Revitalist Lifestyle and Wellness Ltd.

Consolidated Financial Statements

For the year ended

December 31, 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Revitalist Lifestyle and Wellness Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Revitalist Lifestyle and Wellness Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has a cumulative deficit of $28,032,20, a working capital deficiency of $7,094,316, and negative cash flow from operations. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Company for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on May 2, 2022.

As part of our audit of the consolidated financial statements of the Company for the year ended December 31, 2022, we also audited the adjustments described in Note 23 that were applied to restate the consolidated financial statements for the year ended December 31, 2021. In our opinion, the adjustments have been appropriately applied. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements of the Company for the year ended December 31, 2021, other than with respect to the adjustments and accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the year ended December 31, 2021, taken as a whole.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Restatement of purchase price of Revitalist LLC and impairment of goodwill

As described in Note 5 and 23 to the consolidated financial statements, the Company restated certain purchase price allocations related to the acquisition of Revitalist LLC which were considered provisional as of December 31, 2021. In addition to the reallocations between intangible assets and goodwill, the Company identified an error in the cash flows utilized in the December 31, 2021 impairment test, which resulted in goodwill being impaired as of December 31, 2021.

The restatement of the purchase price allocation, and resulting impairment of goodwill, required the Company to exercise judgement and make significant estimates in both the allocation of identifiable assets and liabilities, valuation of deferred consideration, and cash flows used in the estimation of the recoverable amount of goodwill in its impairment test.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others:

- Examining the details of the restatement and documentation, including purchase agreements and amendments, to support the allocations.
- Obtaining and reviewing cash flow projections utilized in the valuation report for intangible assets and goodwill, and impairment test.
- Evaluating key assumptions, judgements, and estimates used in the purchase price allocation and impairment test.
- Engaging valuation specialist to review and assess Company valuation model in purchase price allocation and impairment test.

Revenue recognition

As described in Note 19 to the consolidated financial statements, the Company recognized revenue of $4,565,099 for the year ended December 31, 2022. As more fully described in Note 3, the Company recognized revenue from psychotherapy and psychedelic-assisted therapy clinical services.

The principal considerations for our determination that the recognition of revenue is a key audit matter is the material nature of the revenue transactions which rely on complex systems to process, record, and recognize a high volume of low value revenue transactions through a combination of information technology, internal systems, and outsourced service providers. This in turn led to a significant effort in performing procedures to evaluate audit evidence for revenue recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others:

- Performing a detailed walkthrough of the Company's processes and controls, and understanding how transactions are reported and recorded in the consolidated financial statements.
- Performed substantive testing procedures over revenue recognition including testing of source documents to ensure completeness, occurrence, accuracy and appropriate cut-off of revenue recognized.
- Reconciling cash receipts with revenue and receivable balances recognized.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael MacLaren.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

January 31, 2025

Revitalist Lifestyle and Wellness Ltd.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at December 31, 2022 and December 31, 2021

	Note	December 31, 2022 $	December 31, 2021 $ (Restated - Note 23)
Assets			
Current assets			
Cash		92,379	3,886,851
Accounts receivable	6	187,142	153,291
Prepaid expenses		168,993	125,635
		448,514	4,165,777
Non-current assets			
Lease deposits		22,182	161,392
Property and equipment	7	158,641	407,294
Right-of-use assets	11	829,833	5,608,427
Total assets		**1,459,170**	10,342,890
Liabilities and equity (deficiency)			
Current liabilities			
Accounts payable and accrued liabilities	9,14	2,610,873	686,674
Acquisition consideration payable	5	-	1,916,556
Loans payable	10	439,694	-
Promissory note payable	14	601,354	-
Lease obligations - current	11	1,016,909	730,868
Convertible debentures - current	13	2,874,000	-
		7,542,830	3,334,098
Non-current liabilities			
Lease obligations	11	4,318,359	5,141,846
Convertible debentures	13	646,451	-
Total liabilities		**12,507,640**	8,475,944
Equity (deficiency)			
Share capital	15	13,428,492	13,369,210
Reserves	15	3,678,106	3,198,819
Reserves - convertible debentures	13	548,897	-
Accumulated other comprehensive loss		(351,465)	(129,485)
Deficit		(28,032,220)	(14,403,291)
Equity (deficiency) attributable to owners of the Company		**(10,728,190)**	2,035,253
Non-controlling interest	12	(320,280)	(168,307)
		(11,048,470)	1,866,946
Total liabilities and equity (deficiency)		**1,459,170**	10,342,890
Nature of operations and going concern	1		
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Approved on behalf of the Board of Directors on January 31, 2025:

"Kathyrn Walker" **Director** *"Kevin Murray"* **Director**

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

Revitalist Lifestyle and Wellness Ltd.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the years ended December 31, 2022 and December 31, 2021

	Note	**December 31, 2022 $**	December 31, 2021 $ (Restated - Note 23)
Revenue			
Patient services	19	4,565,099	2,067,456
Expenses			
Accretion of share consideration payable	5	-	79,685
Acquisition consideration	5	74,976	3,383,532
Advertising and promotion		778,281	1,411,424
Depreciation of property and equipment	7	98,162	48,406
Depreciation of right- of-use assets	11	1,179,820	557,540
Dues and subscriptions		102,368	23,100
Insurance		138,175	56,024
Interest and accretion - convertible debentures	13	831,619	-
Interest and bank charges	10,14	65,920	43,163
Interest expense on lease obligations	11	802,201	409,460
Meals and entertainment		2,846	5,758
Medication and supplies		335,933	249,479
Office and administrative		650,687	309,815
Professional fees		1,222,914	885,978
Revitaland development expenditures		351,290	418,278
Salaries and wages	14	7,358,658	4,581,041
Share-based compensation	14,15	479,287	2,106,304
Utilities		230,138	116,473
		14,703,275	14,685,460
Loss from operating expenses		(10,138,176)	(12,618,004)
Foreign exchange gain (loss)		8,609	(2,357)
Other income		83,023	-
Impairment of right-of-use assets	11	(3,626,926)	-
Impairment of input tax credits		(97,315)	-
Impairment of goodwill	8	-	(1,945,510)
Impairment of property and equipment	7	(201,677)	-
Loss before income taxes		**(13,972,462)**	(14,565,871)
Deferred income tax recovery	20	203,017	-
Loss for the year		**(13,769,445)**	(14,565,871)
Foreign currency translation adjustment		(233,437)	(130,481)
Comprehensive loss for the year		**(14,002,882)**	(14,696,352)
Net loss attributable to:			
Owners of the Company		(13,628,929)	(14,398,560)
Non-controlling interest		(140,516)	(167,311)
		(13,769,445)	(14,565,871)
Net comprehsive loss attributable to:			
Owners of the Company		(13,850,909)	(14,528,045)
Non-controlling interest		(151,973)	(168,307)
		(14,002,882)	(14,696,352)
Loss per share			
Weighted average number of common shares outstanding			
- basic #		**67,868,032**	53,136,496
- diluted #		**67,868,032**	53,136,496
Basic and diluted loss per share $		**(0.21)**	(0.27)
Diluted loss per share $		**(0.21)**	(0.27)

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

(Expressed in Canadian Dollars)

For the years ended December 31, 2022 and December 31, 2021

	Note	Number of shares #	Share capital $	Reserves - other $	Reserves - convertbile debentures $	Accumulated other comprehensive loss $	Deficit $	Attributable to owners $	Non-controlling interest $	Total equity (deficiency) $
January 1, 2021		25,750,001	-	-	-	-	(4,731)	(4,731)	-	(4,731)
Shares issued	15	23,246,917	9,404,962	-	-	-	-	9,404,962	-	9,404,962
Share issuance costs		-	(557,936)	-	-	-	-	(557,936)	-	(557,936)
Warrants issued		-	(1,092,515)	1,092,515	-	-	-	-	-	-
Shares consideration on acqusition	5,23	18,715,662	5,614,699	-	-	-	-	5,614,699	-	5,614,699
Share-based compensation	15	-	-	2,106,304	-	-	-	2,106,304	-	2,106,304
Foreign currency translation adjustment		-	-	-	-	(129,485)	-	(129,485)	(996)	(130,481)
Loss for the year		-	-	-	-	-	(14,398,560)	(14,398,560)	(167,311)	(14,565,871)
December 31, 2021 (Restated - Note 23)		67,712,580	13,369,210	3,198,819	-	(129,485)	(14,403,291)	2,035,253	(168,307)	1,866,946
January 1, 2022		67,712,580	13,369,210	3,198,819	-	(129,485)	(14,403,291)	2,035,253	(168,307)	1,866,946
Shares issued to cancel contract	15	1,282,051	51,282	-	-	-	-	51,282	-	51,282
Cancellation of shares	15	(424,000)	-	-	-	-	-	-	-	-
Shares issued for services	15	200,000	8,000	-	-	-	-	8,000	-	8,000
Share-based compensation	15	-	-	479,287	-	-	-	479,287	-	479,287
Equity portion of convertible debentures, net deferred tax	13	-	-	-	548,897	-	-	548,897	-	548,897
Foreign currency translation adjustment		-	-	-	-	(221,980)	-	(221,980)	(11,457)	(233,437)
Loss for the year		-	-	-	-	-	(13,628,929)	(13,628,929)	(140,516)	(13,769,445)
December 31, 2022		**68,770,631**	**13,428,492**	**3,678,106**	**548,897**	**(351,465)**	**(28,032,220)**	**(10,728,190)**	**(320,280)**	**(11,048,470)**

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

Revitalist Lifestyle and Wellness Ltd.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

For the years ended December 31, 2022 and December 31, 2021

	Note	**December 31, 2022 $**	December 31, 2021 $ (Restated - Note 23)
Operating activities			
Net loss for the year		(13,769,445)	(14,565,871)
Items not affecting cash:			
Accretion of share consideration payable		-	79,685
Depreciation of right-of-use assets		1,179,820	557,540
Deferred income tax recovery		(203,017)	-
Depreciation of property and equipment		98,162	48,406
Foreign exchange loss		(93,383)	(130,481)
Interest expense		867,635	-
Accretion on lease liabilities		802,201	409,460
Impairment of goodwill and other		-	1,945,510
Impairment of right of use assets		3,626,926	-
Impairment of property and equipment		201,677	-
Revitaland development - non-cash		-	380,000
Shares for cancelled contract		51,282	-
Share-based compensation		479,287	2,106,304
Share-based compensation on acquisition		-	3,383,532
Changes in non-cash working capital balances:			
Accounts receivable		(33,851)	1,631,953
Prepaid expenses		95,852	(25,636)
Accounts payable and accrued liabilities		1,761,689	654,342
		(4,935,165)	(3,525,256)
Investing activities			
Cash paid on Revitalist acquisition, net		-	(176,628)
Cash obtained on acqusition		-	352,416
Cash paid for purchase of property and equipment		(34,202)	(366,602)
Lease deposits		-	(161,392)
		(34,202)	(352,206)
Financing activities			
Proceeds from private placement		-	9,024,962
Proceeds to share issuance costs		-	(557,936)
Lease payments		(1,541,557)	(702,713)
Interest on convertible debt and loans		(34,300)	
Proceeds from bank loans		474,342	-
Repayment of bank loans		(34,648)	
Proceeds from promissory note		565,338	-
Proceeds from debenture offering		1,729,000	-
		1,158,175	7,764,313
Foreign exchange impact on cash		**16,720**	-
Change in cash		**(3,794,472)**	3,886,851
Cash, beginning of year		3,886,851	-
Cash, end of year		**92,379**	3,886,851
Supplemental cash flow information	16		

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

1. Nature of operations and going concern

Revivalist Lifestyle and Wellness Ltd. (formerly Deadpool Capital Corp.) (the “Company” or “Revitalist” or “Group”) is a publicly listed company incorporated in the Province of British Columbia on July 6, 2018, under the Business Corporations Act of British Columbia. The Company’s registered records office is located at 3200 - 650 West Georgia Street, Vancouver, British Columbia, V6B 4P7 and its head office is located at 10608 Flickenger Lane, Knoxville, TN, 37922.

Revitalist is a mental health company enabling safe access to psychedelic medicine through a network of clinics located in the United States. Revitalist provides ketamine-assisted psychotherapy through its network of mental health clinics.

These consolidated financial statements (the “financial statements”) comprise the financial statements of the Company, its legal subsidiaries, Ketamine Holdings Ltd. (“Ketamine Holdings”), Ketamine Holdings (USA) Ltd. (“Ketamine Holdings (USA)”), Revitalist, LLC (“Revitalist, LLC”), Revitaland Meta Tech Inc. (“Revitaland”) and one ketamine clinic in the United States owned by state-licensed physicians and organized as professional medical corporations (“PCs”).

On August 24, 2021, the Company listed its common shares for trading on the Canadian Securities Exchange under the symbol “CALM.”

On May 8, 2023, the Company was issued a Cease Trade Order (“CTO”) from the British Columbia Securities Commission in respect of the securities of the Company as a result of the Company’s failure to file its annual audited consolidated financial statements, annual management discussion and analysis, and related certifications. As a result of the CTO, trading in the common shares of the Company was suspended on the Canadian Securities Exchange until such point that the CTO is revoked.

On February 19, 2021, Revitalist acquired 100% of the outstanding shares of Ketamine Holdings (the “Acquisition”), as further described in Note 5.

On January 19, 2021, Ketamine Holdings incorporated a wholly owned subsidiary in Delaware, USA, Ketamine Holdings (USA). On February 16, 2021, Ketamine Holdings (USA) entered into an agreement to acquire 100% of the membership interest of Revitalist, LLC, as further described in Note 5.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months.

As at December 31, 2022, the Company has a cumulative deficit of $28,032,220 and a working capital deficiency of $7,094,316, and negative cash flow from operations. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities, when due, is dependent upon the Company's ability to execute its business plan which will require additional financing. The timing and availability of additional financing will be determined largely by the performance of the Company and market conditions and there is no certainty that the Company will be able to raise funds as they are required in the future.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to reflect These financial statements on a liquidation basis which could differ from accounting principles applicable to a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

(Expressed in Canadian Dollars)

2. Basis of preparation

a) Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue by the Board of Directors on January 31, 2025.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value, as disclosed in Note 3.

The preparation of these financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

c) Basis of consolidation

These financial statements comprise the financial statements of the Company, its legal subsidiaries and one PC, RVLWF, PLLC. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operational policies of the entity. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All intercompany transactions and balances have been eliminated. The Company controls the following entities:

Name of Subsidary	Ownership Interest 2022	Ownership Interest 2021
Ketamine Holdings	100%	100%
Ketamine Holdings (USA)	100%	100%
Revitalist, LLC	100%	100%
Revitaland Meta Tech Inc.	60%	60%

Revitalist has entered into agreements with RVLWF, PLLC which consist of a Management Services Agreement ("MSA"), which provides for various administrative and management services to be provided by the Company to the PC, and a Succession Agreement, which provides for transition of ownership of the PC under certain conditions. Based upon the provisions of these agreements, Revitalist determined that the PC is controlled by the Company. The contractual arrangement to provide management services allows Revitalist to direct the economic activities that most significantly affect the PC.

2. Basis of preparation (continued)

d) Functional and presentation currency

The Company's presentation currency is the Canadian dollar. The functional currency of Revitalist, Ketamine Holdings, and Ketamine Holdings (USA) is the Canadian dollar. The functional currency of Revitalist, LLC, Revitaland Meta Tech Inc., and RVLWF, PLLC is the US dollar ("USD"). Foreign currency transactions are translated into the functional currency at the exchange rate as at the date of the transaction. At each statement of financial position date, monetary assets and liabilities in foreign currencies are translated using the period end foreign exchange rate. Nonmonetary assets and liabilities in foreign currencies are translated using the historical rate. All gains and losses on translation of these foreign currency transactions are included in profit and loss. The results and financial position of a subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities are translated at the closing rate at the reporting date;
ii. Income and expenses for each income statement are translated at average exchange rates for the period; and
iii. All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in a foreign operation are taken to accumulated other comprehensive loss. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

3. Significant accounting policies

a) Significant accounting estimates and judgements

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates

The assessment of the recoverable amount of assets as a result of impairment indicators - When indicators of impairment are identified, recoverable amount calculations are based either on discounted estimated future cash flows or on comparable recent transactions. The assumptions used are based on management's best estimates of what an independent market participant would consider appropriate. Changes in these assumptions may alter the results of impairment testing, the amount of the impairment charges recorded in the consolidated statement of loss and comprehensive loss and the resulting carrying values of assets.

Share-based payments - The fair value of stock options issued is subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

3. Significant accounting policies (continued)

a) Significant accounting estimates and judgements (continued)

Significant accounting estimates (continued)

The assessment of the incremental borrowing rate used in measuring right-of-use assets and lease obligations – For the measurement of lease liabilities, consideration was given to all factors that create an economic incentive to exercise extension, purchase, and terminate options available in its leasing arrangements. These options are only included in the lease term if management determines it is reasonably certain to be exercised. The assessment is reviewed if a significant event or significant change in circumstances occurs which affect this assessment.

In determining the appropriate measurement of lease liabilities, the Company is required to estimate the incremental borrowing rate ("IBR") specific to the transaction. IBR applied reflects the interest rate that the Company would have to pay to borrow a similar amount at a similar term with a similar security.

Recovery of deferred tax assets - Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Accounting for convertible debentures - Involves a discounted cash flow technique which includes both inputs that are not based on observable market data and inputs that are available from observable market data. Where available, the Company seeks comparable interest rates and if unavailable, uses those considered appropriate based on management's assessment of the Company's risk profile.

Revenue recognition and accruals – Revenue is measured at the fair value of the consideration received or receivable, net of estimated adjustments from insurance companies. The Company considers the terms of the sales contracts as well as industry practices, taking into consideration the type of patient, the nature of the transaction, and the specific circumstances of each arrangement. The Company estimates the adjustments to revenue based on actual collections.

Significant accounting judgements

The evaluation of the Company's ability to continue as a going concern – The financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future (note 1). The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year as they fall due, involves judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary if the carrying value of the assets and liabilities, the reported expenses and the statement of financial position classifications used.

3. Significant accounting policies (continued)

a) Significant accounting estimates and judgements (continued)

Significant accounting estimates (continued)

The assessment of indicators of impairment for long-lived assets – After initial recognition, goodwill and long-lived assets are measured at cost less any accumulated impairment losses. For the purpose of impairment testing, management must make critical estimates and use assumptions to project the value of each cash-generating unit. Assumptions include future revenue, profit margin, and an appropriate discount rate. These assumptions will impact the valuation and impairment of goodwill and long-lived assets.

Business combinations - The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits.

Determination of functional currency - In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company is the Canadian dollar and the functional currency of its subsidiaries is the U.S. Dollar.

b) Property and equipment

Property and equipment is recorded at historical cost less related accumulated depreciation and impairment losses. Cost is determined as the expenditure directly attributable to the asset at acquisition, only when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. When an asset is disposed of its carrying cost is derecognized. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. The Company provides for depreciation of property and equipment on a straight-line basis unless otherwise noted using the following annual rates:

Furniture and fixtures:	5 years straight line
Computers, equipment, software:	5 years straight line
Leasehold improvements:	Term of the lease

No depreciation is recorded until the assets are put into use.

c) Leases

The Company recognizes right-of-use assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. For leases where the Company is the lessee, it recognizes a right-of-use asset and a lease liability at inception using the Company’s incremental borrowing rate. Right-of-use assets are amortized over the term of the lease and the lease liability is recorded at amortized cost.

3. Significant accounting policies (continued)

d) Share issuance costs

Professional, consulting, regulatory and other costs that are directly attributable to the issuance of shares are charged to common shares when the related shares are issued, net of any tax effects.

e) Revenue recognition

The Company generates revenue primarily from the provision of psychotherapy services. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized: 1. Identify the contract with a customer; 2. Identify the performance obligation(s) in the contract; 3. Determine the transaction price; 4. Allocate the transaction price to the performance obligation(s) in the contract; and 5. Recognize revenue when or as the Company satisfies the performance obligation(s). Patient service revenues are recognized as performance obligations are completed. Payment of the transaction price for patient services are typically due at the time the services are rendered. Patient service revenues are measured at the net patient service revenues received or receivable, which includes contractual allowances and discounts. In circumstances where the net patient service revenues have not yet been received, the amount of revenue recognized is estimated based on an expected value approach where management considers such variables as the average of previous net service revenues received by the applicable payor and fees received by other patients for similar services and management's best estimate leveraging industry knowledge, expectations of third-party payors' fee schedules and subsequent collections.

Third-party payors include federal and state agencies (under the Medicare programs), managed care health plans and commercial insurance companies.

f) Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are expensed as incurred. Research and development expenses include all direct and indirect operating expenses supporting the products in development.

g) Income taxes

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

h) Financial instruments

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit and loss ("FVTPL") transaction costs.

3. Significant accounting policies (continued)

h) Financial instruments (continued)

Financial assets are subsequently measured at either:

i. amortized cost;
ii. fair value through other comprehensive income ("FVTOCI"); or
iii. at fair value through profit or loss ("FVTPL").

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

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

Classifications	
Financial assets	
Cash	Amortized cost
Accounts receivables	Amortized cost
Lease deposits	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Promissory note payable	Amortized cost
Lease obligations	Amortized cost
Convertible debentures	Amortized cost
Acquisition consideration payable	FVTPL

The Company uses an expected credit loss impairment model. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date.

Compound financial instruments

Compound financial instruments issued by the Company are comprised of convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Embedded derivatives

Embedded derivatives are contained in non-derivative host contracts and are treated as separate derivatives when they meet the definition of a derivative, and their risks and characteristics are not closely related to those of the host contracts. Embedded derivatives are recorded at fair market value with mark-to-market adjustments recorded in profit or loss.

Refer to Note 17 for details of the classification of the Company’s financial assets and liabilities.

3. Significant accounting policies (continued)

i) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on the value of the goods or services rendered, and if not reliably measurable, then on their market value at the date the common shares are issued.

The Company has adopted the relative fair value method with respect to the measurement of common shares and warrants issued as equity units. The relative fair value method requires an allocation of the net proceeds received based on the pro rata relative fair value of the components. If and when the warrants are ultimately exercised, the applicable amounts are transferred from reserves to share capital. The fair value of cancelled or expired warrants is not reclassified from reserves.

j) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

k) Impairment of long-lived assets

Long-lived assets, including intangible assets, are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

l) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Share-based compensation expense relating to restricted share units is accrued over the vesting period of the units based on the quoted market price. The fair value of cancelled or expired stock options is not reclassified from reserves.

3. Significant accounting policies (continued)

m) Business acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3 Business Combinations. This assessment requires management to make judgments on whether the assets acquired, and liabilities assumed, constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

n) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired on the date of acquisition less any impairment losses. Goodwill is allocated to the CGU to which it relates. Goodwill is measured at historical cost and is evaluated for impairment annually and more often if events or circumstances indicate there may be impairment.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in profit or loss in the year in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

4. Adoption of new accounting standards, interpretations, and amendments

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2022:

The following amendments will be in effect for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

IFRS 18 Presentation and Disclosure in Financial Statements, which will *replace IAS 1, Presentation of Financial Statements* aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in *IAS 7 Statement of Cash Flows*. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company anticipates that these amendments will not have a material impact on the results of operations and financial position of the Company, except for IFRS 18, which the Company is continuing to assess its impact.

(Expressed in Canadian Dollars)

5. Reverse take-over and acquisitions

Florida Acquisition

On January 11, 2022, Revitalist acquired 100% of the assets of a medical clinic located in Florida (the "Florida Acquisition"). The purchase price for the Florida Acquisition was USD $100,000, with USD $60,000 payable in cash on January 11, 2022 (paid), and the remaining USD $40,000 payable in common shares of the Company in two equal instalments on January 11, 2023, subject to a minimum deemed value of US$0.50 per share. As a result of the deemed per share floor value, the deferred consideration was considered to have nominal fair value. Subsequent to year end, the Company did not issue the shares to settle the acquisition payable.

The Florida Acquisition was accounted for as an asset acquisition, as the assets acquired did not qualify as a business according to the definitions of IFRS 3.

On acquisition, the Company recorded the value of the cash consideration ($74,976) as acquisition consideration on the consolidated statements of loss and comprehensive loss, given the limited future potential of the acquired assets.

Revitalist Acquisition

On February 16, 2021, and as amended on March 30, 2022, Ketamine Holdings (USA) entered into an agreement to acquire 100% of the membership interest of Revitalist, LLC (the "Revitalist Acquisition").

Consideration for the Revitalist Acquisition included two times normalized revenue for the year ended December 31, 2020, increased by two times the insurance billings collected between January 1, 2021 and December 31, 2021 that related to services performed during the year ended December 31, 2020 (the "Purchase Price").

Consideration was payable as follows: USD $150,000 cash on closing, and the remainder to be settled through the issuance of common shares on or before June 30, 2022.

The Revitalist Acquisition was accounted for as a business combination as the assets acquired, and liabilities assumed, constitute a business. The transaction was accounted for using the acquisition method of accounting whereby the assets acquired, and the liabilities assumed were recorded at their estimated fair value at the acquisition date. The Company applied various estimates and valuation techniques in order to measure the assets acquired and the liabilities assumed in the business combination. Certain allocations have been restated, as detailed in Note 23.

The allocation of the components of total consideration to the net assets acquired was as follows:

Consideration (restated - Note 23)	**$**
Acquisition consideration payable	1,836,871
Cash consideration paid	190,170
	2,027,041

Net assets acquired (restated - Note 23)	**$**
Cash	13,445
Accounts receivable	3,453
Property and equipment	89,195
Right-of-use asset	727,965
Goodwill	1,945,510
Accounts payable and accrued liablities	(24,562)
Lease obligation	(727,965)
Total net assets acquired	**2,027,041**

The Company recorded accretion expense of $79,685 during the year ended December 31, 2021, bringing the acquisition consideration payable to the amount payable of $1,916,556. The discount rate used to determine the present value of the liability was 4% over a period of one year.

The acquisition consideration payable was settled by the issuance of a convertible debenture (Note 13).

(Expressed in Canadian Dollars)

5. Reverse take-over and acquisitions (continued)

Ketamine Holdings Acquisition

On February 19, 2021, Revitalist acquired 100% of the outstanding shares of Ketamine Holdings and issued 18,715,662 common shares to the shareholders of Ketamine Holdings. The Acquisition does not constitute a business combination under IFRS 3 Business Combinations as Revitalist did not meet the definition of a business prior to the transaction. Accordingly, the Acquisition has been accounted for as an acquisition by Ketamine Holdings of the Company's net assets. In accordance with the principles of reverse take-over accounting, the Company will report the operations and its related historical comparatives of Ketamine Holdings as its continuing business.

The Acquisition was a reverse take-over whereby the legal subsidiary, Ketamine Holdings was determined to have acquired control of Revitalist, and to be the acquirer for accounting purposes. In accordance with the principles of reverse take-over accounting, the Company will report the operations of Ketamine Holdings and its related historical comparatives as its continuing business, except for the legal capital shown in the consolidated statements of changes in shareholders' equity (deficiency) and in Note 15, which have been adjusted to reflect the share capital of the Company.

The acquisition date fair value of the consideration was estimated based on the net asset value of the Company using the last financing price in Revitalist as follows:

Consideration	**$**
Common shares issued (18,715,662 common shares at $0.30)	5,614,699

Net assets acquired	**$**
Cash	352,417
Prepaid expenses and deposits	100,000
Subscriptions receivable	1,781,791
Accounts payable and accrued liablities	(3,040)
Total net assets acquired	**2,231,168**
Acquisition expense - share based compensation	**3,383,532**

6. Accounts receivable

	December 31, 2022 $	**December 31, 2021 $**
Trade receivables	187,142	85,957
GST and taxes recoverable	-	67,334
	187,142	153,291

Trade receivables relates to amounts receivable from patients/insurance for treatments completed at the clinics.

(Expressed in Canadian Dollars)

7. Property and equipment

Cost	Furniture and fixtures $	Computers, equipment, software $	Leasehold improvements $	Total $
Balance, January 1, 2021	-	-	-	-
Additions	102,356	172,179	181,165	455,700
Balance, December 31, 2021	102,356	172,179	181,165	455,700
Additions	-	27,770	6,432	34,202
Foreign exchange	6,112	10,521	17,972	34,605
Balance, December 31, 2022	108,468	210,470	205,569	524,507
Depreciation and impairments				
Balance, January 1, 2021	-	-	-	-
Additions	10,573	12,494	25,339	48,406
Balance, December 31, 2021	10,573	12,494	25,339	48,406
Additions	25,482	39,525	33,155	98,162
Impairment	21,117	57,355	123,205	201,677
Foreign exchange	1,748	2,447	13,426	17,621
Balance, December 31, 2022	58,920	111,821	195,125	365,866
Balance, December 31, 2021	91,783	159,685	155,826	407,294
Balance, December 31, 2022	**49,548**	**98,649**	**10,444**	**158,641**

During the year ended December 31, 2022, the Company recorded an impairment charge on certain items of property and equipment in an amount of $201,677 (2021 - $nil).

8. Goodwill

Cost	Total $
Balance, January 1, 2021	-
Additions (Note 5)	1,945,510
Impairment	(1,945,510)
Balance, December 31, 2021 and 2022	-

During the year ended December 31, 2021, management recognized the presence of impairment indicators with respect to the recoverable value of its goodwill based on a variance between the calculated rate of return compared to the Company’s estimated weighted average cost of capital, and as such, an impairment charge of $1,945,510 was recorded.

(Expressed in Canadian Dollars)

9. Accounts payable and accrued liabilities

	December 31, 2022 $	December 31, 2021 $
Trade accounts payable	1,192,541	54,381
Accrued liabilities	830,313	298,924
Payroll liabilties	469,876	333,369
Share subsciptions payable	118,143	-
	2,610,873	**686,674**

10. Loans payable

On September 30, 2022, the Company entered into a loan agreement with an arm's length entity whereby loan proceeds of USD $100,000 ($135,407) was received. The loan bears interest at the rate of prime plus 2.58%, with monthly interest payments being due on the 1st of each month commencing November 1, 2022. The principal portion of the loan is payable on demand, and the loan has been personally guaranteed by an Executive Officer of the Company. As at December 31, 2022, the carrying amount of the loan is $135,407. During the year ended December 31, 2022, interest expense of $1,483 was recognized in connection with this loan.

On December 15, 2022, the Company entered into a loan agreement with an arm's length entity whereby loan proceeds of USD $250,000 ($338,935) was received. Pursuant to the terms of the loan agreement, the Company is required to make 26 weekly payments (the "Term") of USD $11,538, such that the aggregate of repayments made equates to USD $300,000 on completion of the Term. The loan agreement also required a one-time origination fee of USD $6,250 to be paid on signing. As at December 31, 2022, the carrying amount of the loan is $304,287. During the year ended December 31, 2022, interest expense of $5,486 was recognized in connection with this loan.

(Expressed in Canadian Dollars)

11. Right-of-use assets and lease obligations

The Company's right-of-use ("ROU") assets consist of clinic premises and medical equipment leases.

Cost	**ROU asset** **$**
Balance, January 1, 2021	-
Assumed on acqusition (Note 5)	727,965
Additions	5,438,002
Balance, December 31, 2021 (restated - Note 23)	6,165,967
Additions	-
Derecognition	(245,142)
Foreign exchange	486,420
Balance, December 31, 2022	6,407,245
Depreciation	
Balance, January 1, 2021	-
Additions	557,540
Balance, December 31, 2021	557,540
Additions	1,179,820
Impairment	3,626,926
Derecognition	(20,471)
Foreign exchange	233,597
Balance, December 31, 2022	5,577,412
Balance, December 31, 2021	5,608,427
Balance, December 31, 2022	**829,833**

As of December 31, 2022, the Company began curtailment of operations at seven of its nine clinic locations. As such, the ROU assets related to the closed leased locations have been fully impaired as the recoverable amount was estimated to be nominal. Subsequent to year end, the Company negotiated the settlement of certain leases as further described in Note 21.

(Expressed in Canadian Dollars)

11. Right-of-use assets and lease obligations (continued)

The following is the continuity of lease obligations, for the years ended December 31, 2022 and 2021:

	Lease obligations $
Balance, January 1, 2021	-
Assumed on acqusition (Note 5)	727,965
Additions	5,438,002
Interest expense	409,460
Lease payments	(702,713)
Balance, December 31, 2021 (restated - Note 23)	5,872,714
Interest expense	802,201
Derecognition	(191,201)
Lease payments	(1,541,557)
Currency translation adjustment	393,111
Balance, December 31, 2022	**5,335,268**
Less: current lease obligations	(1,016,909)
Balance (long term), December 31, 2022	**4,318,359**

As at December 31, 2022, the minimum lease payments (before giving effect to the subsequent terminations and settlements) for the lease obligations are as follows:

Year	**$**
2023	1,700,451
2024	1,723,415
2025	1,713,169
2026	1,007,004
2027	258,427
2028	266,180
2029-2032	895,555
	7,564,201
Less: Interest expense on lease obligations	(2,228,933)
Total present value of minimum lease payments	**5,335,268**

When measuring lease obligations, the Company's estimated incremental borrowing rate applied was 14.3% per annum.

(Expressed in Canadian Dollars)

12. Non-controlling interest

The non-controlling interest represents equity in Revitaland that is not attributable to the Company.

The following table represents the summarized financial information of Revitaland:

Ownership interest: 60%	December 31, 2022 $	December 31, 2021 $
Non-current liabilities	800,699	420,768
Net loss for the year	351,290	420,768
Net loss attributable to non-controlling interest	**140,516**	167,311

Change in non-controlling interests during the years:		
Balance, January 1, 2021	$	-
Net loss attributable to non-controlling interests		167,311
Comprehensive loss attributable to non-controlling interests		996
Balance, December 31, 2021		168,307
Net loss attributable to non-controlling interests		140,516
Comprehensive loss attributable to non-controlling interests		11,457
Balance, December 31, 2022	**$**	**320,280**

13. Convertible debentures

On April 19, 2022, the company closed a non-brokered private placement offering for aggregate gross proceeds to the Company of $3,644,000, including the settlement of acquisition consideration payable (Note 5). The Company issued convertible note units (the "Units") at a subscription price of $1,000 per Unit, each Unit composed of (i) $1,000 in principal amount of unsecured convertible note of the Company and (ii) 3,500 detachable common share purchase warrants. Each convertible note matures in 36 months from the date of issuance and will accrue simple interest at 8% per annum, payable quarterly. As at December 31, 2022, $168,954 has been accrued as debenture interest payable included in accounts payable and accrued liabilities.

Each convertible note, and any accrued but unpaid interest thereon, is convertible into common shares of the Company at a conversion price of $0.15 at any time prior to maturity. Each warrant will be exercisable at $0.20 per share at any time until the date that is 24 months from the date of issuance, subject to an acceleration clause.

The convertible notes were valued initially by measuring the fair value of the liability component using an 18% discount rate, and by allocating the residual (using the residual value method) to the warrants and the equity conversion feature (the "Equity Components"). The Equity Components were initially measured using the Black-Scholes Option pricing models, using the following assumptions:

	Warrants	Equity conversion feature
Risk-free interest rate	3.00%	3.00%
Expected life of option	2 years	3 years
Expected dividend yield	0%	0%
Expected stock price volatility	150.00%	150.00%
Fair value per option	$0.05	$0.06

Once the individual fair values were quantified, the Company used a relative fair value approach to allocating the residual value between the two equity components such that $217,521 was allocated to the warrants, and $534,393 was allocated to the equity conversion feature. Deferred tax on the equity components of $203,017 was recognized and recorded as deferred income tax recovery.

(Expressed in Canadian Dollars)

13. Convertible debentures (continued)

A reconciliation of the convertible debenture components is as follows:

	Liability	Equity warrants	conversion option	Total
	$	$	$	$
Balance, January 1, 2021 and December 31, 2021	-	-	-	-
Issuance of promissory note	2,892,086	217,521	534,393	3,644,000
Interest and accretion	831,619	-	-	831,619
Interest payments	(34,300)	-	-	(34,300)
Interest payable - reclassified within current liabilities	(168,954)	-	-	(168,954)
Deferred income tax on equity components	-	(58,731)	(144,286)	(203,017)
Balance, December 31, 2022	**3,520,451**	**158,790**	**390,107**	**4,069,348**
Liabilities:				
Convertible debentures - current	2,874,000	-	-	2,874,000
Convertible debentures - non-current	646,451	-	-	646,451
Equity:				-
Equity portion (reserves) - convertible debenture	-	158,790	390,107	548,897
Balance, December 31, 2022	**3,520,451**	**158,790**	**390,107**	**4,069,348**

As the Company defaulted on certain debentures by not making the required interest payments by December 31, 2022, those debentures have been presented as current. Subsequent to year end, the Company defaulted on the remaining debentures. Certain debenture holders have initiated legal claims against the Company (Note 21).

14. Related party transactions and balances

Related parties include key management of the Company and any entities controlled by these individuals as well as other entities providing key management services to the Company. Key management personnel consist of Directors and Executive Officers.

The Company incurred the following key management compensation charges during the years ended December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Salaries and wages	472,258	260,279
Professional fees	131,626	-
Share based compensation	100,700	377,736
Total key management compensation	**704,584**	638,015

During the years ended December 31, 2022, and 2021, the Company made the following lease payments to a company controlled by the Company's Chief Executive Officer:

	December 31, 2022	December 31, 2021
	$	$
Lease payments	272,038	194,230

(Expressed in Canadian Dollars)

14. Related party transactions and balances (continued)

The Company had the following outstanding amounts owed to related parties:

	December 31, 2022 **$**	December 31, 2021 $
Accounts payable	897,384	5,291
Promissory note payable	601,354	-
Convertible debenture	2,228,000	-
Total	3,726,738	5,291

In August 2022, the Company entered into an unsecured promissory note agreement with an Officer and Director of the Company in a principal amount of USD $417,510 ($565,338). The promissory note bears interest at the rate of 8% per annum, with an increase to 10% effective January 1, 2023. As at December 31, 2022, principal plus accrued interest on the note totaled $601,354. As the note has no specific term, it has been classified as a current liability as at December 31, 2022.

During the year ended December 31, 2022, no stock options (2021 – 1,900,000) were granted to key management having a fair value on issue of $nil (2021 - $516,871).

15. Share capital

Authorized share capital

The Company has an unlimited number of common shares without par value authorized for issuance. As at December 31, 2022, the Company had 68,770,631 (December 31, 2021 - 67,712,580) common shares issued and outstanding.

Share transactions – year ended December 31, 2021

On February 3, 2021, the Company closed a private placement and issued 5,700,000 common shares for proceeds of $430,075.

On February 19, 2021, the Company issued 18,715,662 common shares per the transaction described in Note 5.

On July 14, 2021, the company closed a private placement for aggregate gross proceeds of $5,594,887 through the issuance of 11,189,774 special warrants at a price of $0.50 per special warrant. Each special warrant entitled the holder to receive one common share of the Company. The special warrants converted to common shares at the time the Company listed its shares for trading on the Canadian Securities Exchange on August 24, 2021.

On November 17, 2021, the Company closed a private placement for aggregate gross proceeds of $3,000,000 through the issuance of 5,357,143 common share units. Each unit consisted of one common share and 1 common share purchase warrants with an exercise price of $0.69 each. The fair market value of these warrants using the residual value method was $964,286. The exclusive placement agent in the transaction received warrants with an exercise price of $0.56 each (“Agent Warrants”). All warrants issued may be exercised over a period of 5 years. The fair value of the Agent Warrants granted during the period using the Black Scholes option pricing model was $128,229. The following assumptions were used: exercise price of $0, estimated volatility of 150% based on comparable companies, expected life of 5 years and a risk-free rate of 0.14%.

The Company incurred share issuance costs of $557,936 related to the private placements.

On November 19, 2021, the Company issued 1,000,000 common shares with a fair value of $380,000 pursuant to a development agreement (Note 22).

15. Share capital (continued)

Share transactions – year ended December 31, 2022

On October 12, 2022, the Company issued 1,282,051 common shares valued for a total of $51,282 as compensation for the cancellation of a contract.

On August 26, 2022, the Company accepted the return of 424,000 common shares due to the non-performance of an agreement.

On November 23, 2022, the Company issued 200,000 common shares as settlement for consulting services provided. The fair value of the common shares was $8,000.

Escrow shares

As at December 31,2022, the Company had 3,000,000 shares in escrow (December 31, 2021 – 4,500,000).

Stock option plan

The Company has adopted a rolling incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to Directors, officers, employees or consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 15% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

Stock options

Options granted during the year ended December 31, 2021:

On February 17, 2021, the Company granted a total of 3,050,000 incentive stock options to eligible individuals. The options are exercisable over a period of five years at a price of $0.30 per share. These options vest 50% on February 17, 2022, with the remaining 50% on February 17, 2023.

On July 14, 2021, the Company granted a total of 4,525,000 incentive stock options to eligible individuals. The options are exercisable over a period of five years at a price of $0.50 per share. The vesting provisions were as follows: (a) 1,275,000 of the options vest 50% on July 14, 2022, with the remaining 50% on July 14, 2023, (b) 2,250,000 of the options vest 50% on January 14, 2022, with the remaining 50% on July 14, 2022, (c) 1,000,000 of the options vest 25% on January 14, 2022, 25% on July 14, 2022, 25% on January 14, 2023, with the remaining 25% on July 14, 2023.

On August 26, 2021, the Company granted a total of 105,000 incentive stock options to eligible individuals. The options are exercisable over a period of five years at a price of $0.60 per share. These options vest 50% on August 26, 2022, with the remaining 50% on August 26, 2023.

On August 31, 2021, the Company granted a total of 10,000 incentive stock options to eligible individuals. The options are exercisable over a period of five years at a price of $0.67 per share. These options vest 50% on August 31, 2022, with the remaining 50% on August 31, 2023.

Options granted during the year ended December 31, 2022:

On January 7, 2022, the Company granted a total of 225,000 incentive stock options to eligible individuals. The options are exercisable for a period of 5 years at a price of $0.20 per share. These stock options vest 100% on January 7, 2023.

On January 7, 2022, the Company granted a total of 205,000 incentive stock options to eligible individuals. The options are exercisable for a period of 5 years at a price of $0.20 per share. These stock options vest 50% on January 7, 2023, and 50% on January 7, 2024.

On March 14, 2022, the Company granted a total of 150,000 incentive stock options to eligible individuals. The options are exercisable for a period of 5 years at a price of $0.09 per share. These stock options vest 50% on March 14, 2023, and 50% on March 14, 2024.

(Expressed in Canadian Dollars)

15. Share capital (continued)

Stock options (continued)

On April 19, 2022, the Company granted a total of 75,000 incentive stock options to eligible individuals. The options are exercisable for a period of 5 years at a price of $0.09 per share. These stock options vest 50% on April 19, 2023, and 50% on April 19, 2024.

On September 16, 2022, the Company granted a total of 20,000 incentive stock options to eligible individuals. The options are exercisable for a period of 5 years at a price of $0.20 per share. These stock options vest 50% on September 16, 2023, and 50% on September 16, 2024.

The total share-based payments expense associated with the vesting of stock options, net of reversals of forfeit options prior to vesting, was $213,757 for the year ended December 31, 2022 (2021 - $1,677,335).

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	December 31, 2022	**December 31, 2021**
Risk-free interest rate	1.88%	0.14%
Expected life of option	5 years	5 years
Expected dividend yield	0%	0%
Expected stock price volatility	150.00%	150.00%
Fair value per option	$0.15	$0.42

A summary of the status of the Company's stock options as of December 31, 2022, and 2021, and changes during the years then ended is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Options #	Weighted average exercise price $	Options #	Weighted average exercise price $
Options outstanding, beginning of year	7,690,000	0.42	-	-
Granted	675,000	0.16	7,690,000	0.42
Forfeit	(6,640,000)	0.42	-	-
Options outstanding, end of year	**1,725,000**	**0.34**	7,690,000	0.42

During the year ended December 31, 2022, 6,640,000 (December 31, 2021 – nil) were forfeited.

The following summarizes information about the outstanding stock options outstanding and exercisable as at December 31, 2022:

Options outstanding #	Options exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
1,390,000	695,000	0.30	3.13	February 17, 2026
335,000	167,500	0.50	3.54	July 14, 2026
1,725,000	**862,500**		**3.21**	

(Expressed in Canadian Dollars)

15. Share capital (continued)

Restricted stock units

On July 14, 2021, the Company granted a total of 1,500,000 restricted stock units to eligible persons. The restricted share units vested 25% on November 14, 2021, 25% on March 14, 2022, 25% on July 14, 2022, and the remaining 25% on November 14, 2022.

On January 7, 2022, the Company granted a total of 130,000 restricted stock units to eligible persons. The restricted share units vested 50% on February 17, 2022, with the remaining 50% on February 17, 2023.

The value of the restricted stock units granted was based on the fair value of the Company's common shares on the date of grant. During the year ended December 31, 2022, the restricted stock units were granted at a fair value of $0.22 each for a total value of $28,600 (2021 - $0.45 each for a total value of $680,198) which is being recorded to share-based payment expense over the vesting periods.

The total share-based payments expense associated with the vesting of restricted stock units was $265,530 for the year ended December 31, 2022 (2021 - $428,969).

A summary of the status of the Company's restricted stock units as of December 31, 2022, and 2021, and changes during the years then ended is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	Restricted stock units #	Restricted stock units #
RSUs outstanding, beginning of year	1,500,000	-
Granted	130,000	1,500,000
Forfeit	(65,000)	-
RSUs outstanding, end of year	**1,565,000**	1,500,000

The following summarizes information about the outstanding restricted stock units outstanding and exercisable as at December 31, 2022 and December 31, 2021:

Outstanding and exercisable
December 31, 2022

Restricted stock units #	Weighted average Remaining Life	Exercisable #
1,500,000	3.54	1,500,000
65,000	4.02	$ 65,000

(Expressed in Canadian Dollars)

15. Share capital (continued)

Warrants

A summary of the status of the Company's warrants as of December 31, 2022, and December 31, 2021, and changes during the years then ended is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Warrants #	Weighted average exercise price $	Warrants #	Weighted average exercise price $
Warrants outstanding, beginning of year	5,732,143	0.68	-	-
Issued - common share financings	-	-	5,732,143	0.68
Issued - convertible debenture financing	12,754,000	0.20	-	-
Warrants outstanding, end of year	18,486,143	0.35	5,732,143	0.68

The following summarizes information about the outstanding warrants outstanding and exercisable as at December 31, 2022:

Warrants outstanding #	Warrants exercisable #	Exercise price $	Weighted average remaining life (years)	Expiry date
5,357,143	5,357,143	0.69	3.88	November 17, 2026
375,000	375,000	0.56	3.88	November 17, 2026
12,754,000	12,754,000	0.20	1.30	April 19, 2024
18,486,143	**18,486,143**		**2.10**	

16. Supplemental cash flow information

The Company incurred non-cash financing and investing activities during the years ended December 31, 2022, and December 31, 2021 as follows:

	December 31, 2022 $	December 31, 2021 $
Non-cash investing and financing transactions		
Shares issued for settlement of accounts payable	8,000	-
Acquisition payable settled by issuance of convertible debentures	1,915,000	-
Equity component of convertible debentures allocated to equity	751,914	-
ROU asset derecognized	224,671	-
ROU and lease obligation additions	-	5,438,002
Shares for NCI contract	-	380,000

There were no amounts paid for income taxes during the years ended December 31, 2022, and December 31, 2021.

During the year ended December 31, 2022, the Company paid cash of $34,300 in interest (2021 - $nil), excluding interest expense related to lease obligations which is separately disclosed in Note 11.

17. Financial instruments and risks

Financial instruments - fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments carrying values approximate their fair values. The carrying value of lease obligations and convertible debt approximate their fair value due to being discounted with a rate of interest that approximates market rates.

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit, liquidity, currency, and interest rate risk.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure on any outstanding accounts receivable. The carrying amount of financial assets represents the maximum credit exposure.

Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The Company's currency risk primarily arises from financial instruments denominated in currencies other than its functional currency. The Company does not undertake currency hedging activities to mitigate its foreign currency risk. The impact on the Company's profit or loss resulting from a 1% fluctuation in foreign exchange rates would be nominal.

Interest rate risk

Interest rate risk consists of two components:

i. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
ii. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to significant interest rate risk because of their short-term nature and maturity. The Company's loans payable, promissory note payable and convertible debentures carry fixed interest rates, except for one loan of US$100,000 which is variable based on prime rate plus 2.58% (Note 10).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner. The Company is exposed to liquidity risk.

18. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of all components of shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities, as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2021.

19. Segment reporting

Information reported to the Chief Operating Decision Maker ("CODM") for the purpose of resource allocation and assessment of segment performance focuses on the nature of the operations. The Company operates in three segments:

- Clinical Operations: which encompass the Company's ketamine assisted psychotherapy clinics across the United States of America.
- Research: which consists of the development of virtual clinics in the metaverse and research focused expenses.
- Corporate: which incorporates the operations of Revitalist's headquarters.

Factors considered in determining the operating segments include the company's business activities, the management structure directly accountable to the CODM, availability of discrete financial information and strategic priorities within the organizational structure.

(Expressed in Canadian Dollars)

19. Segment reporting (continued)

Segment information	Clinical operations $	Research $	Corporate $	Total $
December 31, 2022				
Revenue	4,565,099	-	-	4,565,099
Depreciation	(1,179,820)	-	-	(1,179,820)
Share-based compensation	-	-	(479,287)	(479,287)
Acquisition considertion	-	-	(74,976)	(74,976)
Research and development	-	(351,290)	-	(351,290)
Other operating expenses and income	(9,118,448)	-	(1,797,048)	(10,915,496)
Interest expense - convertible debenture	-	-	(831,619)	(831,619)
Interest expense- lease and loan	(868,121)	-	-	(868,121)
Impairment - PP&E	(201,677)	-	-	(201,677)
Impairment - right-of-use asset	(3,635,275)	-	-	(3,635,275)
Loss before income taxes	(10,438,242)	(351,290)	(3,182,930)	(13,972,462)
Deferred income taxes	-	-	203,017	203,017
Loss for the year	(10,438,242)	(351,290)	(2,979,913)	(13,769,445)
Lease deposits	22,182	-	-	22,182
Property and equipment	158,641	-	-	158,641
Right of use assets	829,833	-	-	829,833
Total non-current assets	1,010,656	-	-	1,010,656
Total current assets	448,514	-	-	448,514
Total capital expenditures	34,202	-	-	34,202
Total liabilities	(7,222,518)	-	(5,285,122)	(12,507,640)
December 31, 2021				
Revenue	2,067,456	-	-	2,067,456
Depreciation	(605,946)	-	-	(605,946)
Impairment of goodwill	-	-	(1,945,510)	(1,945,510)
Share-based compensation	-	-	(2,106,304)	(2,106,304)
Acquisition considertion	-	-	(3,383,532)	(3,383,532)
Research and development	-	(418,278)	-	(418,278)
Other operating expenses	(5,024,305)	-	(2,739,992)	(7,764,297)
Interest expense	(409,460)	-	-	(409,460)
Loss for the year	(3,972,255)	(418,278)	(10,175,338)	(14,565,871)
Lease deposits	161,392	-	-	161,392
Property and equipment	407,294	-	-	407,294
Right of use assets	5,608,427	-	-	5,608,427
Total non-current assets	6,177,113	-	-	6,177,113
Total current assets	278,844	-	3,886,933	4,165,777
Total capital expenditures	366,602	-	-	366,602
Total liabilities	(8,160,572)	-	(315,372)	(8,475,944)

(Expressed in Canadian Dollars)

20. Income taxes

The following table reconciles the expected income tax expenses (recovery) at the Canadian statutory tax rate to the amounts recognized in the financial statements of loss and comprehensive loss for the year ended December 31, 2022 and 2021:

	December 31, 2022 **$**	December 31, 2021 $
Statutory income tax rate	27%	27%
Income tax (recovery) at statutory rate	(3,773,000)	(3,449,000)
Tax rate differential for foreign taxes	(3,000)	(37,000)
Adjustment versus statutory tax return	103,000	-
Permanent differences and other	(17,000)	1,298,000
Change in unrecognized deferred income tax assets	3,486,983	1,288,000
Deferred income tax expense (recovery)	(203,017)	-

The significant components of deferred income tax assets and liabilities are as follows:

	December 31, 2022 **$**	December 31, 2021 $
Non-capital losses	4,322,000	1,824,000
Property, equipment, and right-of-use assets	1,212,000	166,000
Share issuance costs	90,000	148,000
Unrecognized deferred income tax assets	5,624,000	2,138,000
Set-off of tax	(5,624,000)	(2,138,000)
Net deferred tax asset (liability)	-	-

As at December 31, 2022, the Company has not recognized a deferred tax asset in respect of non-capital loss carry forwards in Canada and USA of approximately $16,357,000 (December 31, 2021 - $6,801,000).

21. Commitments and Contingencies

The Company has been named in certain lawsuits and incurred other contingencies not disclosed elsewhere in these financial statements:

- On November 5, 2021 the Company was named in a lawsuit initiated by an industry competitor seeking damages of an unspecified amount. Revitalist denies any liability and has filed a counterclaim seeking damages from the plaintiff. The outcome of the lawsuit is undeterminable, and no amount has been recorded in these financial statements.
- During June and July 2023, two of the Company's convertible debenture holders ($550,000 principal value) demanded repayment of the entire principal portion of debenture, inclusive of accrued interest due to default. The creditors have initiated proceedings in the Supreme Court of British Columbia seeking repayment of principal, interest and costs.
- Subsequent to December 31, 2022, the Company defaulted on all nine remaining clinic leases. The Company settled seven lease agreements for approximately US$390,000 including in certain cases long term pay out periods of up to ten years. Should the Company default on the settlement payments, the original lease balances may be enforced and payable.
- Subsequent to December 31, 2022, the Company was named in a lawsuit by a former director seeking damages of an unspecified amount but not less than US$1,500,000. Revitalist denies any liability and has filed a counterclaim seeking damages from the plaintiff. The outcome of the lawsuit is undeterminable, and no amount has been recorded in these financial statements.

22. Revitaland development

On November 19, 2021, the Company engaged consultants ("Consultants") for the purpose of developing Revitaland virtual clinics in the metaverse. Pursuant to this engagement, the Company issued 1,000,000 common shares with a fair value of $380,000 and paid consulting fees totaling $38,278. The Consultants are entitled to receive a total of 5,000,000 common shares upon achieving certain business milestones in the future or upon termination of the engagement within 12 months of execution. The development has been put on hold as the Consultants have not met the required milestones. No accrual for a share commitment has been set up as at December 31, 2021 and 2022.

23. Restatement

The Company has restated its comparative financial results to these consolidated financial statements for the year ended December 31, 2021. The Company recognized certain revisions were required as follows:

- the allocation of components of total consideration to the net assets acquired for the Revitalist Acquisition (Note 5) from intangible assets to goodwill. Further adjusted the comparative year on recognition of impairment with relation to the goodwill acquired in the Revitalist Acquisition.
- recognize a right-of-use asset and corresponding lease obligation for a lease that had been entered into during 2021, that had not been accounted for as at December 31, 2021.
- reclassification of cash flows for lease payments from investing activities to financing activities.
- Revision to related party disclosures for share-based compensation to directors and officers not previously disclosed.

(Expressed in Canadian Dollars)

23. Restatement (continued)

The restatement of the comparative financial results resulted in the following changes:

As at December 31, 2021	As previously reported $	Effect of restatement $	As restated $
Consolidated statement of financial position			
Right-of-use assets	5,221,164	387,263	**5,608,427**
Intangible assets	725,650	(725,650)	**-**
Goodwill	1,063,510	(1,063,510)	**-**
Total assets	11,744,787	(1,401,897)	**10,342,890**
Lease obligations - current	679,507	51,361	**730,868**
Lease obligations - non-current	4,805,944	335,902	**5,141,846**
Total liabilities	8,088,681	387,263	**8,475,944**
AOCI	(130,481)	996	**(129,485)**
Deficit	(12,613,135)	(1,790,156)	**(14,403,291)**
Equity attributable to owners of the Company	3,824,413	(1,789,160)	**2,035,253**
Total liabilities and shareholders' equity	11,744,787	(1,401,897)	**10,342,890**

For the year ended December 31, 2021	As previously reported $	Effect of restatement $	As restated $
Consolidated statement of loss and comprehensive loss			
Amortization and depreciation	(104,756)	56,350	**(48,406)**
Accretion of share consideration payable	(179,685)	100,000	**(79,685)**
Loss from operating expenses	(12,774,354)	156,350	**(12,618,004)**
Impairment of goodwill	-	(1,945,510)	**(1,945,510)**
Net loss for the year	(12,776,711)	(1,789,160)	**(14,565,871)**
Comprehensive loss for the year	(12,907,192)	(1,789,160)	**(14,696,352)**
Net loss attributable to owners of the Company	(12,609,400)	(1,789,160)	**(14,398,560)**
Net comprehensive loss attributable to owners of the Company	(12,738,885)	(1,789,160)	**(14,528,045)**

For the year ended December 31, 2021	As previously reported $	Effect of restatement $	As restated $
Consolidated statement of cash flows			
Net loss for the year	(12,776,711)	(1,789,160)	**(14,565,871)**
Operating activities	(3,525,256)	-	**(3,525,256)**
Investing activities	(1,054,919)	702,713	**(352,206)**
Financing activities	8,467,026	(702,713)	**7,764,313**

There was no impact on any opening balances to the year ended December 31, 2021, as such, no opening statement of financial position is presented.

24. Events after the reporting period

The Company incurred the following events subsequent to December 31, 2022, not disclosed elsewhere in the financial statements:

(a) On February 1, 2023, the Company completed a private placement offering of units whereby a total of 11,800,000 units were issued at $0.05 per unit for gross subscriptions of $590,000. Each unit consisted of one common share and one share purchase warrant, exercisable at a price of $0.05 for a period of 5 years expiring on February 1, 2028. Of the total units issued, 9,500,000 units were issued in settlement of debt totaling $475,000, with the remaining $115,000 being issued for cash consideration.

24. Events after the reporting period (continued)

(b) On May 1, 2023, the Company completed the first tranche of a private placement offering of units whereby a total of 56,975,000 units were sold at $0.02 per unit for gross proceeds of $1,139,500. Each unit consists of one common share and one share purchase warrant, exercisable at a price of $0.05 for a period of 2 years expiring on May 1, 2025. The expiry date of the warrants are subject to an acceleration clause. Additionally, the Company granted 11,750,000 RSUs vesting on June 1, 2023.

(c) On May 8, 2023, the Company was issued a Cease Trade Order ("CTO") from the British Columbia Securities Commission in respect of the securities of the Company as a result of the Company's failure to file its annual audited consolidated financial statements, annual management discussion and analysis, and related certifications. As a result of the CTO, trading in the common shares of the Company was suspended on the Canadian Securities Exchange until such point that the CTO is revoked.

(d) Received an unsecured loan from a related party totaling US$250,000, bearing annual interest of 15%. The loan shall be repaid based on 75% of net profit, commencing March 2024. The Company additionally received US$400,000 from another related party on the same terms.

(e) Disposed of a 10% interest in Revitalist LLC, for proceeds of US$300,000 and a gross revenue royalty of 5% from continuing revenues.

(f) On October 30, 2023, the Company entered into a Purchase and Sale of Future Receivables Agreement with Fora Financial Advance LLC ("Fora") whereby Fora advanced a gross amount of US$150,000 to the Company in return for US$208,500 in purchased proceeds from future sales. In accordance with the agreement, the Company was to remit US$5,635 per week for a period of 37 weeks to settle the obligation. On May 30, 2024, the Company and Fora entered into a settlement arrangement whereby the Company agreed to settle the remaining obligation with Fora for US$135,000, payable as follows: (a) US$5,000 on or before June 1, 2024, and (b) US$4,350 per month for a period of 30 consecutive months.

(g) On November 17, 2023, the Company entered into a Standard Merchant Cash Advance Agreement with Liquidibee 1 LLC ("Liquidibee") whereby Liquidibee advanced a gross amount of US$300,000 to the Company in return for US$435,000 in purchased proceeds from future sales. In accordance with the agreement, the Company was to remit $15,536 per week for a period of 28 weeks to settle the obligation. On February 18, 2024, the Company and Liquidibee entered into a settlement arrangement whereby the Company agreed to settle the remaining obligation with Liquidibee for US$329,250, payable as follows: (a) commencing on February 23, 2024, a weekly payment of US$1,000 through to April 12, 2024, (b) commencing on April 19, 2024, a weekly payment of US$2,500 through to June 7, 2024, and (c) commencing on June 14, 2024, a weekly payment of US$6,500 until the settlement amount is paid in full.

(h) On November 29, 2023, the Company entered into a Future Receipts Sale and Purchase Agreement with Cloudfund LLC ("Cloudfund") whereby Cloudfund advanced a gross amount of US$75,000 to the Company in return for US$108,750 in purchased proceeds from future sales. In accordance with the agreement, the Company was to remit US$4,183 per week for a period of 26 weeks to settle the obligation. On April 10, 2024, the Company and Cloudfund entered into a settlement arrangement whereby the Company agreed to settle the remaining obligation with Cloudfund for US$62,000, payable as follows: (a) US$4,000 on or before April 12, 2024 (paid), and (b) US$2,000 per month for a period of 29 consecutive months.

(i) On December 4, 2023, the Company entered into an Agreement for the Purchase and Sale of Future Receipts with Fincoast Capital LLC ("Fincoast") whereby Fincoast advanced a gross amount of US$50,041 to the Company in return for US$72,560 in purchased proceeds from future sales. In accordance with the agreement, the Company was to remit US$4,535 per week for a period of 16 weeks to settle the obligation. On April 4, 2024, the Company and Fincoast entered into a settlement arrangement whereby the Company agreed to settle the remaining obligation with Fincoast for US$71,000, payable as follows: (a) US$38,400 on signing of the settlement agreement, and (b) US$1,000 per week for a period of 33 consecutive weeks.

24. Events after the reporting period (continued)

(j) On December 5, 2023, the Company entered into a Revenues Purchase Agreement with Newco Capital Group ("Newco") whereby Newco advanced a gross amount of US$50,000 to the Company in return for US$74,500 in purchased proceeds from future sales.

(k) The Company accepted the resignation of Corby Marshall from the Board of Directors. The Company has the obligation to pay a total of $300,000.