Pharma Inc. ("FSD" or the "Company") is a biopharmaceutical company dedicated to building a portfolio of innovative assets and biotech solutions for the treatment of challenging neurodegenerative, inflammatory and metabolic disorders and alcohol misuse disorders with drug candidates in different stages of development. Through its wholly-owned subsidiary, Lucid Psycheceuticals Inc. ("Lucid"), FSD is focused on the research and development of its lead compound, Lucid-MS (formerly Lucid-21-302) ("Lucid-MS"). Lucid-MS is a patented new chemical entity shown to prevent and reverse myelin degradation, the underlying mechanism of multiple sclerosis, in preclinical models. FSD is also focused on the research and development of a treatment for alcohol misuse for application in hospitals and other medical practices. FSD maintains a portfolio of strategic investments through its wholly-owned subsidiary, FSD Strategic Investments Inc., which represent loans secured by residential property.

The Company's registered office is located at 199 Bay Street, Suite 4000, Toronto, Ontario, M5L 1A9. The Company's shares are listed on the Nasdaq Capital Market and on the Canadian Securities Exchange under the symbol "HUGE".

On July 31, 2023, the Company entered into an exclusive intellectual property license agreement (the "License Agreement") with Celly Nutrition Corp. ("Celly"). The License Agreement provides Celly access to proprietary information for the purposes of consumer product development and marketing. The License Agreement grants Celly the rights to a proprietary formulation of natural ingredients, vitamins, and minerals to help with liver and brain function for the purposes of potentially quickly relieving from the effects of alcohol consumption, such as inebriation, and restoring normal lifestyle. The License Agreement also grants Celly rights to certain trademarks. In exchange, FSD received 200,000,000 common shares in the capital of Celly following a 2:1 share-split. The Company also received an anti-dilution Warrant Certificate that entitles FSD to purchase up to 25% of the common shares deemed outstanding less the 200,000,000 common shares issued under the License Agreement and from time to time as a result of any partial exercise under the anti-dilution Warrant Certificate. FSD Pharma is also entitled to certain license fees and royalties under the License Agreement. Through the License Agreement, FSD acquired 34.66% of Celly. On July 31, 2023, the Company and Celly entered into a loan agreement for gross proceeds of C$1,000,000. The loan was funded on August 1, 2023, and accrues interest at a rate of 10% per annum. Interest is payable annually and the loan matures on July 31, 2026. In November 2023, through the Plan of Arrangement the Company distributed 45,712,529 of its 200,000,000 shares of Celly to its shareholders. The condensed consolidated interim financial statements incorporate the assets and liabilities of Celly as of June 30, 2024, and the results of operations and cash flows for the three and six months ended June 30, 2024 [Note 2(c)]. As of June 30, 2024, the Company has a 25.71% (December 31, 2023 – 26.15%) ownership interest in Celly through common shares held in Celly.

Going concern

The condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2024, and 2023, have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company is in the preliminary stages of its planned operations and has not yet determined whether its processes and business plans are economically viable. The continued operations of the Company and the recoverability of amounts shown for intangible assets are dependent upon the ability of the Company to obtain sufficient financing to complete the research and development program of Lucid-MS. As well as fund the research and development of a treatment for alcohol misuse for application in hospitals and other medical practices.

[unaudited] [expressed in United States dollars]

As at June 30, 2024, the Company had an accumulated deficit of $162,923,451 (December 31, 2023 - $157,908,160) and working capital of $4,977,191 (December 31, 2023 - $6,519,739), and incurred net loss of $5,443,924 (2023 - $15,447,822) for the six months ended June 30, 2024. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so. The Company will need to raise additional capital to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to do so on terms favourable for the Company. The above events and conditions indicate there is a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

Subsidiaries

These condensed consolidated interim financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which the Company has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. The Company has the following subsidiaries:

Entity Name	Country	Ownership percentage as at June 30, 2024 %	Ownership percentage as at December 31, 2023 %
FSD Biosciences Inc.	USA	100.00	100.00
Prismic Pharmaceuticals Inc.	USA	100.00	100.00
FV Pharma Inc.	Canada	100.00	100.00
Lucid Psycheceuticals Inc.	Canada	100.00	100.00
FSD Strategic Investments Inc.	Canada	100.00	100.00
FSD Pharma Australia Pty Ltd	Australia	100.00	100.00
Celly Nutrition Corp.	Canada	25.71	26.15
HUGE Biopharma Australia Pty. Ltd.	Australia	100.00	-

Non-controlling interests ("NCI") represent ownership interests in consolidated subsidiaries by parties that are not shareholders of the Company. They are shown as a component of total equity in the condensed consolidated interim statements of financial position, and the share of income (loss) attributable to non-controlling interests is shown as a component of net income (loss) in the condensed consolidated interim statements of loss and comprehensive loss. Changes in the parent company's ownership that do not result in a loss of control are accounted for as equity transactions.

2. Basis of presentation

[a] Statement of compliance

These condensed consolidated interim financial statements ("financial statements') were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2023. These financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. These financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023.

These financial statements were approved and authorized for issuance by the Board of Directors (the "Board") of the Company on August 12, 2024.

[b] Functional currency and presentation currency

The financial statements of each company within the consolidated group are measured using their functional currency, which is the currency of the primary economic environment in which an entity operates. These condensed consolidated interim financial statements are presented in United States dollars ("USD"), which is the Company's functional and presentation currency for all periods presented. The Company's functional currency is the United States dollar and the functional currencies of its subsidiaries are as follows:

FSD Biosciences Inc.	United States Dollar
Prismic Pharmaceuticals Inc.	United States Dollar
FV Pharma Inc.	Canadian Dollar
Lucid Psycheceuticals Inc.	Canadian Dollar
FSD Strategic Investments Inc.	Canadian Dollar
FSD Pharma Australia Pty Ltd	Australian Dollar
Celly Nutrition Corp.	Canadian Dollar
HUGE Biopharma Australia Pty. Ltd.	Australian Dollar

[c] Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, consistent with those disclosed in the audited consolidated financial statements for the year ended December 31, 2023 and described in these financial statements. Actual results could differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Disclosure of interests in other entities

To assess the investment in Celly, judgment was required to determine if the Company has significant influence or control of Celly. The Company considered the relevant guidance in *IFRS 10 – Consolidated Financial Statements, IAS 24 – Related Party Disclosures and IAS – 28 Investments in Associates and Joint Ventures.*

Judgment is applied in determining when the Company controls an investment even if the Company holds less than a majority of the investee's voting rights (the existence of de facto control). The Company concluded it has control of Celly even though the Company only held 25.71% of the voting rights as of June 30, 2024 (December 31, 2023 – 26.15%). The Company concluded it has control of Celly as the Company, together with persons or entities considered to be de facto agents of the Company, held a combined 57.45% (December 31, 2023 - 52.05%) of the voting rights of Celly. In addition, key management personnel of the Company hold three of the four board of director positions of Celly. The assessment of control is performed on a continuous basis. The Company determined that it obtained control of Celly on July 31, 2023, and control was maintained from July 31, 2023, through June 30, 2024. Celly is significantly dependent on the Company as a result of the License Agreement and the loan. The NCI component of Celly is included as a separate component in equity (Note 13).

[unaudited] [expressed in United States dollars]

New standards, amendments and interpretations not yet adopted by the Company

IFRS 16 – Leases ("IFRS 16")

In September 2022, the IASB issued amendments to IFRS 16, Leases, which add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The amendment did not have a material impact on the financial statements.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the financial statements.

3. Other receivables

The Company's other receivables are comprised of the following:

	June 30, 2024	December 31, 2023
	$	$
Sales tax recoverable	**82,772**	209,550
Interest receivable	**393**	15,511
Other receivables	**3,703**	3,703
	86,868	228,764

4. Prepaid expenses and deposits

The Company's prepaid expenses and deposits include the following:

	June 30, 2024	December 31, 2023
	$	$
Research and development	**-**	30,705
Insurance	**57,767**	60,999
Other prepaids and deposits	**72,657**	63,709
	130,424	155,413

5. Finance receivables

Finance receivables consist of secured loan receivables measured at amortized cost, net of allowance for expected credit losses.

Finance receivables as at June 30, 2024 are as follows:

	$
Balance – January 1, 2024	8,095,354
Add: Interest income	504,434
Less: Interest payments	(492,555)
Less: Principal payments	(1,730,872)
Effects of foreign exchange	99,843
Balance – June 30, 2024	**6,476,204**
Current	6,476,204
Non-current	-
Balance – June 30, 2024	**6,476,204**

Allowances for expected credit losses as at June 30, 2024, were $nil (December 31, 2023 - $nil). Finance receivables earn fees at fixed rates and have an average term to maturity of two years from the date of issuance. The loans are secured by residential property with a first or second collateral mortgage on the secured property, except for the loan issued to a related party (Note 18). Loans are issued up to 55% of the initial appraised value of the secured property at the time of issuance.

[unaudited] [expressed in United States dollars]

Finance receivables include the following as at June 30, 2024:

	June 30, 2024 $
Minimum payments receivable	6,605,516
Unearned income	(129,312)
Net investment	6,476,204
Allowance for credit losses	—
Finance receivables, net	**6,476,204**

As at June 30, 2024, all loans were classified as level 1 within the fair value hierarchy – quoted market price and there were no changes between levels during the period.

6. Investments

The following tables outline changes in investments during the periods:

Entity	Instrument	Note	Balance at December 31, 2023 $	Additions $	Redemptions	Effects of foreign exchange $	Balance at June 30, 2024 $
Solarvest BioEnergy Inc.	Shares	(i)	—	—	—	—	—
Solarvest BioEnergy Inc.	Convertible debenture	(i)	—	—	—	—	—
A2ZCryptoCap Inc.	Shares	(ii)	6,049	—	—	(204)	5,845
Royal Bank of Canada	GIC	(iii)	756,100	—	(738,000)	(18,100)	—
Royal Bank of Canada	GIC	(iv)	—	21,918	—	—	21,918
			762,149	**21,918**	**(738,000)**	**(18,304)**	**27,763**
						Current	**21,918**
						Non-Current	**5,845**
							27,763

(i) Solarvest BioEnergy Inc. (“Solarvest”)

The Company holds 3,000,000 common shares of Solarvest and a convertible debenture with a principal amount of C$2,400,000 maturing on May 31, 2024. The convertible debenture can be converted into common shares of Solarvest at a price of $1.00 per share.

As at June 30, 2024, the fair value of the shares was determined to be $nil (December 31, 2023 - $nil) given the halt in trading of Solarvest’s shares as a result of the entity failing to maintain a transfer agent and due to the significant financial and operational challenges being faced by the entity. Similarly, the fair value of the convertible debenture was determined to be $nil as at June 30, 2024. The shares have been classified as level 1 within the fair value hierarchy – quoted market price, and the convertible debenture has been classified as level 2 – valuation technique with observable market inputs.

[unaudited] [expressed in United States dollars]

(ii) A2ZCryptoCap Inc. ("A2Z")

On June 23, 2022, the Company acquired 80,000 shares of A2Z for C$0.10 per share. As at June 30, 2024, the fair value of the shares was determined based on the quoted market price of the shares of C$0.10 per share (December 31, 2023 – C$0.10). The shares have been classified as level 1 within the fair value hierarchy – quoted market price.

(iii) On August 9, 2023, the Company purchased a Guaranteed Investment Certificate ("GIC") in the amount of $744,500 from Royal Bank of Canada ("RBC") with a maturity date of August 9, 2024. The GIC pays variable interest based on RBC's Prime Interest Rate minus 2.00%. The GIC has been classified as level 2 – valuation technique with observable market inputs. During the six months June 30, 2024, the Company redeemed the full amount for gross proceeds of $738,000. The balance outstanding as at June 30, 2024 is $nil.

iv) On February 14, 2024, the Company purchased a GIC in the amount of $22,140 from RBC with a maturity date of February 14, 2025. The GIC pays variable interest of 4.75% per annum. As of June 30, 2024, the balance outstanding is $21,918, The GIC has been classified as level 2 – valuation technique with observable market inputs.

7. Intangible assets

Intangible assets as at June 30, 2024 are as follows:

Cost	**Innovet**	**Prismic**	**Lucid**	**Total**
As at December 31, 2022	750,000	19,201,493	6,314,571	26,266,064
Impairment	(750,000)	(19,201,493)	—	(19,951,493)
As at December 31, 2023 and June 30, 2024	**—**	**—**	**6,314,571**	**6,314,571**
Accumulated amortization				
As at December 31, 2022	**229,933**	**13,457,622**	**538,220**	**14,225,775**
Amortization	39,971	1,904,348	420,664	2,364,983
Impairment	(269,904)	(15,361,970)	—	(15,631,874)
As at December 31, 2023	—	—	958,884	958,884
Amortization	—	—	209,755	209,755
As at June 30, 2024	**—**	**—**	**1,168,639**	**1,168,639**
Net book value				
As at December 31, 2023	—	—	5,355,687	5,355,687
As at June 30, 2024	**—**	**—**	**5,145,932**	**5,145,932**

The Company's intangible asset for Lucid represents the license agreement with the University Health Network giving the Company world-wide exclusive rights to the Lucid-MS compound and related patents.

8. Trade and other payables

Trade and other payables consist of the following:

	June 30, 2024	December 31, 2023
	$	$
Trade payables	**3,603,059**	3,240,658
Accrued liabilities (i)	**816,608**	954,371
	4,419,667	4,195,029

(i) Accrued liabilities consist of the following:

	June 30, 2024	December 31, 2023
	$	$
Operational expenses	**279,034**	71,953
Professional and other fees	**128,381**	473,225
Accrued interest	**409,193**	409,193
	816,608	954,371

9. Warrants Liability

In August 2020, the Company issued 2,762,430 Class B shares and 1,381,215 warrants to purchase Class B shares for total cash proceeds of $9,999,997. Each warrant is exercisable to purchase one Class B share of the Company at an exercise price of $4.26 per share and expire five years from the date of issuance. The fair value of these warrants is classified as Level 2 in the fair value hierarchy.

On initial recognition the Company determined that these warrants did not meet the IFRS definition of equity due to the exercise price being denominated in United States dollar, which was not the functional currency of the Company at the time resulting in variability in exercise price. The change in functional currency on October 1, 2020, was determined to be a change in circumstance and, as such, the Company has made an accounting policy choice to continue to recognize the warrants as a financial liability classified at fair value through profit or loss.

The fair value of the warrants liability as at June 30, 2024, was $1 (December 31, 2023 – $31,338) resulting in a gain on change in fair value of $31,337 for the six months ended June 30, 2024 (2023 – $121,243). The fair value was determined using the Black-Scholes option pricing model and the following assumptions as at:

	June 30, 2024	**December 31, 2023**
Share price	$ 0.16	$ 0.92
Exercise price	$ 4.26	$ 4.26
Expected dividend yield	-	-
Risk free interest rate	4.02	3.91%
Expected life	1.10	1.60
Expected volatility	70%	66%

[unaudited] [expressed in United States dollars]

10. Notes payable

As at June 30, 2024, the Company has total notes payable balance of $615,562 (December 31, 2023 - $300,549). During the six months ended June 30, 2024, the Company issued a note payable of $290,387 (AUD $440,000) to RH Capital Finance CO LLC, with an interest rate of 16.0% per annum and maturing in June 2024. During the six months ended June 30, 2024, the Company accrued interest of $24,626. The total balance including interest was received subsequent to June 30, 2024. This loan allows the Company to access liquidity with respect to the Australian tax rebate scheme structure. The remaining note payable balance of $300,549 was assumed on acquisition of Prismic and is due on demand.

11. Share capital

[a] Authorized

The Company is authorized to issue an unlimited number of Class A multiple voting shares ("Class A shares") and an unlimited number of Class B subordinate voting shares ("Class B shares"), all without par value. All shares are ranked equally regarding the Company's residual assets.

The holders of Class A shares are entitled to 276,660 votes per Class A share held. Class A shares are held by the Chief Executive Officer ("CEO"), President, Executive Co-Chairman of the Board and the Director and Executive Co-Chairman of the Board. The holders of Class B shares are entitled to one (1) vote per share held.

[b] Issued and outstanding

Reconciliation of the Company's share capital is as follows:

	Class A shares		Class B shares		Warrants	
	#	$	#	$	#	$
Balance, December 31, 2022	**72**	**151,588**	**38,504,210**	**143,258,972**	**6,482,093**	**2,142,400**
Share repurchase [a]	—	—	(1,904,700)	(7,165,356)	—	—
Warrants issued [b]	—	—	—	—	3,925,000	1,231,980
PSU converted to shares [c]	—	—	2,420,104	1,180,070	—	—
Share options exercised [d]	—	—	21,000	33,247	—	—
Warrants expired [e]	—	—	—	—	(7,311)	(138,885)
Balance, June 30, 2023	72	151,588	39,040,614	137,306,933	10,399,782	3,235,495
Balance, December 31, 2023	**72**	**151,622**	**39,376,723**	**137,626,863**	**10,324,043**	**2,723,356**
Shares issued [f]	—	—	6,798,358	2,139,808	—	—
Shares for debt [g]	—	—	1,139,304	685,051	—	—
Warrants expired [h]	—	—	—	—	(1,350,000)	(286,189)
Share options exercised [i]	—	—	94,000	102,563	—	—
Balance, June 30, 2024	**72**	**151,622**	**47,408,385**	**140,554,285**	**8,974,043**	**2,437,167**

Activity during the six months ended June 30, 2023:

[a] During the six months ended June 30, 2023, the Company repurchased and canceled 1,904,700 Class B shares at prevailing market prices as part of its share repurchase program.

[b] During the six months ended June 30, 2023, the Company issued 3,925,000 warrants for consulting services with a fair value of $1,384,553. The Company recognized $1,231,980 as expense during the six months ended June 30, 2023, with the remaining $152,573 to be recognized over the vesting period of certain warrants. The Company determined the fair value of the services received could not be measured reliably and determined the fair value using the Black-Scholes model.

[c] During the six months ended June 30, 2023, the Company converted 2,420,104 PSUs to Class B shares following the completion of the vesting condition on January 6, 2023, the filing of the MS Phase 1 IND.

[d] During the six months ended June 30, 2023, 21,000 share options were exercised with an exercise price of C$1.30 in exchange for 21,000 Class B Common shares.

[e] During the six months ended June 30, 2023, 7,311 warrants expired unexercised.

[unaudited] [expressed in United States dollars]

Activity during the six months ended June 30, 2024:

[f] During the six months ended June 30, 2024, the Company entered into an at-the-market offering agreement (the "ATM Agreement") to sell Class B shares, having an aggregate offering price up to $11,154,232. During the six months ended June 30, 2024, the Company issued 6,798,358 common shares for gross proceeds of $2,234,790. A cash commission of $67,044, based on 3.0% of the aggregate gross proceeds, plus other trading expenses of $27,938, resulted in total share issuance costs of $94,982. The net proceeds from this raise were $2,139,808.

[g] In March 2024, the Company settled an aggregate of $524,324 (C$637,750) of amounts owing to an arm's length creditor through the issuance of 600,000 Class B shares at a price of $0.903 per Class B share for total value of $541,800. Included in this amount is 55,000 Class B shares issued pursuant to the conversion of RSUs, which vested immediately upon grant (Note 12). Each RSU entitled the holder to acquire one Class B share of the Company upon vesting. The Company incurred a loss on settlement of debt of $17,476 as the share price on the date of issuance was higher than the price stated in the agreement.

In February 2024, the Company issued 39,304 Class B shares at a deemed price of $0.86 per Class B share to settle an aggregate amount of $33,636 owing to an arm's length creditor.

In June 2024, the Company settled an aggregate of $109,614 (C$150,000) of amounts owing to arm's length creditors through the issuance of 500,000 Class B shares at a price of $0.22 per Class B share for total value of $109,614. The agreements state that the creditors will accept shares as payment and settlement of debt, provided that upon selling the debt settlement shares, the creditors have received net proceeds from the sale equal to the debt. For any losses, if any, calculated as the total debt minus the net proceeds, shall be added back to the debt amount on a dollar-for-dollar basis by the amount of the loss. As at June 30, 2024, there were amounts remaining in payables for these creditors.

[h] During the six months ended June 30, 2024, 1,350,000 warrants expired unexercised.

[i] During the six months ended June 30, 2024, 94,000 share options were exercised with a price of $1.10 (C$1.50) in exchange for 94,000 Class B Common shares. The shares were issued in exchange for services.

The changes in the number of warrants outstanding during the six months ended June 30, 2024, and 2023:

	Number of warrants #	**Weighted average exercise price C$**
Outstanding as at December 31, 2022	6,482,093	5.48
Issued	3,925,000	4.58
Expired	(7,311)	16,08
Outstanding as at June 30, 2023	10,399,782	5.05
Outstanding as at December 31, 2023	**10,324,043**	**5.05**
Expired	(1,350,000)	3.57
Outstanding as at June 30, 2024	**8,974,043**	**5.89**

[unaudited] [expressed in United States dollars]

Measurement of fair values

There were no warrants granted during the six months ended June 30, 2024.

The fair value of the warrants issued during the six months ended June 30, 2024 and 2023, were estimated at the date of grant using the Black-Scholes option pricing model with the following inputs:

	2024	2023
Grant date share price	—	C$1.44 - C$2.29
Exercise price	—	C$1.50 - C$10.82
Expected dividend yield	—	—
Risk free interest rate	—	3.08% - 4.26%
Expected life	—	1 - 5 years
Expected volatility	—	64% - 109%

The following table is a summary of the Company's warrants outstanding as at June 30, 2024:

Expiry Date		Exercise price C$	Number outstanding #
February 27, 2025	(i)	2.40	400,000
February 27, 2025	(i)	5.47	400,000
February 27, 2025	(i)	10.95	200,000
May 15, 2025		1.50	37,500
May 15, 2025		3.00	37,500
May 23, 2025		1.50	50,000
March 24, 2025	(i)	2.40	400,000
March 24, 2025	(i)	5.47	400,000
March 24, 2025	(i)	10.95	200,000
May 4, 2025		26.73	3,730
May 10, 2025		26.73	1,865
May 17, 2025		26.73	3,730
May 31, 2025		26.73	1,865
June 8, 2025		9.65	1,500,000
August 6, 2025	(i)	7.75	1,381,215
October 20, 2025	(i)	4.53	3,454,543
January 16, 2026		26.73	1,722
January 20, 2026		26.73	373
May 15, 2028		1.50	500,000
		5.89	**8,974,043**

(i) Warrants were issued in US$

[unaudited] [expressed in United States dollars]

12. Share-based compensation

The Company has established a share option plan (the "Option Plan") for directors, officers, employees and consultants of the Company. The Company's Board determines, among other things, the eligibility of individuals to participate in the Option Plan, the term and vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

[i] Share-based payment arrangements

During the six months ended June 30, 2024, the Company granted 800,000 (2023 – 2,488,000) share options to consultants of the Company.

The changes in the number of share options outstanding during the six months ended June 30, 2024, and 2023, were as follows:

	Number of options #	Weighted average exercise price C$
Outstanding as at December 31, 2023	2,460,615	1.56
Granted	800,000	1.50
Exercised	(94,000)	1.50
Expired	(58,735)	5.43
Outstanding as at June 30, 2024	**3,107,880**	**1.48**
Exercisable as at June 30, 2024	**2,666,463**	**1.47**

	Number of options #	Weighted average exercise price C$
Outstanding as at December 31, 2022	418,529	3.71
Granted	2,488,000	1.52
Forfeited	(55,000)	1.63
Exercised	(21,000)	1.30
Expired	(118,143)	6.89
Outstanding as at June 30, 2023	2,712,386	1.63
Exercisable as at June 30, 2023	2,538,634	1.57

During the six months ended June 30, 2024, $32,595 (2023 - 118,143) share options related to former officers and employees who are no longer with the Company expired. Individuals who are no longer with the Company have 30 days after their last day to exercise any vested share options. Vested options that remain unexercised after 30 days
expire.

[unaudited] [expressed in United States dollars]

Measurement of fair values

The fair value of share options granted during the six months ended June 30, 2024, and 2023, were estimated at the date of grant using the Black-Scholes option pricing model with the following inputs:

	2024	2023
Grant date share price	**C$1.11-C$1.20**	C$1.28 - $C2.30
Exercise price	**C$1.50**	C$1.30 - $C2.45
Expected dividend yield	**—**	—
Risk free interest rate	**3.98% - 4.20%**	2.88% - 3.99%
Expected life	**2 years**	3 - 5 years
Expected volatility	**66%**	95% - 110%

Expected volatility was estimated by using the annualized historical volatility of the Company. The expected option life represents the period that options granted are expected to be outstanding. The risk-free interest rate is based on Canadian government bonds with a remaining term equal to the expected life of the options.

The following table is a summary of the Company's share options outstanding as at June 30, 2024:

Options outstanding			**Options exercisable**	
Exercise price C$	Number outstanding #	Weighted average remaining contractual life [years] #	Exercise price C$	Number exercisable #
1.30	2,000,000	3.82	1.30	2,000,000
1.50	706,000	1.82	1.50	285,333
1.70	67,980	1.62	1.70	67,980
2.38	15,000	1.91	2.38	15,000
2.41	15,000	1.98	2.41	15,000
2.45	294,000	1.90	2.45	274,000
2.91	5,150	1.75	2.91	5,150
3.86	4,750	2.73	3.86	4,000
1.48	**3,107,880**	**3.11**	**1.47**	**2,666,463**

[ii] Performance Share Units ("PSUs") and Restrictive Share Units ("RSUs")

In May 2022, the Company established a performance share unit plan ("PSU Plan") and a restrictive unit plan ("RSU Plan"), for directors, offers, employees and consultants of the Company. The Company's Board determines the eligibility of individuals to participate in the PSU Plan and RSU Plan to align their interests with those of the Company's shareholders.

No amounts are paid or payable by the individual on receipt of the PSUs and RSUs. Each PSU and RSU converts into one common share of the Company at $nil exercise price. The Company's PSU Plan and RSU Plan provides that the number of common shares reserved for issuance may not exceed 10% of the aggregate number of common shares that are outstanding unless the Board has increased such limit by a Board resolution.

[unaudited] [expressed in United States dollars]

PSUs

There were no PSUs issued during the six months ended June 30, 2024. As at June 30, 2024, there were no PSUs outstanding (December 31, 2023 – nil).

During the six months ended June 30, 2023, the Company converted 2,420,104 PSUs to Class B shares. The PSUs were fully vested as of January 6, 2023, upon the filing of the MS Phase 1 IND. During the six months ended June 30, 2023, the Company granted 400,000 PSUs to independent directors who are no longer with the Company.

RSUs

On February 23, 2024, the Company granted 55,000 RSUs pursuant to the shares for debt transaction (Note 11). The RSUs vested immediately upon grant and 55,000 Class B shares were issued with a total fair value of $49,665, which was determined based on the share price of the Company on the date of the grant.

The change in the number of RSUs during the six months ended June 30, 2024, is as follows:

	Number of RSUs
	#
Outstanding as at December 31, 2023	—
Granted	55,000
Converted to common shares	(55,000)
Outstanding as at June 30, 2024	—

The Company recognized share-based compensation as follows:

	For the three months ended June 30,		**For the six months ended June 30,**	
	2024	2023	**2024**	2023
	$	$	**$**	$
Share options	**111,524**	65,992	**169,267**	1,919,695
PSUs	—	—	—	458,253
Warrants issued for services	**—**	337,401	**—**	1,231,980
	111,524	403,393	**169,267**	3,609,928

13. Non-controlling interests

Through the License Agreement, FSD acquired 34.66% of Celly on July 31, 2023. As of June 30, 2024, the Company has a 25.71% (December 31, 2023 – 26.15%) ownership interest in Celly through common shares held in Celly. The non-controlling interest represents the common shares of Celly not attributable to the Company.

Reconciliation of non-controlling interest is as follows:

Balance, December 31, 2023	(327,501)
Net loss for the period	(428,633)
Balance, June 30, 2024	**(756,134)**

[unaudited] [expressed in United States dollars]

14. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of warrants, share options, PSUs and RSUs. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the six months ended June 30, 2024, and 2023, are as follows:

	June 30, 2024	June 30, 2023
	#	#
Warrants	**8,974,043**	10,399,782
Share Options	**3,107,880**	2,712,386
PSUs	**—**	400,000
	12,081,923	13,512,168

15. General and administrative

Components of general and administrative expenses for the three and six months ended June 30, 2024, and 2023 were as follows:

	For the three months ended June 30,		**For the six months ended June 30,**	
	2024	2023	**2024**	2023
	$	**$**	**$**	**$**
Professional fees	**958,377**	814,488	**1,816,800**	1,408,774
Investor relations	**561,054**	100,158	**833,216**	347,550
Salaries, wages and benefits	**436,687**	465,899	**816,139**	1,095,926
Consulting fees	**204,492**	269,067	**423,453**	825,871
Office and general administrative	**163,958**	691,102	**350,029**	1,313,418
Foreign exchange loss (gain)	**(14,285)**	(469,956)	**(10,142)**	(404,004)
	2,310,283	1,870,758	**4,229,495**	4,587,535

[unaudited] [expressed in United States dollars]

16. Segment information

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, with appropriate aggregation. The chief operating decision maker is the CEO who is responsible for allocating resources, assessing the performance of the reportable segment and making key strategic decisions. The Company operates in two segments: Biopharmaceutical and Strategic Investments.

The Company's Biopharmaceutical segment is focused on furthering the research and development of the Company's drug candidates and the development of a treatment for alcohol misuse for application in hospitals and other medical practices. The Biopharmaceutical segment primarily earns interest income on excess cash on hand invested in short-term guaranteed investment certificates.

The Company's Strategic Investments segment is focused on generating returns and cash flow through the issuance of loans secured by residential property, with FSD Strategic Investments having a first or second collateral mortgage on the secured property.

The following tables summarize the Company's total current and non-current assets and current and non-current liabilities as of June 30, 2024, and December 31, 2023, on a segmented basis:

	As at June 30, 2024		
	Biopharmaceutical $	**Strategic Investments $**	**Total $**
Current assets	3,545,851	6,476,204	**10,022,055**
Non-current assets	5,224,894	—	**5,224,894**
Current liabilities	5,044,864	—	**5,044,864**
Non-current liabilities	—	—	—

	As at December 31, 2023		
	Biopharmaceutical $	**Strategic Investments $**	**Total $**
Current assets	3,897,317	7,187,988	**11,085,305**
Non-current assets	5,482,157	907,366	**6,389,523**
Current liabilities	4,565,566	—	**4,565,566**
Non-current liabilities	—	—	—

The following tables summarize the Company's interest income, total operating expenses, and net loss for the three and six months ended June 30, 2024 and 2023 on a segmented basis:

	For the six months ended June 30, 2024		
	Biopharmaceutical $	**Strategic Investments $**	**Total $**
Interest expense (income)	12,109	(289,057)	**(276,948)**
Total operating expenses	5,713,717	245	**5,713,962**
Net (loss) income	(5,732,736)	288,812	**(5,443,924)**

	For the three months ended June 30, 2024		
	Biopharmaceutical $	**Strategic Investments $**	**Total $**
Interest expense (income)	31,266	(135,690)	**(104,424)**
Total operating expenses	3,456,556	50	**3,456,606**
Net (loss) income	(3,488,139)	135,640	**(3,352,499)**

	For the six months ended June 30, 2023		
	Biopharmaceutical $	**Strategic Investments $**	**Consolidated $**
Interest income	(171,303)	(287,201)	(458,504)
Total operating expenses	18,676,314	181	18,676,495
Net loss	(15,065,658)	(382,164)	(15,447,822)

[unaudited] [expressed in United States dollars]

	For the three months ended June 30, 2023		
	Biopharmaceutical $	**Strategic Investments $**	**Consolidated $**
Interest income	(34,787)	(151,376)	(186,163)
Total operating expenses	8,831,414	106	8,831,520
Net loss	(5,243,879)	(246,414)	(5,490,293)

17. Commitments and contingencies

Commitments

Lucid-MS Agreement

The Company has entered into a license agreement that governs the Lucid-MS compound. Under the terms of the agreement, the Company shall pay a yearly license maintenance fee of C$100,000 until the first commercial sale of a product is made.

Under the agreement the Company is committed to minimum milestone payments of $nil and maximum milestone payments of C$12,500,000 if all product development and regulatory milestones are met. Furthermore, the Company is also responsible to pay revenue milestone payments and royalties if revenue milestones from commercial sales are achieved. Milestones can be extended by mutual agreement. No payments have been made to date related to these milestones.

Contingencies

Legal Matters

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to the condensed consolidated interim statements of loss and comprehensive loss in that period.

GBB Drink Lab, Inc.

GBB Drink Lab, Inc. (“GBB”) has filed a complaint with the United States District Court of Southern District of Florida, Fort Lauderdale Division against FSD Biosciences, Inc. and FSD Pharma, Inc. claiming a material breach of a mutual non-disclosure agreement and misappropriation of trade secrets, which GBB claims has and continues to cause irreparable harm, valued, as of August 30, 2022 (prior to the misappropriation and material breach) at $53,047,000. On June 23, 2023, the Company filed a motion to dismiss the complaint. On July 3, 2023, GBB responded in opposition to the Company’s motion to dismiss the complaint. On August 24, 2023, the parties filed a proposed joint scheduling report with the U.S. District Court, which set forth various deadlines that would govern this action. Under the proposed joint schedule, which still needs to be approved by the U.S. District Court, the case would be trial-ready by June 2025.

The ultimate outcome of the matter cannot be determined at this time.

Raza Bokhari

On July 15, 2021, the Company's former CEO, Raza Bokhari, filed a notice of arbitration seeking relief and support for breach of contract and severance and damages in the amount of $30,200,000, for aggravated and punitive damages in the amount of $500,000 and legal fees and disbursements associated with the arbitration.

Raza Bokhari was placed on administrative leave from his role as the Company's Chief Executive Officer following the Company's annual general and special meeting of shareholders on May 14, 2021, pending the outcome of an investigation of various concerns by a Special Committee comprised of independent directors using independent legal counsel. Upon the recommendation of the Special Committee, Raza Bokhari's employment was terminated for cause by the Company's board on July 27, 2021.

The Company disputed the allegations and counterclaimed against Raza Bokhari for losses sustained as a result of his alleged breaches of his duties to the Corporation. The arbitration hearing concluded in August 2022 and the arbitrator issued his decision in November 2022. Raza Bokhari's claim for USD $30.2 million was dismissed in its entirety along with his claim that he had been wrongfully dismissed. The arbitrator ordered that Raza Bokhari repay certain monies to FSD Pharma, while also holding him responsible for FSD Pharma's costs of the arbitration.

On December 9, 2022, Raza Bokhari filed an application in the Ontario Superior Court seeking to set aside the arbitral award of the court on the grounds that he was not treated equally and fairly and the arbitrator's written award provided inadequate reasons for his decision.

On December 20, 2022, the Company's legal counsel wrote to the Commercial List of the Ontario Superior Court of Justice seeking to transfer the application from the Civil List to the Commercial List. The request was granted on January 12, 2023.

On April 28, 2023, the court ordered the case to be heard at the Commercial List on September 27, 2023.

On September 27 and 28, 2023, the application to set aside the award and cost of ground of unfairness was dismissed. As Raza Bokhari lost the set aside application, the court ordered Raza Bokhari to pay the Company C$165,000 to cover the Company's legal expenses.

On October 13, 2023, Raza Bokhari filed a "Notice of Motion for Leave to Appeal" with the Court of Appeal for Ontario.

On December 15, 2023, the Company submitted a responding party's factum to the Court of Appeal for Ontario.

On February 6, 2024, the Ontario Superior Court of Justice affirmed judgment and awarded an additional C$5,000 in costs considering Raza Bokhari's failed motion for leave to appeal. As of the date hereof, the litigation is ongoing.

On May 31, 2024, the United States District Court for the Eastern District of Pennsylvania confirmed FSD Pharma, Inc.'s Petition to Confirm Arbitration Awards entered against Dr. Raza Bokhari. On June 27, 2024, the US District Court for the Eastern District of Pennsylvania confirmed FSD Pharma's motion for entry of judgement and granted judgement in favor of FSD Pharma Inc of approximately USD 3 million.

18. Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly.

[unaudited] [expressed in United States dollars]

Transactions with key management and directors comprised of the following:

a) Director's compensation for the three and six months ended June 30, 2024, was $33,201 and $99,716, respectively (2023 – $49,932 and $104,345).

b) During the six months ended June 30, 2024, the Company granted Nil (2023 – 400,000) PSUs to independent members of the Board. As at June 30, 2024, the PSUs had fully vested upon the filing of the MS Phase 1 IND on January 6, 2023 and were settled with the issuance of Class B shares.

c) During the six months ended June 30, 2024, the Company granted the previous interim CEO, the current CEO, the Chief Operating Officer ("COO") and the CEO of Lucid, Nil (2023 – 500,000) share options each with an exercise price of C$1.30 and an expiry date of January 25, 2028. All options were fully vested on grant. Each share option can be exercised to acquire one Class B share.

d) During the six months ended June 30, 2023, the Company entered into a secured loan agreement with the CEO for C$1,200,000, with monthly payments of C$6,000 based on an annual interest rate of 6%. The loan matures on April 26, 2025, and is part of FSD Strategic Investments' portfolio of loans. The loan is secured by a second charge mortgage on the underlying residential property.

e) During the six months ended June 30, 2023, the Company issued 1,000,000 warrants for consulting services to certain independent members of the Board of Directors with a fair value of $533,206, prior to them joining the Board of Directors. The Company determined the fair value of the services received could not be measured reliably and determined the fair value using the Black-Scholes model.

Key management personnel compensation during the three and six months ended June 30, 2024, and 2023 is comprised of:

	For the three months ended June 30,		**For the six months ended June 30,**	
	2024	2023	**2024**	2023
	$	$	**$**	$
Salaries, benefits, bonuses and consulting fees	**152,286**	354,614	**476,528**	672,444
Share-based payments	—	286,835	—	2,344,616
	152,286	641,449	**476,528**	3,017,060

As at June 30, 2024, the Company owed an executive officer $Nil (December 31, 2023 - $140,012), for legal fees incurred by the Company and paid by the executive officer on behalf of the Company. The amount owed is recorded within trade and other payables.

As at June 30, 2024, the Company has $9,133 owing to related parties included in accounts payable and accrued liabilities (December 31, 2023 - $Nil).

19. Capital Management

The Company's capital management objectives are to maintain financial flexibility to complete the research and development of a proprietary formulation of natural ingredients, vitamins, and minerals to help with liver and brain function for the purposes of quickly relieving individuals from the effects of alcohol consumption.

The Company defines capital as the aggregate of its capital stock and borrowings.

As at June 30, 2024, the Company's share capital was $140,705,907 (December 31, 2023 – $137,778,485). The Company does not have any long-term debt. Outstanding notes payables were assumed on the acquisition of Prismic and are due on demand.

The Company manages its capital structure in accordance with changes in economic conditions. To maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares or undertake any other activities as deemed appropriate under specific circumstances. The Company is not subject to any externally imposed capital requirements.

20. Subsequent Events

The Company issued three new loans secured by residential or commercial properties during July and August 2024

and renewed one existing loan in July 2024. The total amount of these loans was equivalent to $1,866,370

(C$2,585,000).

The Company generated total proceeds of approximately $5,542,952 through its ATM Agreement subsequent to June 30, 2024. The proceeds will be used in the normal course of business operations.

The Company issued a total of 950,000 Class B shares to settle debts owing to an arm's length creditor subsequent to June 30, 2024.

On August 9, 2024, the Company announced a share consolidation and name change, effective August 15, 2024.

The Company will consolidate its shares on a 65:1 basis and change its name to "Quantum BioPharma Ltd." with a new trading symbol "QNTM" on both NASDAQ and CSE. This move aims to regain compliance with NASDAQ's minimum bid price requirement.

FSD PHARMA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis of financial condition and results of operations ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "FSD", "we", "us" or "our" refer to FSD Pharma Inc., together with our subsidiaries, on a consolidated basis as constituted on June 30, 2024.

This MD&A for the three and six months ended June 30, 2024, and 2023 should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the accompanying notes for the three and six months ended June 30, 2024, and 2023 (the "financial statements"). The financial information presented in this MD&A is derived from the financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are in United States dollars except where otherwise indicated.

This MD&A is dated as of August 13, 2024.

About FSD Pharma

FSD Pharma Inc. ("FSD" or the "Company") is a biopharmaceutical company dedicated to building a portfolio of innovative assets and biotech solutions for the treatment of challenging neurodegenerative, inflammatory and metabolic disorders and alcohol misuse disorders with drug candidates in different stages of development. Through its wholly-owned subsidiary, Lucid Psycheceuticals Inc. ("Lucid"), FSD is focused on the research and development of its lead compound, Lucid-MS (formerly Lucid-21-302) ("Lucid-MS"). Lucid-MS is a patented new chemical entity shown to prevent and reverse myelin degradation, the underlying mechanism of multiple sclerosis, in preclinical models. FSD Pharma has also licensed UNBUZZD™, a proprietary formulation of natural ingredients, vitamins, and minerals to help with liver and brain function for the purposes of quickly relieving individuals from the effects of alcohol consumption for use in the consumer recreational sector, to Celly Nutrition Corp. ("Celly") and is entitled to a royalty on the revenue generated by Celly from sales of products created using the technology rights granted under the licensing agreement. FSD is also focused on the research and development of a treatment for alcohol misuse for application in hospitals and other medical practices. FSD maintains a portfolio of strategic investments through its wholly-owned subsidiary, FSD Strategic Investments Inc., which represent loans secured by residential or commercial property.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Any statements that are contained in this MD&A that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "plans", "expects", "expected", "scheduled", "estimates", "intends", "anticipates", "hopes", "planned" or "believes", or variations of such words and phrases, or states that certain actions, events, or results "may", "could", "would", "might", "potentially" or "will" be taken, occur or be achieved. More particularly, and without limitation, this MD&A contains forward-looking statements contained in this MD&A include statements concerning the future of FSD Pharma Inc. and are based on certain assumptions that FSD Pharma has made in respect thereof as of the date of this MD&A. FSD Pharma cannot give any assurance that such forward-looking statements will prove to have been correct.

Since forward-looking statements relate to future events and conditions, by their very nature they require making assumptions and involve inherent risks and uncertainties. The Company cautions that although it believes the expectations and material factors and assumptions reflected in these forward-looking statements are reasonable as of the date hereof, there can be no assurance that these expectations, factors and assumptions will prove to be correct, and these risks and uncertainties give rise to the possibility that actual results may differ materially from the expectations set out in the forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of known and unknown risks and uncertainties including, but not limited to: the fact that the drug development efforts of both Lucid and FSD BioSciences Inc. ("FSD Biosciences") are at a very early stage; the fact that preclinical drug development is uncertain, and the drug product candidates of Lucid and FSD BioSciences may never advance to clinical trials; the fact that results of preclinical studies and early-stage clinical trials may not be predictive of the results of later stage clinical trials; the uncertain outcome, cost, and timing of product development activities, preclinical studies and clinical trials of Lucid and FSD BioSciences; the uncertain clinical development process, including the risk that clinical trials may not have an effective design or generate positive results; the potential inability to obtain or maintain regulatory approval of the drug product candidates of Lucid and FSD BioSciences; the introduction of competing drugs that are safer, more effective or less expensive than, or otherwise superior to, the drug product candidates of Lucid and FSD BioSciences; the initiation, conduct, and completion of preclinical studies and clinical trials may be delayed, adversely affected, or impacted by COVID-19 related issues; the potential inability to obtain adequate financing; the potential inability to obtain or maintain intellectual property protection for the drug product candidates of Lucid and FSD BioSciences; and other risks. Accordingly, readers should not place undue reliance on the forward-looking statements contained in this MD&A, which speak only as of the date of this MD&A.

Further information regarding factors that may cause actual results to differ materially are included in the Company's annual and other reports filed from time to time with the Canadian Securities Administrators on SEDAR+ (www.sedarplsu.ca) and with the U.S. Securities and Exchange Commission on EDGAR (www.sec.gov), including the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2023, under the heading "Risk Factors." This list of risk factors should not be construed as exhaustive. Readers are cautioned that events or circumstances could cause results to differ materially from those predicted, forecasted or projected. The forward-looking statements contained in this document speak only as of the date of this document. FSD Pharma does not undertake any obligation to publicly update or revise any forward-looking statements or information contained herein, except as required by applicable laws. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Additional information relating to FSD can be found on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov.

OVERVIEW

The Company was formed under and is governed by the provisions of the *Business Corporations Act* (Ontario) (the "OBCA") on November 1, 1998, pursuant to the amalgamation of Olympic ROM World Inc., 1305206 Ontario Company, 1305207 Ontario Inc., Century Financial Capital Group Inc. and Dunberry Graphic Associates Ltd. The Company's registered office is located at 199 Bay Street, Suite 4000, Toronto, Ontario, M5L 1A9.

On March 15, 2018, the Company's shareholders approved the amendments contemplated by the Articles of Amendment at the 2018 annual and special meeting of the shareholders, pursuant to which, among other things, the Company's shareholders approved certain changes to the capital structure of the Company.

On May 24, 2018, pursuant to Articles of Amendment, the Company changed its name to "FSD Pharma Inc." and the capital structure of the Company was reorganized to create a new class of Class A shares, amend the terms of and re-designate the existing common shares as Class B subordinate voting shares (the "Class B shares"), and eliminate the existing non-voting Class A preferred shares and non-voting Class B preferred shares.

On May 29, 2018, the Class B shares commenced trading on the Canadian Securities Exchange under the trading symbol "HUGE".

On October 16, 2019, the Company amended its articles of incorporation to complete a consolidation of all of its issued and outstanding share capital. Pursuant to the amendment, all of the issued and outstanding Class A shares and Class B shares were consolidated on the basis of one post-consolidation share for every 201 pre-consolidation shares of the Company (the "Consolidation"). Unless otherwise noted, presentation in this MD&A of the number of Class A shares, Class B shares, stock options, warrants and the issue or exercise prices and any other data related to the foregoing securities are all presented on a post-Consolidation basis.

On January 9, 2020, the Class B shares commenced trading on the NASDAQ under the trading symbol "HUGE".

The Company operates in two segments: Biopharmaceutical and Strategic Investments. The Company's Biopharmaceutical segment is focused on furthering the research and development of the Company's two primary drug candidates consisting of Lucid-MS and a drug candidate to treat alcohol misuse for application in hospitals and other medical practices. The Company's Strategic Investments segment is focused on generating returns and cashflow through the issuance of loans secured by residential real estate property, with FSD Strategic Investments (as defined below) having a first or second collateral mortgage on the secured property.

As of the date hereof, the Company currently has the following subsidiaries:

(i) FSD Biosciences, which is wholly owned by the Company and incorporated under the laws of the State of Delaware;

(ii) Prismic Pharmaceuticals Inc. ("Prismic"), which is wholly owned by the Company and incorporated under the laws of the State of Arizona;

(iii) FV Pharma Inc. ("FV Pharma"), which is wholly owned by the Company and incorporated under the OBCA;

(iv) Lucid, which is wholly owned by the Company and incorporated under the OBCA;

(v) FSD Strategic Investments Inc. ("FSD Strategic Investments"), which is wholly owned by the Company and incorporated under the OBCA;

(vi) FSD Pharma Australia Pty Ltd. ("FSD Australia"), which is wholly owned by the Company and incorporated under the laws of Australia; and

(vii) Celly Nutrition Corp. ("Celly"), an entity controlled by the Company and incorporated under the British Columbia Business Corporations Act.

On August 9, 2024, the Company announced a share consolidation and name change, effective August 15, 2024. The Company will consolidate its shares on a 65:1 basis and change its name to "Quantum BioPharma Ltd." with a new trading symbol "QNTM" on both NASDAQ and CSE. This move aims to regain compliance with NASDAQ's minimum bid price requirement.

BIOPHARMACEUTICAL OPERATIONS

The Company, through its wholly owned subsidiaries, FSD Biosciences, Lucid, Prismic, and FSD Australia, is a biopharmaceutical research and development company focused on developing, over time, multiple applications of Lucid-MS and a drug candidate to treat alcohol misuse for application in hospitals and other medical practices. Lucid-MS is a patented new chemical entity that is being researched and developed by the Company through Lucid for its potential treatment of multiple sclerosis. The drug candidate to treat alcohol misuse is a proprietary formulation of natural ingredients, vitamins, and minerals to help with liver and brain function for the purposes of quickly relieving individuals from the effects of alcohol consumption.

On January 17, 2023, the Company submitted the clinical trial application for a planned Phase 1 clinical trial for Lucid-MS, a candidate for the treatment of multiple sclerosis.

On April 17, 2023, the Company completed the first-in-human sentinel dosing of Lucid-MS in the Company's Phase I clinical trial evaluating its novel drug candidate as an orally administered treatment for multiple sclerosis.

On March 22, 2023, FSD Australia received the certificate of approval from the Alfred Ethics Committee in Australia to proceed with a Phase 1 clinical trial of Lucid-201, as a novel drug candidate for the potential treatment of Major Depressive Disorder.

On June 2, 2023, the Company terminated any further clinical development of its proprietary ultra micro-palmitoylethanolamide ("FSD-PEA") formulation for the treatment of inflammatory diseases and put on hold any further clinical development of Lucid-PSYCH, a compound to address mental health disorders, as part of a strategic decision to focus efforts and allocate capital to the advancement of Lucid-MS and a drug candidate to treat alcohol misuse for application in hospitals and other medical practices.

On July 10, 2023, the Company received a No Objection Letter ("NOL") for a Phase 1 Lucid-MS clinical trial for the submission Clinical Trail Application ("CTA-A") that was acknowledged on June 12, 2023. On August 25, 2023, the Company received a NOL for the CTA-A that was acknowledged on July 31, 2023. On July 19, 2023, the Company submitted a request for pre-IND meeting to USFDA, which was acknowledged August 3, 2023, and a response was received on September 21, 2023. On September 18, 2023, the completion of study notification (after completion of five cohorts) was submitted to Health Canada.

On October 2, 2023, provisional patent application to the United States Patent and Trademark Office was submitted on the clinical formulation containing Lucid-21-302 (Lucid-MS).

On July 31, 2023, the Company entered into an exclusive intellectual property license agreement (the "License Agreement") with Celly. The License Agreement provides Celly access to proprietary information for the purposes of consumer product development and marketing. The License Agreement grants Celly the rights to a proprietary formulation of natural ingredients, vitamins, and minerals to help with liver and brain function for the purposes of potentially quickly relieving from the effects of alcohol consumption, such as inebriation, and restoring normal lifestyle. The License Agreement also grants Celly rights to certain trademarks. In exchange, FSD received 200,000,000 common shares in the capital of Celly following a 2:1 share-split. The Company also received an anti-dilution Warrant Certificate that entitles FSD to purchase up to 25% of the common shares deemed outstanding less the 200,000,000 common shares issued under the License Agreement and from time to time as a result of any partial exercise under the anti-dilution Warrant Certificate. FSD Pharma is also entitled to certain license fees and royalties under the License Agreement. Through the License Agreement, FSD acquired 34.66% of Celly. On July 31, 2023, the Company and Celly entered into a loan agreement for gross proceeds of C$1,000,000. The loan was funded on August 1, 2023, and accrues interest at a rate of 10% per annum. Interest is payable annually and the loan matures on July 31, 2026. In November 2023, through the Plan of Arrangement the Company distributed 45,712,529 of its 200,000,000 shares of Celly to its shareholders. The condensed consolidated interim financial statements incorporate the assets and liabilities of Celly as of June 30, 2024, and the results of operations and cash flows for the three and six months ended June 30, 2024.

To assess the investment in Celly, judgment was required to determine if the Company has significant influence or control of Celly. The Company considered the relevant guidance in *IFRS 10 – Consolidated Financial Statements, IAS 24 – Related Party Disclosures and IAS – 28 Investments in Associates and Joint Ventures.*

Judgment is applied in determining when the Company controls an investment even if the Company holds less than a majority of the investee's voting rights (the existence of de facto control). The Company concluded it has control of Celly even though the Company only holds 25.71% of the voting rights as of June 30, 2024 (December 31, 2023 – 26.15%). The Company concluded it has control of Celly as the Company, together with persons or entities considered to be de facto agents of the Company, hold a combined 57.45% of the voting rights of Celly as of June 30, 2024 (December 31, 2023 – 52.05%). In addition, key management personnel of the Company hold three of the four board of director positions of Celly. The assessment of control is performed on a continuous basis. The Company determined that it obtained control of Celly on July 31, 2023, and control was maintained at all times from July 31, 2023, through June 30, 2024. Celly is significantly dependent on the Company as a result of the License Agreement and loan. The non-controlling interest ("NCI") component of Celly is included as a separate component in equity.

On February 26, 2024, the Company announced that through its subsidiary, FSD Australia, it entered into an agreement with Ingenu CRO Pty Ltd on February 19, 2024 to conduct "A Randomized, Double-Blind, Placebo-Controlled Crossover Study to Assess the Safety and Efficacy of unbuzzd™ in Healthy Volunteers in an Induced State of Alcohol Intoxication (METAL-1 TRIAL)".

On March 5, 2024, the Company announced its participation in Americas Committee for Treatment and Research in Multiple Sclerosis ("ACTRIMS") 2024 Forum held during Feb. 29 – Mar 2, 2024, in West Palm Beach, Florida. ACTRIMS was founded in 1995 and is comprised exclusively of Multiple Sclerosis ("MS") researchers, clinicians and key stakeholders.

Represented by senior Research and Clinical development team and co-authored by several of its esteemed scientific advisors, the Company shared the results of Phase-1 clinical study in a poster presentation, "Lucid-21-302 (Lucid-MS) for Protecting Myelin and Neurons and Preventing Disease Progression in Multiple Sclerosis: First-In-Human Phase-1 Dose Escalation Study in Healthy Volunteers". This presentation detailed the final results including adverse events profile of Lucid-21-302 in the single-ascending dose (SAD) studies.

On March 11, 2024, the Company announced the submission of the Company's Clinical Trial Application (CTA) for a planned Phase-1b clinical trial to Assess the Safety and Efficacy of unbuzzd™ in Healthy Volunteers in an Induced State of Alcohol Intoxication (METAL-1 TRIAL). This clinical trial application is submitted for review by a human ethics review committee ("HREC") in Australia, a first step to obtain permission to initiate the clinical trial. Recruitment of healthy volunteers to this trial is expected to begin this April, following approval by the HREC.

On March 27, 2024, the Company announced that through its subsidiary, FSD Australia, it entered into agreement with iNGENu CRO Pty Ltd on March 26, 2024 to conduct "A Phase 1, Randomised, Double-Blind, Placebo-Controlled, Multiple Ascending Dose Study to Evaluate the Safety and Pharmacokinetics of Lucid-21-302 in Healthy Adult Participants".

On April 17, 2024, the Company announced the expansion of its pipeline into metabolic and related disorders including weight loss and liver health. The Company has initiated investigations into ingredients and dietary supplements that may have the potential to promote weight loss and liver health. The Company is already pursuing products in to promote faster alcohol metabolism and ameliorate the effects of acute alcohol intoxication.

On April 22, 2024, Celly announced its collaboration with BevSource, a leading provider of beverage development, production and operations solutions located in St. Paul, Minnesota. This partnership will assist with the production and distribution process of unbuzzd™, including Commercial Formulation Consultation, Contract Packaging Solutions, Ingredient Procurement, Commercialization Strategies, Initial Production Oversight, and Fulfillment Center Coordination for both the 12oz Sleek Can and Ready-to-Mix Powder Stick Packs formats.

On April 25, 2024, Celly announced its groundbreaking partnership with Six+One, a visionary move designed to significantly enhance the presence of its premier dietary supplement, unbuzzd™, in preparation of the launch in the United States. This strategic alliance is more than just a collaboration; it's a bold step forward, leveraging Six+One's unparalleled branding and strategic expertise to redefine wellness. Renowned for its innovative work with brands like vitaminwater and Body Armor (both brands later acquired by The Coca-Cola Company, Six+One brings a disruptive approach to the marketplace, emphasizing the importance of marketing a brand's purpose beyond its product.

On April 30, 2024, the Company announced that it entered into agreement with Applied Science and Performance Institute (ASPI) in Tampa, Florida, on April 24, 2024 to conduct "A Randomized, Double-Blind, Placebo-Controlled Crossover Study to Assess the Safety and Efficacy of unbuzzd™ in Healthy Volunteers in an Induced State of Alcohol Intoxication (METAL-2 TRIAL)".

On May 7, 2024, the Company announced the submission to ethics of a trial entitled "A Phase 1, Randomized, Double-Blind, Placebo-Controlled, Multiple Ascending Dose Study to Evaluate the Safety and Pharmacokinetics of Lucid-21-302 in Healthy Adult Participants." This clinical trial application is submitted for review by a human ethics review committee (HREC) in Australia, a step that is necessary to obtain permission to initiate the multiple ascending dose (MAD) trial. The MAD trial follows the Phase-1 single ascending dose (SAD) trial that was recently completed.

On May 16, 2024, Celly Nu and SIX+ONE unveiled a new packaging and logo for unbuzzd™ expected to launch this summer:

On May 28, 2024, the Company confirmed the submission of a clinical trial protocol to assess the safety and efficacy of Unbuzzd™ in healthy volunteers (METAL-2 trial). The clinical trial protocol was submitted for review and approval by the institutional review board (IRB) in the USA. Recruitment of healthy volunteers to the trial will begin following approval by the IRB. In the METAL-2 trial, the ability of Unbuzzd™ to help alleviate the effects of acute alcohol intoxication will be studied in a crossover design.

On June 4, 2024, the Company confirmed that it has received institutional review board (IRB) approval for its METAL-2 trial in the USA. This IRB approval allows our team to begin recruiting clinical trial participants and to plan the execution of the clinical study.

On June 27, 2024, the Company announced that it has received approval by the human ethics review committee (HREC) in Australia for its trial entitled "A Phase 1, Randomized, Double-Blind, Placebo-Controlled, Multiple Ascending Dose Study to Evaluate the Safety and Pharmacokinetics of Lucid-21-302 in Healthy Adult Participants." Lucid-21-302 is a first-in-class, non-immunomodulatory, neuroprotective compound with a unique mechanism of action for the treatment of multiple sclerosis (MS).

On August 9, 2024, Celly announced the imminent launch of its revolutionary, great tasting and scientifically backed product, unbuzzd™. This milestone marks the beginning of a new era in recovery solutions with the introduction of convenient, grab-and-go stick packs.

CORPORATE ACTIVITY

On January 24, 2024, the Company entered into an agreement with SBS Intl Group LLC. ("SBS") to assist the Company in enhancing its market awareness and foster productive, continuing dialogues with shareholders and other market participants. The agreement grants SBS 100,000 share options with an exercise price of $1.05 and expiry date of January 24, 2026. Per the agreement 19,000 share options vest on the 45th day following the date of grant and 9,000 share options vest on a monthly basis starting in the fourth month following the date of grant.

On January 24, 2024, the Company entered into an agreement with Draper, Inc. ("Draper") and Carriage House Capital, Corp. ("Carriage House") to assist the Company in enhancing its market awareness and foster productive, continuing dialogues with shareholders and other market participants. The agreement grants Draper and Carriage 350,000 share options each with the exercise price of $1.05 and expiry date of January 24, 2026. Per the agreement 150,000 share options vest on the 45th day and 61,111 share options vest on a monthly basis starting in the fourth month following the date of grant.

On February 16, 2024, the Company entered into an at-the-market offering agreement (the "ATM Agreement") with H.C Wainwright & Co., LLC to sell Class B shares, having an aggregate offering price up to $11,154,232.

On February 23, 2024, the Company entered into a settlement agreement to issue 70,000 Class B shares as for compensation for services provided.

On February 23, 2024, the Company entered into a settlement agreement to issue 475,000 Class B shares to settle amounts owing in trade and other payables.

On February 23, 2024, the Company granted 55,000 RSUs to advisors of the Company for services provided. The RSUs vested immediately upon grant.

On March 26, 2024, the Board approved an amendment to the loan agreement with Celly, to increase the loan amount from C$1,000,000 to C$1,300,000. The amendment provides the Company the right to convert any loan amount outstanding including interest into Common Shares of Celly at $0.03 per share upon the occurrence of an event of default.

On April 5, 2024, the Company received a written notification (the "Notification Letter") from the Nasdaq Stock Market LLC ("Nasdaq") that the Company is not in compliance with the minimum bid price requirement set forth in Nasdaq's rules for continued listing on the Nasdaq Capital Market. The Notification Letter is only a notification of deficiency and not a notice of delisting. As such, the Notification Letter has no effect on the listing or trading of the Company's Class B Shares on the Nasdaq.

Nasdaq Listing Rule 5550(a)(2) requires securities listed on the Nasdaq Capital Market to maintain a minimum bid price of US$1.00 per share, and Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. Based on the closing bid price of the Company's Class B Shares for the 30 consecutive business days from February 22, 2024 to April 4, 2024, the Company has not met the minimum bid price requirement.

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been provided 180 calendar days, or until October 2, 2024 ("Compliance Period"), to regain compliance with Nasdaq Listing Rule 5550(a)(2). To regain compliance, the Company's Class B Shares must have a closing bid price of at least US$1.00 for a minimum of 10 consecutive business days.

In the event that the Company does not regain compliance within this 180 day period, the Company may be eligible to seek an additional compliance period of 180 calendar days if it complies with the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, with the exception of the bid price requirement, and provides written notice to Nasdaq of its intent to cure the deficiency during this second compliance period, by effecting a reverse stock split, if necessary.

The Company intends to monitor the closing price of its Class B Shares and may, if appropriate, consider available options to regain compliance with the minimum bid price requirement. There can be no assurances that the Company will be able to regain compliance with the minimum bid price requirement or maintain compliance with the other Nasdaq listing requirements.

On April 8, 2024, the Company entered into the loan amending agreement (the "Agreement") with Celly. Pursuant to the Agreement, the interest payment due on the first annual anniversary of the term loan will be deferred and become payable together with the interest payment due on the second annual anniversary of the term loan. Celly will continue to make interest payments as required by the original loan agreement, as amended, in respect of the term loan, and will provide the Company the option to convert any amounts outstanding (inclusive of interest) into common shares of Celly upon the occurrence of an event of default under the Agreement. The term loan continues to bear interest at 10% per annum payable on each anniversary and expires July 31, 2026.

On May 24, 2024, the Company pleased to announce that it has entered into an investor relations services agreement with IR Agency LLC (the "Agency") effective May 22, 2024. Pursuant to the agreement, the Agency has agreed to communicate information about the Company to the financial community including, but not limited to, creating Company profiles, media distribution and building a digital community with respect to the Company for a period of one month beginning on May 28, 2024, in exchange for a fee of C$ $335,699 (US$245,000 converted at a price of US$1.00:C$1.3674 based on the Bank of Canada exchange rate as of May 23, 2024).

The Agency is arm's-length with the Company and neither the Agency nor its principals hold an equity interest in the Company's securities, either directly or indirectly, or the right to acquire any equity interest.

On May 31, 2024, the United States District Court for the Eastern District of Pennsylvania confirmed FSD Pharma, Inc.'s Petition to Confirm Arbitration Awards entered against Dr. Raza Bokhari. On June 27, 2024, the US District Court for the Eastern District of Pennsylvania confirmed FSD Pharma's motion for entry of judgement and granted judgement in favor of FSD Pharma Inc of approximately USD 3 million.

In July 2021, FSD's board of directors terminated Bokhari, its former CEO. Bokhari filed an arbitration challenging this termination in Ontario, Canada. After years of litigation and an eight-day evidentiary hearing, the Arbitrator ruled against Bokhari and issued three awards against Bokhari in favor of FSD, including an award for damages and awards for FSD's fees and costs incurred in the arbitration. FSD's Petition to Confirm the Arbitration Awards was filed in the United States District Court for the Eastern District of Pennsylvania under the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, June 10, 1958, 21 U.S.T. 2517, 330 U.N.T.S. 3 (the "New York Convention"). In its opinion granting FSD's Petition, the District Court found that Bokhari did not offer any valid basis under the New York Convention for the Court to deny enforcement of the arbitration awards against him.

On June 13, 2024, the Company announced that it entered into an exclusive option agreement with the University of Southern California (USC) to evaluate dietary supplement technology for commercialization. The option agreement, signed June 11, 2024, allows FSD Pharma to exclusively evaluate the novel technology for a 6-month term. At the end of this term, FSD Pharma will have the option to either extend it for an additional 6 months or to sign an exclusive license for the technology with USC. This novel technology is being evaluated for the potential to further increase the effectiveness of certain ingredients currently present in unbuzzd™.

In June 2024, the Company issued 500,000 Class B Subordinate Voting shares in the capital of the Company ("Class B Shares") to arm's length creditors at the deemed price of $0.30 CDN per Class B Share, to settle an aggregate of C$150,000 of amounts owing.

On June 28, 2024, the Company announced it has retained the services of Totaligent, Inc. ("Totaligent") who will play a key role in assisting the Company to enhance its market awareness and foster productive, continuing dialogues with shareholders and other market participants. Totalaligent has over 25 years of experience in market awareness campaigns and has assembled a database of 32 million active investors and reaches its investment community by way of email, SMS, social media, push notification, pay-per-click (PPC), search, and digital and print media.

Management has engaged Totalaligent to conduct Promotional Activity (as defined in the CSE Policy) following a thorough review of capital on hand. Totaligent has been engaged for a 30-day term, with either party having the right to terminate the engagement agreement upon providing 5 business day notice. The contract total is $30,000 USD to be paid in cash. This contract was signed on June 28, 2024, and is expected to end on July 28, 2024, unless renewed by mutual consent. Totaligent and its principals are arm's length parties to the Company.

The Company generated total proceeds of approximately $5,542,952 through its ATM Agreement subsequent to June 30, 2024. The Company also issued a total of 950,000 Class B shares to settle debts owing to an arm's length creditor subsequent to June 30, 2024.

Lucid-MS Agreement

On May 19, 2021, prior to its acquisition by the Company, Lucid entered into a license agreement with the University Health Network ("UHN") that governs the world-wide licensing of certain intellectual property rights and data associated with Lucid-MS. Under the terms of the agreement, the Company shall pay a yearly license maintenance fee of C$100,000 to UHN until the first commercial sale of a product utilizing the intellectual property licensed to the Company under the agreement including Lucid-MS is made.

Under the agreement the Company is committed to minimum milestones payments of $nil and maximum milestones payments of C$12,500,000 if all product development and regulatory milestones are met.

Furthermore, the Company is also responsible to pay revenue milestone payments and royalties if revenue milestones from commercial sales are achieved. Milestones can be extended by mutual agreement.

Treatment for Alcohol Misuse

The Company is developing a product for alcohol misuse for application in hospitals and other medical practices. The compound is a proprietary formulation of natural ingredients, vitamins, and minerals to help with liver and brain function for the purposes of quickly relieving individuals from the effects of alcohol consumption.

The product has the potential to assist emergency room physicians and their medical staff with the abundance of intoxicated patients they receive as these patients are utilizing critical resources (i.e. the physicians and their medical staff) whose time can be used for more urgent and critical needs. The Company will be conducting further research and development, including clinical trials, into the viability of the product. The viability, development and advancement of the product is dependent on the Company obtaining requisite funding, in the amount of $10,998,811, to complete further research and development. The Company, through its initial research, has discovered that there is significant demand in the market for this type of product, an opportunity for them to capture market share and believes that if it were able to develop and sell the product, it would bring immense value to its shareholders. If the requisition financing is not obtained, the Company will be unable to develop the product.

STRATEGIC INVESTMENT OPERATIONS

On May 13, 2022, FSD Strategic Investments, a wholly owned subsidiary of the Company, was incorporated. FSD Strategic Investments is focused on generating returns and cashflow through the issuance of loans secured by residential property. FSD Strategic Investments earns interest through fixed rate lending arrangements that have an average term to maturity of two years from the date of issuance. The loans are secured by residential property with a first or second collateral mortgage on the secured property. Loans are issued up to 55% of the appraised value of the secured property. As at June 30, 2024, the Company has a finance receivable balance of $6,476,204 (December 31, 2023 - $8,095,354) and minimum contractual payments receivable at the end of the loan terms totaling $6,605,516. The loans will begin to mature in the second quarter of fiscal 2024.

The Company issued three new loans secured by residential or commercial properties during July and August 2024 and renewed one existing loan in July 2024. The total amount of these loans was equivalent to $1,866,370 (C$2,585,000).

ACQUISITION OF LUCID

On September 21, 2021, the Company acquired all of the issued and outstanding common shares of Lucid, an early-stage Canadian-based specialty pharmaceutical company focused on the development of therapies to treat critical neurodegenerative diseases for total consideration of $7,290,731.

It was determined that the acquisition of Lucid did not qualify as a business combination in accordance with IFRS 3 – Business Combinations, and therefore it was accounted for as an asset acquisition. The individual identifiable assets acquired, and liabilities assumed were identified. The purchase consideration was first allocated to the fair values of the acquired cash and cash equivalents, other receivables, and trade and other payables, as their carrying values was determined to equal their fair values. The remaining purchase price was allocated to the acquired intangible assets.

SELECTED FINANCIAL HIGHLIGHTS

The following table presents selected financial information for the three and six months ended June 30, 2024, and 2023:

	Three months ended June 30,		**Six months ended June 30,**	
	2024	2023	**2024**	2023
	$	$	**$**	$
Expenses				
General and administrative	**2,310,283**	1,870,758	**4,229,495**	4,587,535
External research and development fees	**897,986**	1,610,528	**1,058,246**	3,922,124
Share-based payments	**111,524**	403,393	**169,267**	3,609,928
Depreciation and amortization	**136,813**	1,107,318	**256,954**	2,237,289
Impairment loss	**-**	3,839,523	**-**	4,319,619
Total operating expenses	**3,456,606**	8,831,520	**5,713,962**	18,676,495
Loss from operations	**(3,456,606)**	(8,831,520)	**(5,713,962)**	(18,676,495)
Net loss from operations	**(3,352,499)**	(5,490,293)	**(5,443,924)**	(15,447,822)

REVIEW OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024, AND 2023

General and administrative

General and administrative expenses for the three and six months ended June 30, 2024, and 2023 are comprised of:

	For the three months ended June 30,				**For the six months ended June 30,**			
	2024	2023	**Change**	**Change**	**2024**	2023	**Change**	**Change**
	$	$	**$**	**%**	**$**	$	**$**	**%**
Professional fees	**958,377**	814,488	143,889	18%	**1,816,800**	1,408,774	408,026	29%
Investor relations	**561,054**	100,158	460,896	460%	**833,216**	347,550	485,666	140%
Salaries, wages and benefits	**436,687**	465,899	(29,212)	-6%	**816,139**	1,095,926	(279,787)	-26%
Consulting fees	**204,492**	269,067	(64,575)	-24%	**423,453**	825,871	(402,418)	-49%
Office and general administrative	**163,958**	691,102	(527,144)	-76%	**350,029**	1,313,418	(963,389)	-73%
Foreign exchange gain	**(14,285)**	(469,956)	455,671	-97%	**(10,142)**	(404,004)	393,862	-97%
	2,310,283	1,870,758	439,525	23%	**4,229,495**	4,587,535	(358,040)	-8%

Professional fees

Professional fees were $958,377 and $1,816,800 for the three and six months ended June 30, 2024, compared to $814,488 and $1,408,774, respectively, for the comparative periods in the prior year. This represents an increase of $143,889 or 18% for the three months ended June 30, 2024, and an increase of $408,026 or 29% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. Professional fees fluctuate from period to period based on the nature of the transactions the Company undertakes.

Investor relations

Investor relations expenses were $561,054 and $833,216 for the three and six months ended June 30, 2024, compared to $100,158 and $347,550, respectively, for the comparative periods in the prior year. This represents an increase of $460,896 or 460% for the three months ended June 30, 2024, and an increase of $485,666 or 140% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. Investor relations expenses fluctuate from period to period based on the Company's business strategy.

Salaries, wages and benefits

Salaries, wages and benefits expenses were $436,687 and $816,139 for the three and six months ended June 30, 2024, compared to $465,899 and $1,095,926, respectively, for the comparative periods in the prior year. This represents a decrease of $29,212 or 6% for the three months ended June 30, 2024, and a decrease of $279,787 or 26% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year.

The decrease is primarily due to a decrease in headcount for the three months ended June 30, 2024, compared to the equivalent periods in the prior year. The decrease in headcount was due to a restructure in the research and development team and outsourcing of some related activities.

Consulting fees

Consulting fees were $204,492 and $423,453 for the three and six months ended June 30, 2024, compared to $269,067 and $825,871, respectively, for the comparative periods in the prior year. This represents a decrease of $64,575 or 24% for the three months ended June 30, 2024, and a decrease of $402,418 or 49% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. Consulting fees include fees paid to individuals and professional firms who provide advisory services to the Company and fluctuate from period to period based on the nature of the transactions the Company undertakes.

General office, insurance and administration expenditures

General office, insurance and administration expenditures for the three and six months ended June 30, 2024, and 2023 are comprised of the following:

	For the three months ended June 30,				**For the six months ended June 30,**			
	2024	2023	**Change**	**Change**	**2024**	2023	**Change**	**Change**
	$	$	**$**	**%**	**$**	$	**$**	**%**
Insurance, shareholders and public company costs	**81,050**	187,949	(106,899)	-57%	**178,889**	339,723	(160,834)	-47%
Travel, meals and entertainment	**38,226**	30,361	7,865	26%	**70,628**	74,057	(3,429)	-5%
Office and general administrative	**44,682**	472,792	(428,110)	-91%	**100,512**	899,638	(799,126)	-89%
Total	**163,958**	691,102	(527,144)	-76%	**350,029**	1,313,418	(963,389)	-73%

Insurance, shareholders and public company costs

Insurance, shareholders and public company costs were $81,050 and $178,889 for the three and six months ended June 30, 2024, compared to $187,949 and $339,723, respectively, for the comparative periods in the prior year. This represents a decrease of $106,899 or 57% for the three months ended June 30, 2024, and a decrease of $160,834 or 47% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. These costs primarily consist of insurance and other related expenditures associated with being a publicly listed Company on the NASDAQ. For the period ended June 30, 2024, the Company was able to reduce overall insurance expenses by separately purchasing insurance policies for directors and officers from clinical trial liability insurance.

Travel, meals and entertainment

Travel, meals and entertainment expenses were $38,226 and $70,628 for the three and six months ended June 30, 2024, compared to $30,361 and $74,057, respectively, for the comparative periods in the prior year. This represents an increase of $7,865 or 26% for the three months ended June 30, 2024, and a decrease of $3,429 or 5% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. Travel, meals and entertainment expenses fluctuate from period to period based on the nature of the transactions the Company undertakes.

Office and general administrative

Office and general administrative expenses were $44,682 and $100,512 for the three and six months ended June 30, 2024, compared to $472,792 and $899,638, respectively, for the comparative periods in the prior year. This represents a decrease of $428,110 or 91% for the three months ended June 30, 2024, and a decrease of $799,126 or 89% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. Office and general administrative expenses may vary from period to period based on operational activities.

Foreign exchange (gain) loss

Foreign exchange gain was $14,285 and $10,142 for the three and six months ended June 30, 2024, compared to a gain of $469,956 and $404,004, respectively, for the comparative periods in the prior year. This represents a decrease of $455,671 or 97% for the three months ended June 30, 2024, and a decrease of $393,862 or 97% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. The primary reason for the foreign exchange change was due to the change of the Canadian dollar relative to the US dollar and its impact on financial instruments denominated in the Canadian dollar.

External research and development fees

External research and development fees were $897,986 and $1,058,246 for the three and six months ended June 30, 2024, compared to $1,610,528 and $3,922,124, respectively, for the comparative periods in the prior year. This represents a decrease of $712,542 or 44% for the three months ended June 30, 2024, and a decrease of $2,863,878 or 73% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. The Company recognized a recovery of external research and development fees during the period ended June 30, 2024, as a result of credits received from contract research organizations that can be applied against future services.

Share-based payments

Share-based payments were $111,524 and $169,267 for the three and six months ended June 30, 2024, compared to $403,393 and $3,609,928, respectively, for the comparative periods in the prior year. This represents a decrease of $291,869 or 72% for the three months ended June 30, 2024, and a decrease of $3,440,661 or 95% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. Share-based payments expense changes based on the variability in the number of options granted, vesting periods of the options, the number of Performance Share Units ("PSUs") granted, the number of Restricted Share Units ("RSUs") granted, vesting periods of the PSUs and RSUs, number of warrants granted, vesting periods of the warrants, the grant date fair values of share-based awards, and share-based bonuses issued. The decrease for the period ended June 30, 2024, is primarily related fewer stock options grants in the current period compared to prior year period.

Depreciation and amortization

Depreciation and amortization were $136,813 and $256,954 for the three and six months ended June 30, 2024, compared to $1,107,318 and $2,237,289, respectively, for the comparative periods in the prior year. This represents a decrease of $970,505 or 88% for the three months ended June 30, 2024, and a decrease of $1,980,335 or 89% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. Depreciation and amortization in the current period related to the amortization of intellectual property. The decrease from prior year periods is due to the impairment of FSD-PEA and the Innovet license, resulting in lower amortization expense, as these assets were fully impaired during FY2023.

Impairment loss

For the three and six months ended June 30, 2024, the Company recognized an impairment loss of $Nil and $Nil, respectively. For the three and six months ended June 30, 2023, the Company recognized an impairment loss of $3,839,523 and $4,319,619, respectively, related to licensed compound FSD-201 acquired through the Prismic acquisition and the Company's license agreement with Innovet Italia S.R.L. ("Innovet"). The impairment loss is related to the termination of any further clinical development of FSD-201 as the Company made a strategic decision to no longer pursue the development.

Interest income

Interest income was $104,424 and $276,948 for the three and six months ended June 30, 2024, compared to $186,163 and $458,504, respectively, for the comparative periods in the prior year. This represents a decrease of $81,739 or 44% for the three months ended June 30, 2024, and a decrease of $181,556 or 40% for the six months ended June 30, 2024, compared to the equivalent periods in the prior year. Interest income is primarily comprised of user fees earned on finance receivables and interest earned on Guaranteed Investment Certificates ("GICs"). For the six months June 30, 2024, interest income is lower compared to the prior year periods due to lower interest income earned related to GICs.

Loss on settlement of debt

During the three and six months ended June 30, 2024, the Company incurred a loss on settlement of debt of $nil and $17,476, respectively related to the shares for debt transaction with an arms length creditor. The price of the shares on the date of debt settlement was higher than what was stated in the agreement, which resulted in the loss on the shares for debt portion of the settlement.

Gain on remeasurement of financial liability

For the three and six months ended June 30, 2023, the Company recognized a gain of $2,926,922 and $2,926,922, respectively, related to the Contract Research Organization Dispute.

Loss (gain) on change in fair value of derivative liability

In August 2020, the Company issued 2,762,430 Class B shares and 1,381,215 warrants to purchase Class B shares for total cash proceeds of $9,999,997. Each warrant is exercisable to purchase one Class B share of the Company at an exercise price of $4.26 per share and expires five years from the date of issuance.

The fair value of the warrants liability as at June 30, 2024, was $1, resulting in a gain on change in fair value of $8,040 and $31,337, for the three and six months ended June 30, 2024, respectively.

The fair value of the warrants liability as at June 30, 2023, was $122,351, resulting in a gain on change in fair value of $328,193 and $121,243 for the three and six months ended June 30, 2023, respectively.

Loss on changes in fair value of investments

The Company has various investments accounted for at fair value through profit or loss resulting in recognition of loss or gain as the fair value fluctuates.

SELECTED QUARTERLY INFORMATION

The following table sets forth selected unaudited quarterly statements of operations results for each of the eight quarters commencing July 1, 2022 and ended June 30, 2024. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements for the year ended December 31, 2023 and the financial statements for the three and six months ended June 30, 2024. This data should be read in conjunction with the audited annual financial statements for the year ended December 31, 2023 and the financial statements for the three and six months ended June 30, 2024. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	30-Jun-24	**31-Mar-24**	**31-Dec-23**	**30-Sep-23**	**30-Jun-23**	**31-Mar-23**	**31-Dec-22**	**30-Sep-22**
	$	$	$	$	$	$	$	$
Interest income	(104,424)	(172,524)	(153,791)	(174,068)	(186,163)	(272,341)	(300,018)	(65,499)
Net loss for the period	(3,352,499)	(2,091,425)	(1,651,566)	(1,131,200)	(5,490,293)	(9,957,529)	(6,148,441)	(7,128,885)
Net loss per share - basic	(0.08)	(0.05)	(0.04)	(0.03)	(0.14)	(0.26)	(0.16)	(0.19)
Net loss per share - diluted	(0.08)	(0.05)	(0.04)	(0.03)	(0.14)	(0.26)	(0.16)	(0.19)

FINANCIAL POSITION

As at	June 30, 2024 $	December 31, 2023 $	Change $	Change %
ASSETS				
Current assets				
Cash and cash equivalents	**3,306,641**	2,757,040	549,601	20%
Other receivables	**86,868**	228,764	(141,896)	-62%
Prepaid expenses and deposits	**130,424**	155,413	(24,989)	-16%
Investments	**21,918**	756,100	(734,182)	-97%
Finance receivables, net	**6,476,204**	7,187,988	(711,784)	-10%
	10,022,055	11,085,305	(1,063,250)	-10%
Non-current assets				
Equipment, net	**64,873**	87,583	(22,710)	-26%
Investments	**5,845**	6,049	(204)	-3%
Right-of-use asset, net	**8,244**	32,838	(24,594)	-75%
Finance receivables, net	**—**	907,366	(907,366)	-100%
Intangible assets, net	**5,145,932**	5,355,687	(209,755)	-4%
Total assets	**15,246,949**	17,474,828	(2,227,879)	-13%
LIABILITIES				
Current liabilities				
Trade and other payables	**4,419,667**	4,195,029	224,638	5%
Lease obligations	**9,634**	38,650	(29,016)	-75%
Warrants liability	**1**	31,338	(31,337)	-100%
Notes payable	**615,562**	300,549	315,013	105%
	5,044,864	4,565,566	479,298	10%
Total liabilities	**5,044,864**	4,565,566	479,298	10%
SHAREHOLDERS' EQUITY				
Class A share capital	**151,622**	151,622	—	0%
Class B share capital	**140,554,285**	137,626,863	2,927,422	2%
Warrants	**2,437,167**	2,723,356	(286,189)	-11%
Contributed surplus	**30,655,099**	30,225,741	429,358	1%
Foreign exchange translation reserve	**83,497**	417,341	(333,844)	-80%
Accumulated deficit	**(162,923,451)**	(157,908,160)	(5,015,291)	3%
Equity attributable to shareholders of the Company	**10,958,219**	13,236,763	(2,278,544)	-17%
Non-controlling interests	**(756,134)**	(327,501)	(428,633)	131%
	10,202,085	12,909,262	(2,707,177)	-21%
	15,246,949	17,474,828	(2,227,879)	-13%

Assets

Cash and cash equivalents increased by $549,601 or 20%, as a result of cash from operating and financing activities during the period. This increase is primarily due to cash provided from the GIC redemption of $738,000, proceeds from loan payable of $302,801, and proceeds of $2,139,808 from the issuance of shares, net of cash used in operating activities.

Other receivables decreased by $141,896 or 62%. Other receivables primarily consist of sales taxes recoverable and interest receivable.

Prepaid expenses and deposits decreased by $24,989 or 16%, primarily related to a decrease in prepaids and deposits for planned research and development activities offset by an increase in prepaid insurance.

Finance receivables, current and non-current, decreased by $1,619,150 or 20%, primarily due to principal repayments.

Investments, current and non-current, decreased by $734,386 or 96%, due the to the redemption of the GIC and the change in fair value of investments.

Intangible assets decreased by $209,755 or 4%, which was due to amortization expense for the six months ended June 30, 2024.

Liabilities

Trade and other payables increased by $224,638 or 5%, primarily due to the timing of expenses incurred and payments made.

The fair value of the warrants liability as at June 30, 2024, was $1 (December 31, 2023 – $31,338) resulting in a gain on change in fair value of $31,337 for the six months ended June 30, 2024.

Lease obligations decreased due to lease payments made during the period.

Shareholders' equity

Shareholder's equity decreased by $2,278,544 primarily due to:

(i) a decrease of $286,189 related to warrants expired during the period;

(ii) a decrease of $333,844 related to the translation of foreign operations; and

(iii) a decrease of $5,015,291 related to net loss for the period.

(iv) an increase of $2,927,422 related to Class B shares issued from financing, shares for debt transactions and RSUs granted and converted into shares.

Non-controlling interests

Through the License Agreement, FSD acquired 34.66% of Celly on July 31, 2023. As of June 30, 2024, the Company has a 25.71% (December 31, 2023 – 26.15%) ownership interest in Celly through common shares held in Celly. The non-controlling interest represents the common shares of Celly not attributable to the Company.

Non-controlling interests as of June 30, 2024 was as follows:

	$
Balance, December 31, 2023	(327,501)
Net loss for the period	(428,633)
Balance, June 30, 2024	**(756,134)**

LIQUIDITY, CAPITAL RESOURCES AND FINANCING

The general objectives of our capital management strategy are to preserve our capacity to continue operating, provide benefits to our stakeholders and provide an adequate return on investment to our shareholders by continuing to invest in our future that is commensurate with the level of operating risk we assume. We determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are not subject to any externally imposed capital requirements.

The financial statements and this MD&A have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at June 30, 2024, the Company has a working capital surplus, however, the Company has incurred negative cash flows and losses since inception and has generated no revenue to date. Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These factors indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as going concern. The financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The financial statements and this MD&A have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In making this assessment, management concluded that it has sufficient working capital as of June 30, 2024, to carry out its planned operations over the next twelve months.

The Company is in the preliminary stages of its planned operations and has not yet determined whether its processes and business plans are economically viable. The continuing operations of the Company are dependent upon the ability of the Company to complete the pharmaceutical research and development programs centered on the Company's development of a treatment for alcohol misuse for application in hospitals and other medical practices and research and development of its lead compound, Lucid-MS.

Cash flows for the six months ended June 30, 2024 and 2023

Cash Flows (Used in) Operating Activities

Cash flows used in operating activities for the six months ended June 30, 2024, were $2,579,876 compared to cash flows used in operating activities of $8,263,030 for the six months ended June 30, 2023. The decrease in cash used in operating activities of $5,683,154 is primarily due to lower spending on general and administrative activities and external research and development.

Cash Flows (Used in) Provided by Investing Activities

Cash flows from investing activities for the six months ended June 30, 2024, were $716,082 compared to cash provided by investing activities of $Nil for the six months ended June 30, 2023. The increase is due to the GIC redemption of $738,000.

Cash Flows (Used in) Provided by Financing Activities

Cash flows from financing activities for the six months ended June 30, 2024, were $2,413,395 compared to cash used in financing activities of $3,046,595 for the six months ended June 30, 2023. During the six months ended June 30, 2024, the Company received proceeds from the ATM financing and loan payable.

CONTRACTUAL OBLIGATIONS

We have no significant contractual arrangements other than those noted in our financial statements.

OFF-BALANCE SHEET ARRANGEMENT

We have no off-balance sheet arrangements other than those noted in our financial statements.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly.

Transactions with key management and directors comprised of the following:

a) Director's compensation for the three and six months ended June 30, 2024, was $33,201 and $99,716, respectively (2023 – $49,932 and $104,345).
b) During the six months ended June 30, 2024, the Company granted Nil (2023 – 400,000) PSUs to independent members of the Board. As at June 30, 2024, the PSUs had fully vested upon the filing of the MS Phase 1 IND on January 6, 2023 and were settled with the issuance of Class B shares.
c) During the six months ended June 30, 2024, the Company granted the previous interim CEO, the current CEO, the Chief Operating Officer ("COO") and the CEO of Lucid, Nil (2023 – 500,000) share options each with an exercise price of C$1.30 and an expiry date of January 25, 2028. All options were fully vested on grant. Each share option can be exercised to acquire one Class B share.
d) During the six months ended June 30, 2023, the Company entered into a secured loan agreement with the CEO for C$1,200,000, with monthly payments of C$6,000 based on an annual interest rate of 6%. The loan matures on April 26, 2025, and is part of FSD Strategic Investments' portfolio of loans. The loan is secured by a second charge mortgage on the underlying residential property.
e) During the six months ended June 30, 2023, the Company issued 1,000,000 warrants for consulting services to certain independent members of the Board of Directors with a fair value of $533,206, prior to them joiningthe Board of Directors. The Company determined the fair value of the services received could not be measured reliably and determined the fair value using the Black-Scholes model.

Key management personnel compensation during the three and six months ended June 30, 2024 and 2023 is comprised of:

	For the three months ended June 30,		**For the six months ended June 30,**	
	2024	2023	**2024**	2023
	$	$	**$**	$
Salaries, benefits, bonuses and consulting fees	**152,286**	354,614	**476,528**	672,444
Share-based payments	—	286,835	—	2,344,616
	152,286	641,449	**476,528**	3,017,060

As at June 30, 2024, the Company owed an executive officer $Nil (December 31, 2023 - $140,012), for legal fees incurred by the Company and paid by the executive officer on behalf of the Company. The amount owed is recorded within trade and other payables.

As at June 30, 2024, the Company has $9,133 owing to related parties included in accounts payable and accrued liabilities (December 31, 2023 - $Nil).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding other receivables and finance receivables. The Company trades only with recognized, creditworthy third parties.

The Company does not hold any collateral as security for its outstanding finance receivables but mitigates this risk by dealing only with, what management believes to be, financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The loans are secured by residential properties and the Company is granted a first or second collateral charge mortgage on the properties for a sum equal to the interest payments plus the principal amount. The Company performs assessments on factors such as: timing of payments, loan to value ratios, communications with the borrower and external macro factors such as interest rates and economic conditions to mitigate risks.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's trade and other payables are all due within twelve months from the date of these financial statements.

If unanticipated events occur that impact the Company's ability to carry out the planned clinical trials, the Company may need to take additional measures to increase its liquidity and capital resources, including issuing debt or additional equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

Market risk

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

- Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's primary exposure with respect to foreign currencies is from Canadian dollar denominated cash and trade and other payables. A 1% change in the foreign exchange rates would not result in any significant impact to the financial statements.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's finance receivables are at fixed rates and there are no material long-term borrowings outstanding. The Company is not exposed to interest rate risk as at June 30, 2024.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at June 30, 2024.

Fair values

The carrying values of cash, other receivables, trade and other payables and notes payable approximate fair values due to the short-term nature of these items or they are being carried at fair value or, for notes payable, interest payables are close to the current market rates. The risk of material change in fair value is not considered to be significant. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Private company investments measured at fair value are classified as Level 3 financial instruments. The valuation method and significant assumptions used to determine the fair value of private company investments have been disclosed in the financial statements. The Company did not hold any private company investments as of June 30, 2024. During the period, there were no transfers of amounts between levels.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to Note 2 and Note 3 of the audited consolidated financial statements for the fiscal year ended December 31, 2023, for a full discussion of our critical accounting policies and estimates.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of Class A multiple voting shares ("Class A shares") and an unlimited number of Class B subordinate voting shares ("Class B shares"), all without par value. All shares are ranked equally with regards to the Company's residual assets.

The holders of Class A shares are entitled to 276,660 votes per Class A share held. Class A shares are held by the CEO, President, Co-Chairman of the Board and the Director, Co-Chairman of the Board.

The Company's outstanding capital was as follows as at the date of this MD&A:

Class A shares	72
Class B shares	84,531,149
Share options	3,178,129
Warrants	8,974,043

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

A. Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our CEO and CFO, our management has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024, the end of the period covered by this report. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2024.

The effectiveness of our disclosure controls and procedures and our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time. Because of these limitations, there can be no assurance that any system of disclosure controls and procedures or internal control over financial reporting will be successful in preventing all errors or fraud or in making all material information known in a timely manner to the appropriate levels of management.

B. Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is the process designed by and under the supervision of our CEO and CFO to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external reporting in accordance with accounting principles generally accepted in the United States of America. Management has evaluated the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013).

Under the supervision and with the participation of our CEO and CFO, our management has assessed the effectiveness of our internal control over financial reporting as of June 30, 2024, and concluded that it was effective.

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, Zeeshan Saeed, the Chief Executive Officer of FSD Pharma Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of FSD Pharma (the "issuer") for the interim period ended June 30, 2024.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

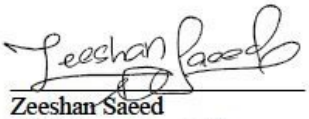
5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control – Integrated Framework (COSO Framework 2013) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2024, and ended on June 30, 2024, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 13, 2024.



Zeeshan Saeed
Chief Executive Officer

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, Nathan Coyle, the Chief Financial Officer of FSD Pharma Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of FSD Pharma Inc. (the "issuer") for the interim period ended June 30, 2024.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

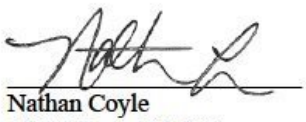
5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control – Integrated Framework (COSO Framework 2013) published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2024, and ended on June 30, 2024, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 13, 2024.



Nathan Coyle
Chief Financial Officer

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