



**AWAKN LIFE SCIENCES CORP. (FORMERLY 1169082 BC LTD.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2022**

**(Expressed in Canadian Dollars, unless otherwise noted)**

## Management's Discussion and Analysis

### General

The following Management Discussion and Analysis (the "MD&A") of the consolidated financial position and results of operations for Awakn Life Sciences Corp. (formerly 1169082 B.C. Ltd.) ("Awakn", the "Company", "we" or "us") is prepared as at September 12, 2022, and is for the three and six months ended July 31, 2022. It is supplemental to, and should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and six months ended July 31, 2022, and with the consolidated financial statements for the years ended January 31, 2022 and 2021 (the "Financial Statements"). This section may contain forward-looking information that involve numerous risks and uncertainties. The forward-looking information is not historical fact, but rather is based on the Company's current plans, objectives, goals, strategies, estimates, assumptions and projections about its industry, business and future financial results. Actual results could differ materially from those discussed in such forward-looking information. See "Forward-Looking Statements". All dollar figures included therein and in the following MD&A are expressed in Canadian dollars unless stated otherwise.

The Company's condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. However, the Company considers certain Non-GAAP measures and financial information included within this MD&A as useful additional information to assess its financial performance.

The discussion and analysis in this MD&A is based on information available to management as of September 12, 2022.

### Forward-looking statements

The information provided in this MD&A, including information incorporated by reference, may contain "forward- looking statements" and "forward-looking information" (collectively referred to hereafter as "**forward-looking statements**") about the Company.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expect or anticipate will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information that is currently available and on current expectations of the Company and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described in the Company's Annual Information Form (the "AIF") under the headings "Risk Factors" and in other documents incorporated by reference in the AIF or this MD&A.

In particular, this MD&A contains forward-looking statements pertaining to, but not limited to the following:

- expectations regarding the Company's ability to raise capital;
- the impact of the COVID-19 pandemic;
- statements relating to the business and future activities of, and developments related to, the Company to the date of this MD&A and thereafter;
- the business objectives of the Company and its research and development activities;
- the acceptance in the medical community of Ketamine, MDMA or NCE's as effective treatment for AUD and other mental health conditions;

- the ability of the Company to develop proper protocols to incorporate the use of additional psychedelic medicines as they are legalized and approved for use;
- the ability of the Company to obtain regulatory approvals prior to each clinical trial;
- the ability of the Company to provide effective licensing services;
- potential timelines related to clinical trials, other milestones, and associated results;
- controlled substances laws;
- reliance on third parties;
- liquidity of the Common Shares;
- anticipated developments in the operations of the Company;
- currency fluctuations;
- estimated budgets of the Company;
- the healthcare industry in the United Kingdom, the European Union and other European countries;
- the ability of the company to attract patients and receive referrals;
- the approval of regulatory bodies of psychedelic substances other than Ketamine, including MDMA and NCE's, for the treatment of various health conditions;
- the ability of the Company to complete and operate its clinical expansion; and
- the ability of new clinics to offer Ketamine-assisted psychotherapy psychedelic-assisted psychotherapy, and other services.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to (i) obtaining necessary shareholder and regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions including that financial markets will not in the long term be adversely impacted by the COVID-19 pandemic; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) receipt and/or maintenance of required licenses and third party consents in a timely manner or at all; and (viii) the success of the operations of the Company.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in the Company's AIF. Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on their behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable securities laws. For all these reasons, shareholders should not place undue reliance on forward-looking statements.

For a more detailed discussion of the risks and other factors, see Awakn's AIF dated April 28, 2022 under the heading "Risk Factors", or otherwise disclosed in the public filings made with applicable security regulators and available at [www.sedar.com](http://www.sedar.com).

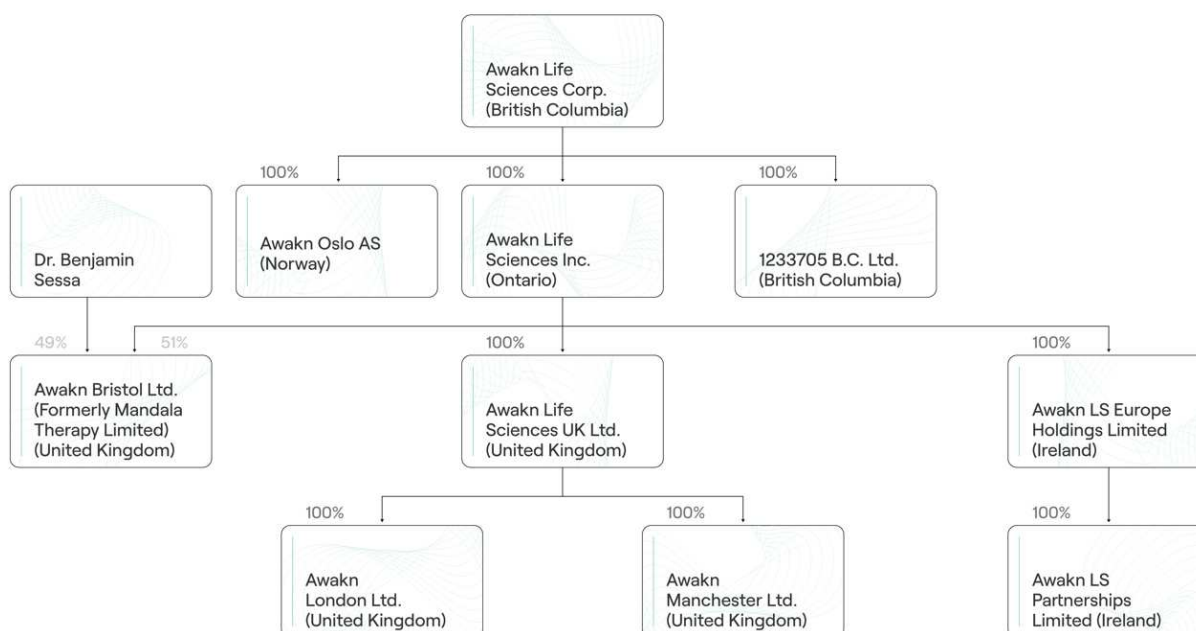
## Corporate Structure

The Company was incorporated on June 21, 2018 under the BCBCA under the name 1169082 BC Ltd. as a wholly-owned subsidiary of Hemagenetics Technologies Corp. ("HTC"), then a reporting issuer in the provinces of British Columbia and Alberta. On June 26, 2018, the Company entered into a statutory arrangement with, among others, HTC (the "Arrangement"). The Arrangement received final B.C. supreme court approval on July 19, 2018. On April 29, 2019, the Company completed the Arrangement and became a reporting issuer in the provinces of British Columbia and Alberta. Effective June 15, 2021, the Company completed a reverse takeover transaction (the "RTO") of Awakn Inc. pursuant to which Awakn Inc. amalgamated with a wholly-owned subsidiary of the Company. Upon completion of the RTO, the Company changed its name to Awakn Life Sciences Corp., and consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for every 42.5105 pre-consolidation common shares. Following completion of the RTO, the Company became a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

The common shares of the Company (the "Common Shares") started trading on the Neo Exchange Inc. ("Neo Exchange") on June 21, 2021 under the symbol "AWKN." On August 12, 2021, the Company also started trading on the OTCQB Venture market under the ticker symbol "AWKNF." On August 13, 2021, the Company also started trading on the Boerse Frankfurt exchange under the Symbol "954."

The address of the Company's head office is 301-217 Queen St. West, Toronto, ON, M5V 0R2.

The Company currently operates in the United Kingdom ("UK"), Norway, Ireland and Canada. The Company's corporate organizational chart is presented below:



## Description of Business

The Company is a revenue-generating biotechnology company researching, developing and commercializing therapeutics to treat addiction, with a near term focus on Alcohol Use Disorder (AUD), a condition affecting 400 million people with a poor current standard of care.

The Company's purpose is to provide effective therapeutics to addiction sufferers in desperate need, which the Company is doing by commercializing its therapeutics research and development pipeline across multiple channels.

The Company has two core functions:

1. **Research and Development:**

- **Research and Development:** Preclinical and clinical stage programs to develop effective therapeutics to treat addiction with appropriate intellectual property moats.

2. **Commercialization**

- **Clinics:** Operating a limited number of clinics: to deploy the therapeutics developed in the Company's R&D business; to generate revenue and clinical data, and to provide the latest evidence backed therapeutics to treat addiction and mental health conditions.
- **Therapeutics Commercialization:** Deliver the Company's proven therapeutics at scale by enabling third party clinics and addiction treatment centres to deploy more effective treatments to their patients.

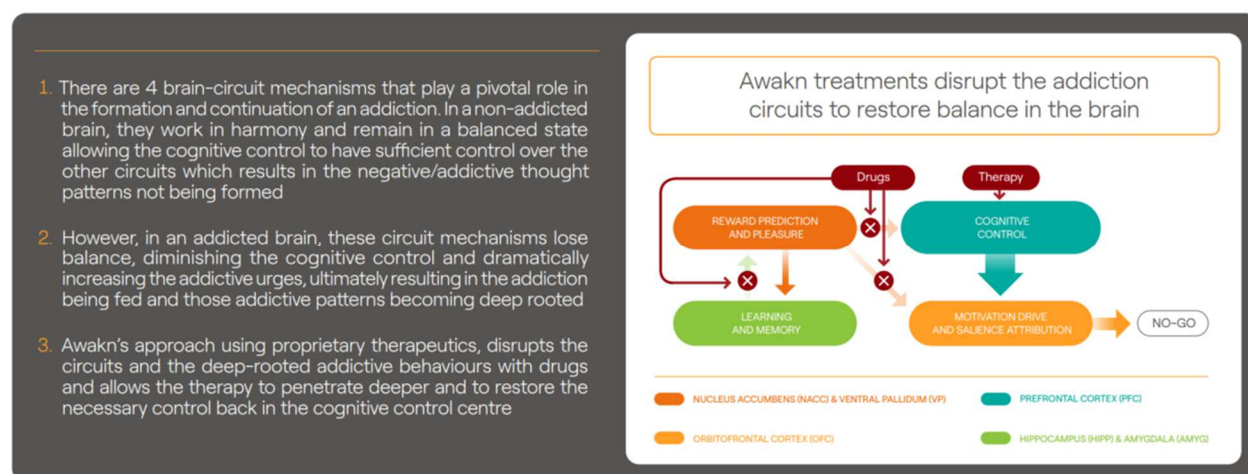
The Company was set up with these separate, but linked, research and development and commercialization functions, for the purposes of making a genuine positive impact on the lives of individuals, their families, and their communities who suffer with addiction, which is at present a poorly treated, chronic medical disease involving complex interactions among brain circuits, genetics, the environment, and an individual's life experiences. Those suffering with addiction use substances or engage in behaviors that become compulsive and often continue despite harmful consequences.

**Approach to treating addiction**

The Company is addressing addiction by developing proprietary therapeutics (drugs and therapies to be used in combination) to treat addiction.

The Company's therapeutics are focused on the brain circuits that drive addiction, multiple receptors rather than the traditional single drug receptor targets. This focus on circuit mechanisms rather than individual receptors, enables the Company to develop treatments for both substance and behavioural addictions.

The medicines that the Company is researching, developing, and delivering disrupt the connections within and between certain brain circuits. The disruption is intended to allow individuals to escape from the repetitive addictive behaviours and thoughts. However, this induced disruption alone is often not enough to enable lasting positive change, so the Company is also researching, developing and delivering proprietary therapies, which work in conjunction with the medicines to enable patients to regain control over their lives and help to learn new more adaptive ways to respond to addictive urges, cravings and the underlying psychological processes that drive them.



The Company's therapeutics research and development program has three core work streams: Ketamine, MDMA, and NCE's. Execution of this program will be accelerated because of the Company's focus on both research and development,

and commercialization, because the Company will test and validate its therapies based on real world evidence in addition to clinical trial evidence.

### **Research and Development activities:**

#### Therapeutics Research and Development:

The Company's therapeutics research and development team consists of world leading experts in the fields of drug development, clinical research, psychiatry, and psychotherapy who are building the next generation pipeline of new medicines and therapies, which are focused on treating substance and behavioural addictions.

The Company's drug and therapy research and development and intellectual property portfolio is split into:

1. Short term, which is focused on proprietary therapies that the Company will be able to deliver in clinics on an immediate or near term basis;
2. Medium term, which is focused on obtaining marketing authorization of medicines in order to receive exclusivity; and
3. Long term, which is focused on developing NCE's that will disrupt the brain circuits responsible for the addictive behaviours of compulsivity, craving, and impulsivity and will improve the effectiveness of psychotherapy but will work in shorter treatment windows.

#### Short term focused IP and development projects:

- The Company has acquired an exclusive license to the Phase II ab Ketamine for reduction of Alcoholic Relapse ("KARE") clinical trial results, from the University of Exeter, which showed an 86% abstinence on average over the six month period post treatment. The Company is delivering the proprietary therapy in its clinics and has signed several licensing partnerships in the USA and Canada allowing other clinics to also deliver the proprietary therapy.
- The Company has signed a Memorandum of Understanding with the National Healthcare Service ("NHS") in the United Kingdom and the University of Exeter to assess options for bringing the KARE phase II a/b trial forward into phase III. The trial has also been approved to receive grant funding from the National Institute for Health and Care Research ("NIHR"), a UK government agency for 66% of the costs, resulting in Awakn's estimated costs to complete the study to be approximately \$1,250,000.
- The Company has also completed a mechanistic study assessing Ketamine in Gambling Disorder and other behavioural addiction. The data from this study enabled the Company to file a Patent Cooperation Treaty (PCT) application for the treatment of behavioral addictions with Ketamine and Ketamine-assisted psychotherapy. If granted, the patent claims would give Awakn exclusive rights to use Ketamine and Ketamine-assisted therapy for the treatment of behavioral addictions

#### Medium term focused IP and development projects:

- The Company has acquired the team and the data from Prof David Nutt, Dr Ben Sessa, and Dr Laurie Higbed's Phase IIa Bristol Imperial MDMA in Alcoholism Study ("BIMA"). The Company is now focused on bringing that research forward into a phase IIb study of MDMA-assisted therapy for Alcohol Use Disorder, as part of a research program to seek to secure marketing authorization for MDMA to treat Alcohol Use Disorder.
- The Company has signed a twelve-month option agreement with a leading drug development, manufacturing, and delivery systems company to in-license a proprietary formulation and route of administration for ketamine. The formulation and route of administration will be optimized for commercialization and has the potential to deepen the intellectual property (IP) moat for Awakn's lead clinical development program Project Kestrel, which targets AUD.

#### Long term focused IP and development projects:

- The Company is developing the next generation of medicines to better treat addiction.
- The Company acquired five years of know-how and research data from Prof. David Nutt's Equasy Enterprises Ltd ("Equasy Enterprises"), as defined herein, in March, 2021. In this acquisition the Company acquired two key assets:
  - Details of potentially newly discovered modes of action for MDMA
  - Details of potentially faster acting entactogen like compounds
- The Company initiated a drug discovery project with Evotec A.G. ("Evotec") in June 2021, which includes all activities from identification and production of initial molecules, screening in vitro and in vivo, demonstration of MDMA-like pharmacological properties, med chem delivery of analogues, preliminary formulation, evaluation of brain penetration, absorption, distribution, metabolism and excretion ("ADME"), efficacy in vivo, and selectivity.
- The Company has filed four patent applications for next-generation novel MDMA-derived new chemical entities;

## Development Pipeline:



## Commercialization

The Company is, and will, commercialize its R&D pipeline through two channels:

### 1. Clinics:

The Company currently owns and operates three clinics in the UK and Norway and targets to have between 15 and 20 clinics opened in the UK, the EU and other European countries in the medium-term. The Company's clinical activity is focused on treating clients who are in need of assistance with addiction and other mental conditions including Anxiety, Depression, and PTSD, with psychedelic-assisted psychotherapy, starting with Ketamine-Assisted Psychotherapy while focusing on:

- Building the platform to deploy the therapeutics developed in the Company's R&D unit.
- Generate clinical data to support interactions with regulators and payors.
- Providing the latest evidence backed therapeutics to treat addiction and mental health.
- Generating revenue.

The Company's clinicians work collaboratively with clients to understand their difficulties, expectations and objectives, to formulate a treatment plan that is tailored to each client. Dose ranges vary from lower doses in which self-reflection and psychological flexibility are notably improved, and a higher dose in which the client has a more intense, internal experience with integrative therapeutic support following the drug-assisted sessions. Integration sessions are targeted to occur at the point of peak neuroplasticity following a drug-assisted session, and provide an opportunity for a client to process their experience, explore insights and lay the foundation for functional change in their lives.

Another key differentiation of the Company's approach is to target the underlying cause of the client's presenting issue, which is often trauma, rather than traditional addiction treatment approaches, which focus on treating the symptoms. The Company believes that symptom suppression is not a cure, which is why the Company aims to focus on the root of the issue.

The chart below sets out the status and target opening date of each clinic:

Location	Size (Sq Ft)	Status	Target Opening Date (Calendar Quarter)	Number of Treatment Rooms
Bristol, UK	1,384	Open <sup>(1)</sup>	-	3
Oslo, Norway	1,528	Open <sup>(2)</sup>	-	2
London, UK	4,419	Open <sup>(3)</sup>	-	8
Other	TBD <sup>(4)</sup>	TBD	TBD	TBD

(1) Received CQC and Schedule 2 Licensing in October 2021, patient intake started in November, 2021.

(2) Acquired on October 4, 2021

(3) Received CQC and Schedule 2 Licensing in March 2022, patient intake started in April, 2022.

(4) The Company is carefully assessing the optimal locations for strategic expansion of clinics.

## 2. Therapeutics Commercialization:

The Company's therapeutics commercialization activity is focused on commercializing the Company's therapeutics beyond the Company's clinics. Starting with licensing the Company's proprietary Ketamine-Assisted Therapy for the treatment of Alcohol Use Disorder (AUD) to addiction treatment centers in territories where the Company does not operate clinics.

The core elements to the Company's partnership offering:

- **Licensing:** Access to Awakn proprietary Ketamine-Assisted Psychotherapy treatment protocols and therapy manuals, starting with the KARE (Ketamine for reduction of Alcoholic Relapse) treatment program.
- **Training:** Online and in person training for practitioners delivering the KARE (Ketamine for reduction of Alcoholic Relapse) treatment program under license.
- **Systems:** Access to policies, protocols and technologies.
- **Design:** Assistance with optimizing the design of the physical environment where the therapy takes place.

To date, the Company has signed two licensing agreements, one with USA based Revitalist Lifestyle and Wellness Ltd., and another with Canadian based Wellbeings® Pain Management and Dependency Clinic, who are in the process of being trained to deliver KARE therapy.

### **COVID-19**

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2. Since December 31, 2019, the outbreak of COVID-19 and other strains ("COVID-19"), has resulted in governments worldwide, including the United Kingdom, European Union and other European countries, Canada and the United States, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities. Governments and central banks have reacted to the COVID-19 pandemic with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company.

To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the Company's contract research organizations or clinics is suspended or scaled back, or if its supply chains are disrupted, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities. To the extent that the Company's management or other personnel are unavailable to work due to the COVID-19 pandemic, whether due to illness, government action or otherwise, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations, financial conditions and the trading price of the Common Shares.

The Company continues to monitor the current operating environment imposed by the pandemic and will take a proactive approach to addressing challenges and restrictions.

### **Operational Highlights and Business Developments**

#### **Research and Development**

During the periods stated, Awakn had the following operational highlights and business developments related to its Research and Development function:



### Highlights of the Financial Year Ended January 31, 2022

On March 1, 2021, Awakn Inc. acquired from the University of Exeter, an exclusive license to use and deliver the Ketamine in the Reduction of Alcoholic Relapse psychotherapy intervention, as validated in a Phase II clinical trial led by the University of Exeter. The research will allow Awakn and potential licensing partners to treat clients with a research backed treatment for AUD.

On March 8, 2021, Awakn Inc. acquired from Equasy Enterprises, a company established and controlled by Professor David Nutt, five years of proprietary research data, to facilitate the identification and development of next generation candidate MDMA and Ketamine-like molecules. The data acquired provides significant insights into previously unknown modes of action for MDMA.

On March 8, 2021, Awakn Inc. appointed Professor David Nutt as Head of Research, to pursue new molecular entities based on the research acquired from Equasy Enterprises. Subsequently on June 24, 2021, Professor David Nutt was appointed as Chief Research Officer of the Company.

On April 27, 2021, Awakn Inc. selected Evotec as its new chemical entity NCE research partner. Evotec activities will include all activities from production of initial molecules, screening in vitro and in vivo, demonstration of MDMA and ketamine-like pharmacological properties, med chem delivery of analogues, preliminary formulation, evaluation of brain penetration, absorption, distribution, metabolism and excretion ("ADME"), efficacy in vivo, addiction potential and selectivity. These activities are expected to be completed in the first calendar quarter of 2022 delivering lead series' from which a specific preclinical development candidate will be established. Additional activities will include full Clinical Trial Application enabling studies including process development, formulation and Good Laboratory Practice production to facilitate toxicological evaluation, inter-batch comparison, stability analysis, Chemistry Manufacturing Control assay development and formulation, targeted to be completed in early calendar 2024.

On June 28, 2021, the Company announced the filing of patent applications in the United States for two next-generation novel MDMA-derived new chemical entities, further strengthening the Company's intellectual property portfolio and pipeline for the treatment of a broad range of addictions, including, but not limited to alcohol, opioid and behavioural addictions, such as gambling.

On July 7, 2021, the Company reorganized its existing scientific advisory board by dividing it into two separate preclinical and clinical expert advisory boards to be chaired by Professor David Nutt, the Chief Research Officer of the Company. The Preclinical Advisory Board, which will focus on the R&D, will be Dr. Shaun McNulty, the Chief Scientific Officer of the Company, and newly appointed Professor Stephen Husbands (Professor of Medicinal Chemistry in the Department of Pharmacy and Pharmacology at the University of Bath), Professor Harriet de Wit (Professor and Director of the Human Behavioral Pharmacology Laboratory, Department of Psychiatry at the University of Chicago) and Professor Kevin Fone (Professor of Neuroscience at the University of Nottingham).

On July 14, 2021, the Company announced that it will undertake a program of clinical research designed to demonstrate the effectiveness of Ketamine-assisted psychotherapy against multiple addictions, initially focusing on treating AUD and gambling addiction. The program will consist of, amongst other activities, a late-stage clinical trial focused on AUD, a mechanistic study focused on gambling addiction and intellectual property development activities. The program was designed and will be led by Professor Celia Morgan, Professor of Psychopharmacology at the University of Exeter, U.K., an internationally respected expert in the therapeutic use of Ketamine and the Company's Head of Ketamine-Assisted Psychotherapy for addiction.

On July 22, 2021, the Company appointed Professor Barbara Mason (Director of the Pearson Center for Alcoholism and Addiction Research, Director of the Laboratory of Clinical Psychopharmacology, and the Pearson Family Professor in the Department of Molecular Medicine at the Scripps Research Institute, La Jolla, CA) to its clinical advisory board.

On September 23, 2021, the Company announced that it has acquired the exclusive rights to the data from the phase IIa Bristol Imperial MDMA in Alcoholism Study ("BIMA") from Imperial College London. BIMA is an open-label safety, tolerability and proof-of-concept study to investigate the role of MDMA Assisted Psychotherapy in treating patients with alcohol use disorder ("AUD"). BIMA was the first published study assessing MDMA-Assisted Psychotherapy as a treatment for addiction. The results, which were published in February 2021, indicated that MDMA has the potential to be more effective at treating AUD, with a 20% relapse rate within the first nine months, compared to 75% relapse rate with

traditional treatments. The Company believes that this data will assist the Company's progress by enabling a better design and more efficient execution of its clinical program. The Company will now be able to accelerate its clinical research into a phase IIb randomized controlled trial ("RCT") in the U.K.

On October 28, 2021, the Company announced the success of phase one of its new chemical entity development program with Evotec, to strengthen the Company's pipeline for the treatment of a broad range of both substance and behavioral addictions. Using AI and CADD approaches, novel MDMA-like new-chemical-entities chemical series' have been identified. Multiple compounds have been tested in vitro, demonstrating drug-like properties including key components of our target product profile. In total seven chemical series have been identified and three leading compounds have been taken into in vivo efficacy analysis. Two chemical series will be utilized in additional phases of preclinical drug discovery that constitute lead optimization. The data generated will be used to support patent applications and to facilitate the development of preclinical development candidates for clinical development.

On November 16, 2021, the Company signed a memorandum of understanding with Devon Partnership NHS Trust ("NHS") and the University of Exeter creating a collaboration (the "NHS Collaboration") with a view of increasing access to psychedelic-assisted psychotherapy in the UK, with a focus on bringing the Phase II A/B Ketamine-Assisted Therapy for Treatment of Alcohol Use Disorder ("KARE") clinical trial into phase III. The NHS Collaboration establishes a framework and strategic relationship to assess NHS' organizational readiness for Ketamine-assisted psychotherapy. The NHS Collaboration will investigate how to enhance the evidence base for Ketamine-assisted psychotherapy as an alternative treatment for AUD and treatment-resistant depression within the NHS. The NHS Collaboration will also assess how best to accelerate the on-label use of Ketamine-assisted psychotherapy to treat AUD at scale.

On January 5, 2022, the Company announced the expansion of its study of Ketamine for gambling disorder to also include three other behavioral addictions including Binge Eating Disorder, Compulsive Sexual Behavior and Internet Gaming Disorder. The study will be led by Prof. Celia Morgan, the Company's Head of Ketamine Assisted Therapy for Addiction and Professor of Psychopharmacology at the University of Exeter. Prof. Morgan's work will investigate a new treatment approach for these behavioral addictions, trying to harness a window in which the brain is able to make new connections. The study will explore and monitor whether the Ketamine can increase neuroplasticity using electroencephalogram.

On January 11, 2022, the Company announced ground-breaking positive data from its Phase II ab trial, showing that Ketamine combined with KARE therapy resulted in total abstinence in 162 of 180 days in the following 6-months period, achieving an increase in abstinence from around 2% prior to the trial to 86% post trial. The result for relapse at 6 months, showed that the Ketamine plus KARE group's risk of relapse was 2.7 times less than the placebo plus alcohol education group. The positive Phase II trial outcome and Awakn's newly formed partnership with the UK NHS and UoE, paved the way to progress this trial into Phase III, with the ultimate aim of securing regulatory approval for Ketamine-assisted psychotherapy to treat AUD in the UK through the NHS and potentially in other territories.

On January 19, 2022, the Company announced the signing of a memorandum (the "MAPS MOU") of understanding with the Multidisciplinary Association for Psychedelic Studies ("MAPS") to explore a partnership for MDMA-assisted therapy for the treatment of AUD in Europe. Under the terms of the MAPS MOU, the Company will explore a data licensing agreement with MAPS to support the Company's Phase IIb and planned Phase III studies for MDMA-assisted therapy for AUD in Europe. The Company and MAPS will also assess a partnership to secure marketing authorization/regulatory approval for the ethical commercialization of MDMA-assisted therapy for the treatment of AUD in Europe.

On January 26 and February 17, 2022, the Company announced the filing of patent applications for a new chemical series of entactogen-like molecules, further strengthening the Company's intellectual property portfolio and pipeline for the treatment of a broad range of addictions including, but not limited to, substance addictions, such as alcohol, and behavioural addictions, such as gambling disorder and compulsive sexual behaviour.

#### Highlights of the Current Period Ended July 31, 2022

On April 6, 2022, the Company announced the completion of phase one of its NCE drug discovery program. The Company completed a hit to lead program which delivered on its key goals of identifying and patenting novel chemistry scaffolds. It also established drug discovery assays with the potential to facilitate lead optimization activities. This is an essential first step on the pathway of developing new, faster-acting and safer entactogenic therapies for the market. A combination of

computational screening and medicinal chemistry approaches was utilized to identify numerous chemical scaffolds via in vitro pharmacology and drug metabolism and pharmacokinetics (“DMPK”) testing. Multiple patents have now been filed with several of these chemical scaffolds, demonstrating in vivo activity, providing an excellent starting point for lead optimization activities.

On May 19, 2022 the Company announced the completion of the world’s first Ketamine study for a range of behavioral addictions. The behavioral addictions included in the study were Gambling Disorder, Internet Gaming Disorder, Binge Eating Disorder and Compulsive Sexual Behavior. The study investigated Ketamine as a new treatment approach for these behavioral addictions by opening a window in which the brain can make new connections to change behavior. The results from the study indicate the desired effects via potentially novel mechanisms and these results merit a larger study and further exploration, which Awakn is now initiating. The study also supports Awakn’s Intellectual Property (IP) strategy and existing filed patent applications, positioning Awakn as a leading company in the behavioral-addiction therapeutic research and development industry. The company expects to update investors further on its IP strategy in the coming weeks.

On May 26, 2022, the Company announced the filing of a Patent Cooperation Treat (PCT) application for the treatment of behavioral addictions with Ketamine and Ketamine-assisted psychotherapy. The PCT covers all behavioral addictions or any recognized disorder or condition with similar compulsive symptoms to those in the study.

On June 2, 2022, Awakn initiated a follow-on behavioural study investigating Ketamine as a treatment for Gambling Disorder. The study will be the first investigation globally to explore this technique to treat Gambling Disorder and follows the completion of a successful pilot study for a range of behavioural addictions and the filing of a Patent Cooperation Treaty (PCT) for the treatment of behavioural addictions with Ketamine and Ketamine-assisted psychotherapy. The larger study will include 42 patients who are suffering from Gambling Disorder and will see participants undergo a memory reactivation procedure, which is designed to weaken the link between reward and addiction memories.

On July 15, 2022, the Company announced that it had initiated its Innovative Licensing and Access Pathway (“ILAP”) application for its lead program Project Kestrel. The ILAP is a UK government run initiative that supports innovative approaches to the safe, timely and efficient development of medicines, which Awakn is applying for in order to accelerate the time to market for its ketamine-assisted therapy for AUD.

On July 20, 2022, the Company announced that the National Institute for Health and Care Research, a UK government agency, has approved grant funding for 66% of the costs of Awakn’s Phase III clinical trial exploring the use of ketamine-assisted therapy for the treatment of AUD, which is targeted to be a pivotal trial. The trial is currently forecast to cost approximately CA\$3.75 million in total, with Awakn funding approximately CA\$1.25 million of that. Awakn will partner with the University of Exeter and the UK’s National Health Service to deliver the landmark trial. It is planned to be conducted across seven sites in the UK, with the treatment being administered within the NHS infrastructure. The trial is currently designed to include 280 patients and they will be followed up over the course of six to 12 months. The trial will also pilot bespoke ongoing peer support groups post-treatment.

On August 25, 2022, the Company signed a twelve-month option agreement with a leading drug development, manufacturing, and delivery systems company to in-license a proprietary formulation and route of administration for ketamine. The formulation and route of administration will be optimized for commercialization and has the potential to deepen the intellectual property (IP) moat for Awakn’s lead clinical development program Project Kestrel, which targets AUD.

On September 12, 2022, the Company signed a drug development agreement with Catalent for Zydis® Technology (an orally disintegrating tablet) to conduct feasibility studies to improve differentiation of its MDMA program. The agreement will focus on investigating a market-ready proprietary formulation and optimized delivery route for MDMA. Zydis is a unique, freeze-dried, oral solid dosage form that disperses almost instantly in the mouth, without the need for water and has a dispersion speed of as little as three seconds. Zydis is the world’s fastest and best-in-class orally disintegrating tablet and has the potential to deliver a faster onset of activity. Awakn plans to use Zydis technology in its late stage MDMA-assisted therapy clinical trials. The agreement will allow Awakn to conduct feasibility studies using Zydis technology for addiction, including substance and behavioural addictions, as well as other mental health disorders, including anxiety, depression, post-traumatic stress disorder (PTSD), and eating disorders.

## Commercialization

During the periods stated, Awakn had the following operational highlights and business developments related to its Commercialization function:

### Highlights of the Financial Year Ended January 31, 2022

On July 7, 2021, the Company reorganized its existing scientific advisory board by dividing it into two separate preclinical and clinical expert advisory boards to be chaired by Professor David Nutt, the Chief Research Officer of the Company. The Preclinical Advisory Board, which will focus on the R&D, will be Dr. Shaun McNulty, the Chief Scientific Officer of the Company, and newly appointed Professor Stephen Husbands (Professor of Medicinal Chemistry in Department of Pharmacy and Pharmacology at the University of Bath), Professor Harriet de Wit (Professor and Director of the Human Behavioral Pharmacology Laboratory, Department of Psychiatry at the University of Chicago) and Professor Kevin Fone (Professor of Neuroscience at the University of Nottingham). The Clinical Advisory Board now consists of Dr. Benjamin Sessa (Awakn Chief Medical Officer), Professor Celia Morgan (Professor of Psychopharmacology at the University of Exeter and Awakn's Head of Ketamine-Assisted Psychotherapy for Addiction), Ann Mithoefer (Multidisciplinary Association for Psychedelic Studies ("MAPS")), Dr. Michael Mithoefer (MAPS) and Professor Matt Johnson (Professor of Psychiatry and Behavioural Sciences at John Hopkins), all of whom were members of the scientific advisory board of the Company prior to its reorganization.

On August 4, 2021, the Company signed a 10-year lease to open an Awakn clinic in London ("Awakn Clinics London"), a psychedelic-focused therapy center to treat addiction and other mental health conditions. Awakn Clinics London is expected to be approximately 4,419 square-feet and will host eight treatment rooms. The Company has partnered with One Fine Day Design Limited, specialists in designing places that deliver meaningful outcomes and better connections for a brand's audience, creating places, not spaces. Awakn Clinics London will be designed to offer a warm and welcoming experience to demonstrate first-hand how psychedelics can transform the lives of clients. Following a client-centered design approach, the clinic space will showcase an evidence-based environmental design focused on client wellbeing and supports the right context for effective treatment. The clinic is located on Duke's Road, near the UCL Hospital and the British Medical Association.

On October 4, 2021, the Company completed the acquisition of Axonklinikken AS ("Axon"), now Awakn Oslo AS, a leading Ketamine-assisted psychotherapy clinic in Norway. Dr. Lowan Stewart from Axon, has been appointed as Regional Director for the Nordics and Management Director of Awakn Oslo AS (the "Oslo Clinic"). The Oslo clinic will serve as the Nordic hub from which the Company plans to expand its clinical network across the region. To complete the acquisition of Axon, the Company issued 200,000 common shares, and has granted an earn-out under which the former shareholders of Axon have the ability to earn up to \$1,350,000 based on meeting certain milestones, including opening a second clinic in Norway, opening clinics in second and third Nordic countries, as well as achieving certain agreed upon revenue and EBITDA targets. The Company has the option to pay the earn-out in cash or common shares at its option.

During October, 2021, the Bristol Clinic received its Care Quality Commission's ("CQC") license and its Schedule 2 controlled drugs license from the Home Office to begin Ketamine treatments.

During November 2021 the Bristol clinic started providing Ketamine-assisted psychotherapy to its first clients and in January 2022 construction was completed on the London clinic which is currently undergoing assessment for regulatory approval.

### Highlights of the Current Period Ended July 31, 2022

On March 15, 2022, the Company announced the appointment of Kevin Lorenz as its United States head of commercial development. Mr. Lorenz will lead the Company's therapeutics commercialization activities in the United States, starting with the launch of its licensing partnership for the Company's proprietary methodology of Ketamine assisted therapy to treat alcohol use disorder.

On March 17, 2022, the Company announced that it had received regulatory approval for its flagship clinic in London to begin delivering treatments. This is the Company's third clinic, adding to the Company's two operating clinics located in Bristol (UK) and Oslo (Norway).

On May 17, 2022 the Company announced the appointment of UK leader in Addictions Psychiatry, Dr. Arun Dhandayudham, as Chief Medical Officer. Dr. Ben Sessa is stepping back from his role as CMO to become Awakn's Head of Psychedelic Medicine, allowing him to continue his work in research, academic and training activities, as well as a greater focus on the day-to-day treatment of his clients as the Lead Psychiatrist for Awakn Clinics Bristol. Dr. Dhandayudham brings a wealth of clinical and leadership experience to Awakn. Dr. Dhandayudham has been a Consultant in Addictions Psychiatry since 2005, having trained in Oxford and Cambridge. He currently works as Executive Medical Director of WDP, a large third sector organisation that provides drug and alcohol support and treatment services across the UK, having also previously held the position of joint CEO.

During August, 2022, the Company signed two licensing agreements, one with USA based Revitalist Lifestyle and Wellness Ltd., and another with Canadian based Wellbeings® Pain Management and Dependency Clinic, who are in the process of being trained to deliver KARE therapy. Awakn shall be compensated on a revenue share basis.

## **Awakn Corporate**

### Highlights of the Financial Year Ended January 31, 2022

On May 13, 2021, the Company and Awakn Inc. entered into a definitive agreement with respect to the RTO.

On June 8, 2021, Awakn Inc. completed, as a condition of the RTO, a private placement of 3,320,220 subscription receipts ("Subscription Receipts") at a price of \$2.50 per Subscription Receipt for aggregate gross proceeds of \$8,300,550, which proceeds were held in escrow and released upon completion of the RTO on June 16, 2021. In addition, upon completion of the RTO, each Subscription Receipt was converted into one Common Share for an aggregate of 3,320,220 Common Shares.

On June 11, 2021, each of the Company and Awakn Inc. obtained the applicable shareholder approvals relating to the RTO.

On June 16, 2021, the Company and Awakn Inc. completed the RTO and received the approval of the Neo Exchange for the listing of the Common Shares on the Neo Exchange.

On June 23, 2021, the Common Shares began trading on the Neo Exchange under the symbol "AWKN".

On July 26, 2021, the Company commenced trading on the OTC Market in the United States under the symbol "AWKNF". Subsequently on August 12, 2021, the Company became qualified to trade on the OTCQB® Venture Market ("OTCQB"). Subsequently on September 1, 2021, the Company obtained DTC Eligibility for shares to be electronically cleared and settled in the United States.

On November 30, 2021, the Company appointed Katherine Butler as Chief Financial Officer ("CFO") after a transition period of up to three months with the outgoing CFO, Jonathan Held. Katherine Butler officially assumed the role of CFO subsequent to the period end, on February 14, 2022 and Jonathan Held assumed the role of Awakn's Chief Business Officer.

On December 14, 2021, the Company appointed Paul Carter, former Chief Commercial Officer of Gilead Sciences Inc., as an independent member of the Company's Board of Directors, increasing the independent majority on the board and replacing Dr. Benjamin Sessa who has resigned from the Board of Directors.

### Highlights of the Current Period Ended July 31, 2022

On March 22, 2022, the Company completed a non-brokered private placement through the issuance of 2,031,250 units at a price of \$1.60 per unit for gross proceeds of \$3,250,000. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of \$2.20 for a period of two years.

On June 7, 2022, the Company appointed Dennis Purcell, the Founder of Aisling Capital LLC a major life sciences venture capital firm based in New York City, as a special advisor to the CEO. Mr Purcell is seasoned biotechnology investment industry leader. Prior to the formation of Aisling Capital, Mr. Purcell served on the Executive Committee and as Managing Director of the Life Sciences Investment Banking Group at Chase H&Q, formerly Hambrecht and Quist. During his time in

the industry, he has invested in, raised capital for, and advised hundreds of life sciences companies. Mr Purcell will focus on helping the Company establish a its US presence and profile.

### **Regulatory Framework**

The Company's AIF sets forth a discussion on the regulatory framework under which the Company operates. Changes to the regulatory framework may result in the Company's future results to differ materially from those described in this MD&A. The Company's business, financial condition, results of operations and cash flows, and consequently the price of the Shares, could be materially and adversely affected as a result of changes to the regulatory framework. See "Regulatory Framework" in the AIF for details.

### **Milestones and Business Objectives**

The following milestones include "forward-looking statements" and as such, there is no guarantee that such milestones will be achieved on the timelines indicated or at all. Forward-looking statements are based on management's current expectations and are subject to a number of risks, uncertainties, and assumptions. See "Forward-Looking Statements" and "Risk Factors". The target dates that the Company reports below may vary quarter over quarter as the Company updates it's targets as additional information with regards to timing comes available.

<b>Milestone</b>	<b>Target Date</b> (Calendar Quarter)	<b>Status</b>
Phase II ab KARE: Ketamine for reduction of Alcoholic Relapse, acquired under license from University of Exeter publication in American Journal of Psychiatry	Q4 2021	Completed
Open Awakn Medical Psychedelic-Assisted Psychotherapy Clinic in London, United Kingdom	Q1 2022	Completed
New Chemical Entity drug development: Lead series identified	Q1 2022	Completed
Early feasibility study on Gambling addiction, compulsive sexual behavior, gaming addiction and binge eating disorder	Q2 2022	Completed
Mechanistic study of Ketamine in Gambling addiction.	Q3 2022	In Progress
New Chemical Entity drug development: Initiate lead optimization	Q3 2022	Not started
Therapeutics Commercialization: Ketamine-Assisted Therapy for Treatment of Alcohol Use Disorder ("KARE") developed and launched into US and Canada	Q3 2022	Completed <sup>1</sup>
Ketamine for reduction of Alcoholic Relapse Phase III MHRA regulatory and ethics approval	Q4 2022	Not started
Open additional Awakn Medical Psychedelic-Assisted Psychotherapy Clinic	Q4 2022	Not started
Ketamine for reduction of Alcoholic Relapse Phase III first patient, first visit	Q1 2023	Not started
MDMA-Assisted Psychotherapy Phase IIb: MHRA regulatory and ethics approval and first patient, first visit	2023	In Progress
New Chemical Entity drug development: Pre clinical development candidate declared	2023	Not started

(1) Completed subsequent to period end.

### **Factors Affecting the Company's Performance**

The Company's performance and future success depends on a number of factors. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below. See "Forward-Looking Statements" and "Risk Factors" elsewhere in the Company's MD&A.

## Results of Operations

The following table discusses selected financial information for the three and six months ended July 31, 2022 and 2021.

### Revenue

	Three months ended July 31, 2022	Three months ended July 31, 2021	Six months ended July 31, 2022	Six months ended July 31, 2021
	(\$)	(\$)	(\$)	(\$)
Service revenue	339,872	-	593,026	-

Revenue of \$339,872 and \$593,026 for the three and six months ended July 31, 2022 was generated, respectively, from the provision of Ketamine assisted therapies at the Oslo Clinic, the Bristol Clinic and the London clinic. These clinics were not open during the equivalent period of the previous year. Revenue for the three months ended July 31, 2022 increased by approximately 34% compared to the three months ended April 30, 2022. This increase is due to the continued ramp up of the Oslo clinic and the Bristol clinic, in addition to the opening of the London clinic following receipt of its CQC and Schedule 2 license in March 2022.

### Operating Expenses

Components of operating expenses for the three and six months ended July 31, 2022 and 2021 were as follows:

	Three months ended July 31, 2022	Three months ended July 31, 2021	Six months ended July 31, 2022	Six months ended July 31, 2021
	(\$)	(\$)	(\$)	(\$)
Research and development	315,496	612,273	997,006	840,031
General and administration	775,142	735,393	1,778,695	1,253,312
Sales and marketing	500,838	212,839	790,185	311,673
Stock-based compensation	141,891	169,386	340,638	510,251
Depreciation and amortization	154,147	13,328	293,387	21,247
Service costs	760,516	-	1,348,065	-

The Company incurred research and development costs of \$315,496 and \$997,006 for the three and six months ended July 31, 2022, respectively, (\$612,273 and \$840,031 for the three and six months ended July 31, 2021, respectively). The Company saw a reduction in research and development costs of 366,014 for the three months ended July 31, 2022, compared to the three months ended April 30, 2022, because the hit to lead program for the NCE development program with Evotec was completed. In general, the costs incurred across the periods were largely related to the NCE development program with Evotec and, ongoing Ketamine research (such as the mechanistic study for gambling addiction), costs associated with IP protection, and costs associated with the Company's research team.

Key aspects of general and administrative expenses are provided in additional detail below:

	Three months ended July 31, 2022	Three months ended July 31, 2021	Six months ended July 31, 2022	Six months ended July 31, 2021
	(\$)	(\$)	(\$)	(\$)
Personnel costs	424,380	357,134	937,497	641,277
Professional fees	239,771	270,649	468,663	455,340
Office and general	110,991	107,610	372,535	156,695
Total	775,142	735,393	1,778,695	1,253,312

During the three months ended July 31, 2022, the largest component of the general and administrative costs related to personnel costs of \$424,380 compared with \$357,134 for the same period in the prior year, and \$513,117 for the three months ended April 30, 2022. The reason for the increase compared to the prior year is due to hiring of additional team members as the Company has continued to expand, however there was a reduction compared to the quarter ended April

30, 2022, as a result of certain costs related to London clinic personnel prior to the opening of the clinic incurred during the April quarter. During the periods, professional fees remained fairly consistent as the Company continued to work consultants, lawyers, auditors and other professionals as required.

Sales and marketing costs of \$500,838 for the three months ended July 31, 2022, related to certain PR, media, website and branding costs incurred as the Company continues to ramp up its clinics and increase awareness of the overall Company. Compared with July 31, 2021, the Company saw an increase of \$287,999 as a result of additional marketing at the clinics, which resulted in additional revenue. This was a significant increase compared to the same period in the prior year, as the Company had limited operations during the prior year.

Stock-based compensation costs of \$141,891 for the three months ended July 31, 2022, related to stock options vested during the periods, and the associated expense recorded based on the fair value using a Black Scholes Option Pricing Model. This is the key reason for the decrease compared to stock-based compensation costs of \$169,386 for the three months ended July 31, 2021, was due to the reversal of certain amounts related to partially vested options that were forfeited.

Service costs for the three months ended July 31, 2022, totaled \$760,516, an increase from \$Nil for the comparative period ended July 31, 2021, and an increase of approximately 29% from the \$587,549 incurred for the three months ended April 30. Service costs are direct costs incurred by a clinic from the point at which the clinic is able to begin providing treatments. For UK clinics this is deemed to be on receipt of the Care Quality Commission (“CQC”) license. Clinic costs incurred before a clinic is able to commence treatment are classified as general and administrative. The increase was due to the acquisition of the operations of all three clinics as the Company hired additional staff as it is seeing additional patients.

If the Company deducts the Service costs from its Service revenue for each of the periods, the Company was operating at a net loss at the clinic level of \$420,644 for the three months ended July 31, 2022 compared to \$334,395 for the three months ended April 30, 2022, an increase of \$86,249, as the Company continues to focus on ramping up the number clients at the clinics. The Company expects to operate at a net loss during the earlier stage of operations, as a large portion of the Company’s service costs are fixed costs. As the Company increases the number of clients at each of its clinics, the Company expects it will become profitable at a clinic level of operations.

Other expense (income)

Components of other expense (income) for the three and six months ended July 31, 2022 were as follows:

	Three months ended July 31, 2022	Three months ended July 31, 2021	Six months ended July 31, 2022	Six months ended July 31, 2021
	(\$)	(\$)	(\$)	(\$)
Other income	(2,098)	(4,128)	(2,514)	(4,128)
Finance costs	68,922	45,120	127,434	85,167
Change in fair value of derivative liabilities	Nil	5,165,089	Nil	5,082,558
Change in fair value of contingent consideration	(187,295)	Nil	(351,162)	Nil
Transaction costs	Nil	959,467	Nil	118,894
Listing expense	Nil	1,425	Nil	959,467
Foreign exchange loss	200,758	Nil	460,443	7,469
Total	80,287	6,166,973	234,116	6,249,427

During the three months ended July 31, 2022, finance costs of \$68,922, were incurred relating to the Company’s lease liabilities. In the prior year the finance costs of \$45,120 were primarily related to accretion expenses on the convertible debentures and to a lesser extent the Company’s lease liabilities. The increase compared to the same period in the prior year is due to (i) only one clinic lease compared to three leases in the current year as the Company continues to expand; and (ii) no accretion expenses on the convertible debentures as the convertible debentures were fully converted prior to the completion of the RTO in June 2021.



During the three months ended July 31, 2022, the change in fair value of derivative liabilities was \$Nil compared to \$5,165,089 for the three months ended July 31, 2021 which related to the re-measurement and conversion of the convertible debentures that took place prior to the completion of the RTO. These costs were not incurred in the current year, as there were no convertible debentures or derivative liabilities in the current year.

During the three months ended July 31, 2022, a gain in fair value change of the contingent consideration of \$187,295 compared to \$Nil for the three months ended July 31, 2021, which was incurred, as a result of the revaluation of the contingent consideration payable to vendors as part of the acquisition of the Axon, which was initially estimated to have an undiscounted value of \$1,350,000. The key reason for the reduction in the contingent consideration was due to the share price decrease of the Company. No amount was incurred in the same period in the prior year as the acquisition took place in October 2021.

During the three months ended July 31, 2022, the foreign exchange loss was \$200,758 compared to \$Nil for the three months ended July 31, 2021. This increase is due to the significant depreciation of the EUR and GBP against CAD in current period.

### **Summary of Quarterly Results**

The following table sets out selected quarterly information for the previous quarters of Awakn up to July 31, 2022.

	Three months ended July 31, 2022	Three months ended April 30, 2022	Three months ended January 31, 2022	Three months ended October 31, 2021
	(\$)	(\$)	(\$)	(\$)
Revenue	339,872	253,154	204,300	31,737
Net Loss attributable to shareholders	(2,299,245)	(2,717,190)	(4,040,518)	(2,945,617)
Net Loss per share attributable to shareholders – basic and diluted	(0.09)	(0.11)	(0.16)	(0.12)
Total assets	5,122,761	7,713,602	6,876,056	10,736,918
Working capital	(1,144,198)	938,956	255,650	4,374,955
Long-term liabilities	1,564,365	1,792,945	1,997,250	2,064,064
Cash dividends declared	Nil	Nil	Nil	Nil

	Three months ended July 31, 2021	Three months ended April 30, 2021	Three months ended January 31, 2021	Three months ended October 31, 2020
	(\$)	(\$)	(\$)	(\$)
Revenue	-	-	-	-
Net Loss attributable to shareholders	(7,799,878)	(1,159,388)	(349,650)	(100,099)
Net Loss per share attributable to shareholders – basic and diluted	(0.37)	(0.07)	(0.02)	(0.01)
Total assets	9,944,697	4,012,502	825,488	403,746
Working capital	8,590,769	3,170,663	234,945	97,452
Long-term liabilities	89,529	3,936,293	118,434	123,994
Cash dividends declared	Nil	Nil	Nil	Nil

Revenue has been increasing quarter over quarter due to clinic expansion as discussed in earlier sections.

Since inception, the Company has incurred losses while advancing its business plan. The net loss attributable to shareholders for the three months ended July 31, 2022 was \$2,212,837 and \$89,200 allocated towards a non-controlling interest. The loss was primarily due to (i) general and administrative expenses of \$775,142; (ii) service costs of \$760,516 and (iii) sales and marketing expenses of \$500,838. The Company's net loss has reduced period over period as the Company focuses on controlling its costs while growing its revenue.

### **Liquidity and Capital Resources**

The Company's total cash balance as at July 31, 2022 was \$481,830 (January 31, 2022 - \$1,623,190) and a total working deficit of \$1,144,198 (January 31, 2022 – working capital of \$255,650). The Company expects to be able to meet its on-going obligations primarily through capital raises and the issuance of equity or debt until such time that sufficient revenue can be generated through its service offerings. To date, the Company has been able to raise capital through financings that will fund the Company's planned growth and development activities. As at July 31, 2022 the Company has no long-term debt obligations, except leases and contingent consideration.

On March 22, 2022, the Company completed a non-brokered private placement through the issuance of 2,031,250 units at a price of \$1.60 per unit for gross proceeds of \$3,250,000. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of \$2.20 for a period of two years.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to provide adequate returns for shareholders. The Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of the changes in its economic environment and the risk characteristics of the Company's assets.

At July 31 2022, the Company had not yet achieved profitable operations, has accumulated losses since its inception and expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. The Company has been successful in raising funds, therefore, the Company's ability to obtain additional financing is enough to assume that the Company will continue as a going concern, however there is no certainty this will occur in the future at terms acceptable to the Company.

The following table shows the Company's cash flows from operating, investing and financing activities for the six months ended July 31, 2022 as compared to the six months ended July 31, 2021.

	Six months ended July 30, 2022	Six months ended July 30, 2021
	(\$)	(\$)
Cash used in operating activities	(4,412,624)	(2,844,467)
Cash used in investing activities	(89,799)	(108,009)
Cash from financing activities	(2,930,756)	11,385,303

*Cash used in operating activities*

During the six months ended July 31, 2022, cash used in operating activities of \$4,412,624 was primarily due to the Company's focus on its initial research programs, ramping up operations for the clinics, and other general overhead and working capital items. The Company expects improvements to the operating cash flow as the Company's provision of services at its clinics continues to expand.

*Cash used in investing activities*

During the six months ended July 31, 2022, cash used in investing activities of \$89,799 consisted primarily of the acquisition of property and equipment, largely related to leasehold improvements for its London clinic.

*Cash from financing activities*

During the six months ended July 31, 2022, cash from financing activities of \$2,930,756 was primarily due to proceeds from the non-brokered private placement through the issuance of 2,031,250 units at a price of \$1.60 per unit for gross proceeds of \$3,250,000.

*Contractual obligations and commitments*

As at July 31, 2022 the payments due by period are set out in the following tables:

	Total (\$)	< 1 year (\$)	2 – 3 years (\$)	4 – 5 years (\$)	After 5 years (\$)
Accounts payable and accrued liabilities	1,655,011	1,655,011	Nil	Nil	Nil
Finance lease obligations	2,642,371	369,181	667,520	509,972	1,095,698
Contingent consideration	1,350,000	250,000	1,100,000	Nil	Nil
Purchase obligations	Nil	Nil	Nil	Nil	Nil
Other obligations	Nil	Nil	Nil	Nil	Nil
<b>Total contractual obligations</b>	<b>5,647,382</b>	<b>2,274,192</b>	<b>1,767,520</b>	<b>509,972</b>	<b>1,095,698</b>

### Outstanding share data

The Company's authorized share capital consists of an unlimited number of Common Shares without par value and unlimited number of preferred shares without par value. As of September 12, 2022, please see the table below for information regarding outstanding share capital of the Company.

Common shares	26,918,557
Options	1,971,746
Warrants	2,838,410
Deferred share units (see Off-Balance Sheet Arrangements below)	35,172
<b>Fully diluted share capital</b>	<b>31,763,885</b>

The objective of the Company is to generate a return on investment to shareholders through capital appreciation. The Company intends to reinvest future earnings, if any, into operations to finance expansion of the business and does not intend to pay dividends in the foreseeable future.

### Off-Balance Sheet Arrangements

#### *Contingent consideration payable to Equasy Enterprises*

Pursuant to the purchase agreement entered into with Equasy Enterprises for the purchase of certain IP assets, the Company agreed to issue Equasy Enterprises up to 330,000 Common Shares upon the successful completion of certain development and regulatory milestones.

#### *Deferred share units ("DSUs") granted*

On December 13, 2021, the Company granted 35,172 DSUs to a director of the Company, pursuant to a restricted share unit ("RSU") and DSU compensation plan ("RSU/DSU Plan") adopted by the Company. The maximum number of awards issuable under the RSU/DSU Plan, together with the number of stock options issuable under the Company's stock option plan, may not exceed 10% of the number of issued and outstanding common shares of the Company as at the date of grant. Each vested DSU entitles the participant to receive one common share of the Company upon settlement. As the RSU/DSU Plan remains subject to the approval of the NEO Exchange Inc. and shareholder ratification as at period ended July 31, 2022, no share-based compensation related to the issuance of DSUs has been made in these consolidated financial statements.

### Related Party Transactions

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Company's senior management. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. During the three and six months ended July 31, 2022 and 2021, the Company had the following related party transactions:

- (a) Key management includes directors and officers of the Company. Compensation awarded to key management was comprised of the following:

	Three months ended July 31, 2022	Three months ended July 31, 2021	Six months ended July 31, 2022	Six months ended July 31, 2021
Short-term compensations	\$ 418,416	\$ 254,498	\$ 830,560	\$ 476,400
Share-based payments	83,586	53,688	205,039	352,845
<b>Total</b>	<b>\$ 502,002</b>	<b>\$ 308,186</b>	<b>\$ 1,035,599</b>	<b>\$ 829,245</b>

- (b) As at July 31, 2022, a balance of \$111,899 (January 31, 2022 - \$68,205) was due to directors and officers of the Company, which was included in accounts payable and accrued liabilities on the consolidated statements of financial position. The balance was non-interest bearing, unsecured and repayable on demand.

### **Critical Accounting Estimates and Judgements**

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management has applied significant estimates and assumptions related to the following:

#### *Leases – Estimating the incremental borrowing rate and renewals*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow a similar amount at a similar term with a similar security. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates. The Company also makes certain assumptions whether it expects to exercise any renewal options on the leases.

#### *Fair value of share-based payments, warrants, and derivative financial instruments*

Management uses the Black-Scholes option-pricing model to calculate the fair value of share-based payments, warrants and any identified derivative liabilities, including the conversion feature and any embedded warrants that do not meet the “fixed for fixed” criteria. Management considers factors that knowledgeable, willing market participants would consider when selecting the appropriate valuation model to apply. Use of this method requires management to make assumptions and estimates about the share price on the measurement date, expected useful life of the instruments, expected dividends, the risk free rate (based on government bonds), the expected volatility of the Company’s share price (based on weighted average historical volatility of comparable companies adjusted for changes expected due to publicly available information) and the probabilities of certain events occurring. In making these assumptions and estimates, management relies on historical market data. The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of these instruments. The fair value reported may not represent the transaction value if these options/warrants/derivatives were exercised/exchanged at any point in time.

#### *Estimated useful lives, impairment considerations, depreciation of property and equipment and amortization of intangible assets*

Judgment is applied to determine an asset’s useful life, and where applicable, estimated residual value, used in the computation of depreciation and amortization. Accordingly, an asset’s actual useful life and estimated residual value may differ significantly from these estimates. Goodwill and indefinite life intangible asset impairment testing require management to make estimates in the impairment testing model. On an annual basis, the Company tests whether goodwill and indefinite life intangible assets are impaired. Impairment is influenced by judgment in defining a cash generating unit (“CGU”) and determining the indicators of impairment, and estimates used to measure impairment losses. The recoverable value of goodwill, indefinite and definite long-lived assets is determined using discounted future cash flow models, which incorporate assumptions regarding projected future cash flows and capital investment, growth rates and discount rates.

### *Business combinations*

Management uses valuation techniques in determining the fair values of the various elements of a business combination. The determination of the fair value of identifiable intangible assets, in particular, requires the use of significant estimates and assumptions, such as estimated growth rate, margins and discount rates.

### *Contingent consideration*

Management is required to make a number of estimates in calculating the fair value of contingent consideration. These estimates include a number of assumptions such as estimating future financial performance, the likelihood of achieving performance milestones, and the cost of capital of the acquired business.

### *Deferred taxes*

Significant estimates are required in determining the Company's income tax provision. Some estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favourable or unfavourable effects on the Company's future effective tax rate. These include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, and results of tax audits by tax authorities.

### **Standards issued but not yet effective**

#### *International Accounting Standards ("IAS") 1 Classification of Liabilities as Current or Non-Current*

In January 2021, the International Accounting Standards Board ("IASB") issued a narrow scope amendment to IAS 1 – Classification of Liabilities as Current or Non-Current, which affects only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

#### *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

In February 2021, the IASB issued an amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

### **Financial Instruments**

#### **Fair Value of Financial Instruments**

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

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

As at July 31, 2022, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent due to their short-term nature. During the period ended July 31, 2022, level three inputs were used to

determine the fair values of the convertible debentures. All convertible debentures and derivative liabilities were either converted or extinguished as at January 31, 2022.

## Risk Management

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash, accounts receivable and other receivables. Management believes credit risk with respect to its financial instruments is minimal. The Company's maximum exposure to credit risk as at July 31, 2022 is the carrying value of cash, accounts receivables and other receivables. Credit risk on cash is mitigated as it is held in a Tier 1 financial institution or the Company's trust account. Other receivables consist primarily of government remittances recoverable and as such are at a low risk of default.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Total	Less than 1 year	1 year to 3 years	3 year to 5 years	Over 5 years
	\$	\$	\$	\$	\$
<b>Period ended July 31, 2022</b>					
Accounts payable and accrued liabilities	1,655,011	1,655,011	-	-	-
Lease liabilities	2,642,371	369,181	667,520	509,972	1,095,698
Contingent consideration	1,350,000	250,000	1,100,000	-	-
	<b>5,647,382</b>	<b>2,274,192</b>	<b>1,767,520</b>	<b>509,972</b>	<b>1,095,698</b>
	Total	Less than 1 year	1 year to 3 years	3 year to 5 years	Over 5 years
	\$	\$	\$	\$	\$
<b>Year ended January 31, 2022</b>					
Accounts payable and accrued liabilities	1,287,214	1,287,214	-	-	-
Lease liabilities	3,061,503	355,977	730,425	617,577	1,357,524
Contingent consideration	1,350,000	250,000	800,000	300,000	-
	<b>5,698,717</b>	<b>1,893,191</b>	<b>1,530,425</b>	<b>917,577</b>	<b>1,357,524</b>

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices and specifically to foreign currency risk.

### Foreign currency risk

The Company holds cash denominated in multiple currencies. The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of settlement of their trade and other liability balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The following table demonstrates the sensitivity of the Company's equity at the end of the reporting period to a reasonably possible change in the exchange rates of the foreign currencies, with all other variables held constant.

Base currency	Total financial instruments in base currency	% change in exchange rate	Total impact on net loss
GBP	(223,768)	10%	(34,895)
EUR	53,527	10%	7,005
USD	(165,693)	10%	(21,248)
NOK	206,496	10%	2,732

## **Risk Factors**

The Company's AIF sets forth material risks and uncertainties that may affect the Company's business that could cause the Company's future results to differ materially from those described in this MD&A. The risks and uncertainties described in the AIF are those the Company currently believes to be material, but they are not the only ones the Company faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, financial condition, results of operations and cash flows, and consequently the price of the Shares, could be materially and adversely affected. See "Risk Factors" in the AIF for details.