Revitalist Lifestyle and Wellness Ltd.

Unaudited Condensed Interim Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

Revitalist Lifestyle and Wellness Ltd.

Condensed interim consolidated statements of financial position
(Unaudited – expressed in Canadian dollars)

	September 30, 2021	December 31, 2020
	$	$
Assets		
Current		
Cash	**3,943,099**	-
Accounts receivable (Note 6)	**50,062**	-
Prepaid expenses and deposits (Note 7)	**431,547**	-
	4,424,708	-
Property and equipment (Note 8)	**10,119**	-
Right-of-use assets (Note 11)	**4,704,384**	-
Intangible assets (Note 9)	**1,819,284**	-
	10,958,495	-
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 10)	**269,183**	4,731
Acquisition consideration payable (Note 5)	**2,130,264**	-
Lease obligations (Note 11)	**471,218**	-
	2,870,665	4,731
Long term lease obligations (Note 11)	**4,386,640**	-
	7,257,305	4,731
Shareholders' Equity		
Share capital (Note 13)	**11,434,261**	-
Contributed surplus	**1,136,360**	-
Deficit	**(8,825,823)**	(4,731)
Currency translation adjustment	**(43,608)**	-
	3,701,190	(4,731)
	10,958,495	-

Nature of business and going concern (Note 1)

Approved by the Board of Directors:

"Kathryn Walker"
Kathryn Walker, Director and CEO

"Aaron Bowden"
Aaron Bowden, Director

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

Revitalist Lifestyle and Wellness Ltd.

Condensed interim consolidated statements of operations and comprehensive loss
(Unaudited – expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
	$	$	**$**	$
Income				
Sales	**594,790**	-	**1,115,822**	-
Expenses				
Accretion of share consideration payable (Note 5)	**77,929**	-	**189,509**	-
Advertising and promotion	**736,085**	-	**792,363**	-
Amortization and depreciation (Notes 8 and 9)	**209,821**	-	**309,307**	-
Amortization of right-of-use assets (Note 11)	**174,662**	-	**297,926**	-
Dues and subscriptions	**5,547**	-	**14,047**	-
Insurance	**14,914**	-	**30,685**	-
Interest and bank charges	**6,059**	-	**9,245**	-
Interest expense on lease liability (Note 11)	**135,260**	-	**227,021**	-
Meals and entertainment	**1,989**	-	**4,121**	-
Medication and supplies	**91,158**	-	**172,857**	-
Office and administrative	**140,557**	-	**285,049**	-
Professional fees	**339,730**	-	**479,160**	-
Salaries and wages	**1,554,194**	-	**2,512,641**	-
Share based compensation	**1,034,825**	-	**1,136,360**	-
Share based compensation related to acquisition (Note 5)	**-**	-	**3,383,532**	-
Utilities	**43,440**	-	**71,463**	-
	4,566,170	-	**9,915,286**	-
Loss before other items	**3,971,380**	-	**8,799,464**	-
Foreign exchange loss	**4,191**	-	**21,628**	-
Net loss for the period	**3,975,571**	-	**8,821,092**	-
Unrealized loss on translation to reporting currency	**49,634**	-	**43,608**	-
Comprehensive loss for the period	**4,025,205**	-	**8,864,700**	-
Loss per share (basic and diluted)	**$0.07**	-	**$0.18**	-
Weighted average number of common shares outstanding	**59,774,273**	1	**49,286,942**	1

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

Revitalist Lifestyle and Wellness Ltd.
Condensed interim consolidated statements of changes in shareholders' equity
(Unaudited – expressed in Canadian dollars)

	Common Shares	Share Capital	Contributed Surplus	Deficit	Currency translation adjustment	Total
	#	$	$	$	$	$
Balance, December 31, 2019	1	-	-	(2,825)	-	(2,825)
Net loss for the period	-	-	-	-	-	-
Balance, September 30, 2020	1	-	-	(2,825)	-	(2,825)
Balance, December 31, 2020	25,750,001	-		(4,731)	-	(4,731)
Shares issued (Note 13)	16,889,774	6,022,3887	-	-	-	6,022,387
Share issuance costs	-	(202,825)	-	-	-	(202,825)
Shares issuable on acquisition (Note 5)	18,715,662	5,614,699	-	-	-	5,614,699
Share based compensation	-	-	1,136,360	-	-	1,136,360
Net loss for the period	-	-	-	(8,821,092)	-	(8,821,092)
Foreign currency translation adjustment	-	-	-	-	(43,608)	(43,608)
Balance, September 30, 2021	**61,355,437**	**11,434,261**	**1,136,360**	**(8,825,823)**	(43,608)	**3,701,190**

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

Revitalist Lifestyle and Wellness Ltd.
Condensed interim consolidated statement of cash flows
(Unaudited – expressed in Canadian dollars)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	$	$
Cash provided by (used in):		
Operating activities		
Net loss	**(8,821,092)**	-
Add (deduct) items not affecting cash:		
Amortization and depreciation	**607,233**	-
Foreign currency translation	**(43,608)**	-
Interest and accretion	**422,924**	-
Share based compensation	**1,136,360**	-
Share based compensation on acquisition	**3,383,532**	-
Changes in working capital balances:		
Accounts receivable	**1,735,184**	-
Prepaid expenses and deposits	**(331,547)**	-
Accounts payable and accrued liabilities	**236,242**	-
Net cash used in operating activities	**(1,674,772)**	-
Investing activities:		
Cash paid on Revitalist acquisition	**(176,711)**	-
Cash obtained on acquisition	**352,417**	-
Lease payments	**(377,397)**	-
Net cash used in investing activities	**(201,691)**	-
Financing activity:		
Proceeds from private placements	**6,022,387**	-
Proceeds to share issuance costs	**(202,825)**	-
Net cash from financing activities	**5,819,562**	-
Net change in cash for the period	**3,943,099**	-
Cash, beginning of period	**-**	-
Cash, end of period	**3,943,099**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Revitalist Lifestyle and Wellness Ltd. (formerly Dealpool Capital Corp.) (the "Company" or "Revitalist") 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.

These unaudited condensed interim consolidated financial statements comprise the financial statements of the Company and its legal subsidiaries, Ketamine Holdings Ltd. ("Ketamine Holdings"), Ketamine Holdings (USA) Ltd. ("Ketamine Holdings (USA)"), and Revitalist, LLC ("Revitalist, LLC").

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

On February 19, 2021, Revitalist acquired 100% of the outstanding shares of Ketamine Holdings (the "Acquisition"). Pursuant to the Acquisition, Revitalist issued 31,450,000 common shares to the shareholders of Ketamine Holdings. The Acquisition will result in the shareholders of Ketamine Holdings acquiring control of Revitalist. Therefore, the Acquisition, has been accounted for as an acquisition of Revitalist by Ketamine Holdings. The Acquisition has been accounted for as a reverse take-over ("RTO") as Revitalist does not meet the definition of a business as defined by International Financial Reporting Standards ("IFRS") 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2.

The Acquisition is a reverse takeover whereby, the legal subsidiary, Ketamine Holdings has been determined to have acquired control of Revitalist, and to be the acquirer for accounting purposes. In accordance with the principles of reverse takeover 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 condensed interim consolidated statements of changes in shareholders' equity and in Note 13, which have been adjusted to reflect the share capital of the Company.

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 from the sole member (the "Revitalist Acquisition"). Consideration for the Revitalist Acquisition includes 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 relates to services performed during the year ended December 31, 2020 ("Purchase Price"). The final calculation of the Purchase Price will be made by January 16, 2022. Consideration payable in accordance with the original agreement included $150,000 USD cash on closing, and the remainder of the Purchase Price payable 50% in cash and 50% in common shares on the one-year anniversary of the Revitalist Acquisition. The agreement was amended on April 13, 2021 and the consideration payable was revised to equal $150,000 cash on closing and the remainder payable in common shares on the one-year anniversary of the Revitalist Acquisition. The Revitalist Acquisition was accounted for as a business combination under IFRS 3 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 acquisition date. The Company applied various valuation techniques in order to measure the assets acquired and the liabilities assumed in the business combination. These provisional amounts may be adjusted during the measurement period, or additional assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Revitalist, LLC is a limited liability company organized in Nashville, Tennessee on November 18, 2017. Revitalist, LLC is located at 10608 Flickenger Lane, Knoxville, TN, 37922 and its primary business is the operation of medical clinics specializing in Ketamine treatments.

1. NATURE OF OPERATIONS AND GOING CONCERN (cont'd)

These condensed interim consolidated 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.

The Company has not earned income from inception and has a cumulative deficit of $8,821,092. 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 condensed interim consolidated 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 condensed interim consolidated financial statements, then adjustments would be necessary to reflect these condensed interim consolidated 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.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. In preparation of these condensed interim consolidated financial statements, the Company has consistently applied the same accounting policies disclosed in the Company's audited annual financial statements for the year ended December 31, 2020, with the exception of the new accounting standards adopted in the current year, as described below.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 22, 2021.

b) Basis of measurement

These condensed interim consolidated financial statements are a continuation of the consolidated financial statements of the Company and have been prepared on a historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as disclosed in Note 3.

The preparation of these condensed interim consolidated 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 condensed interim consolidated financial statements are disclosed in Note 3.

2. BASIS OF PREPARATION (cont'd)

c) Basis of consolidation

These unaudited condensed interim consolidated financial statements comprise the financial statements of the Company and its legal subsidiaries. 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 owns 100% of the following entities:

	Percentage ownership interest	
	2021	2020
KETAMINE HOLDINGS	**100%**	0%
KETAMINE HOLDINGS (USA)	**100%**	0%
REVITALIST, LLC	**100%**	0%

d) Functional and presentation currency

Items included in the unaudited interim consolidated financial statements of the Company and its wholly owned subsidiaries are measured using the currency of the primary economic environment in which the entity operates. The functional currency of Revitalist, Ketamine Holdings, and Ketamine Holdings (USA) is the Canadian dollar. The functional currency of Revitalist, LLC, is the US dollar ("USD"). These unaudited interim consolidated financial statements are presented in Canadian dollars. 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 condensed interim consolidated 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 condensed interim consolidated financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated interim 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

i. the measurement of deferred income tax assets and liabilities; and
ii. inputs used in impairment calculations;

Significant accounting judgment

i. the evaluation of the Company's ability to continue as a going concern;
ii. the evaluation on whether or not an acquisition of a business is considered a business combination or an asset acquisition;
iii. assessment of indications of impairment; and
iv. the determination of categories of financial assets and financial liabilities
v. revenue recognition

b) Property and equipment

Property and equipment is recorded at historical cost less related accumulated amortization 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 amortization of property and equipment on a straight-line basis unless otherwise noted using the following annual rates:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 for its clinic premises leases previously classified as operating leases.

d) 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 Group satisfies the performance obligation(s). Patient service revenues are recognized over a period of time 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 and expectations of third-party payors' fee schedules. Third-party payors include federal and state agencies (under the Medicare programs), managed care health plans and commercial insurance companies.

e) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) 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.

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 under IFRS 9:

	IFRS 9 Classification
Financial assets	
Cash	FVTPL
Accounts receivable	Amortized cost
Financial liabilities	
Accounts payable	Amortized cost
Lease liabilities	Amortized cost
Shares consideration payable	Amortized cost

IFRS 9 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.

g) 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 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 reserve for warrants to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) 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.

i) 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.

j) Intangible assets

Intangible assets with finite useful lives are comprised of patient lists and recorded at cost less accumulated amortization and accumulated impairment losses. They are amortized over their estimated useful life of 2 years. Estimated useful lives of intangible assets are the shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Intangible assets with indefinite useful lives are comprised of the Revitalist trademark and brand and are carried at cost less accumulated impairment losses. Intangible assets with indefinite lives are not amortized but are tested annually for impairment. Any impairment of intangible assets is recognized in the statement of operations and comprehensive loss but increases in intangible asset values are only recognized to the extent that they reverse any previously recognized impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

k) 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. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

l) 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.

4. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

New accounting standards adopted in the current year

On January 1, 2021, the Company adopted amendments to IFRS 2, "Share-based Payment". The amendments provide clarification on how to account for certain types of share-based transactions. The adoption of this amendment did not have any impact on the Company's unaudited condensed interim consolidated financial statements.

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

(Unaudited – expressed in Canadian dollars)

5. REVERSE TAKEOVER AND BUSINESS COMBINATION

Revitalist Acquisition

On February 16, 2021, 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 includes 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 relates to services performed during the year ended December 31, 2020 ("Purchase Price"). The final calculation of the Purchase Price will be made by January 16, 2022. Consideration is payable as follows: $150,000 USD cash on closing, and the remainder of the Purchase Price payable in common shares on the one year anniversary of the Revitalist Acquisition. Estimated future consideration payable was determined as two times the present value of audited 2020 revenue of Revitalist, LLC, plus an estimate of insurance billing to be collected between January 1, 2021 and December 31, 2021 that relates to services performed during the year ended December 31, 2020. Insurance billings were estimated using a weighted average probability of a range of values which may be collected. The final amount of insurance collected may differ from this estimate.

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. These provisional amounts may be adjusted during the measurement period, or additional assets or liabilities may be recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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

Consideration	$
Acquisition consideration payable	1,940,755
Cash consideration paid	190,260
	2,131,015

Net assets acquired	$
Cash	13,452
Accounts receivable	3,455
Property and equipment	11,315
Right-of-use asset	717,109
Customer list	999,350
Brand and trademark	1,128,016
Accounts payable and accrued liabilities	(24,573)
Lease obligations	(717,109)
Total net assets acquired	2,131,015

The Company recorded accretion expense of $189,509 during the period bringing the acquisition consideration payable to $2,130,264 as at September 30, 2021.

(Unaudited – expressed in Canadian dollars)

5. REVERSE TAKEOVER AND BUSINESS COMBINATION (cont'd)

Ketamine Holdings Acquisition

On February 19, 2021, Revitalist acquired 100% of the outstanding shares of Ketamine Holdings and issued 31,450,000 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 takeover accounting, Ketamine Holdings will report the operations and its related historical comparatives as its continuing business.

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 paid	
Common shares issued (18,715,662 common shares at $0.30)	5,614,699
Assets (liabilities) acquired	
Cash	352,417
Prepaid expenses and deposits	100,000
Accounts receivable	1,781,791
Accounts payable and accrued liabilities	(3,040)
Net assets acquired	2,231,167
Acquisition expense – Share based compensation	3,383,532

The share-based compensation represents the services and knowledge related to the expertise that the Ketamine Holdings brings to the Company.

6. ACCOUNTS RECEIVABLE

	September 30, 2021	December 31, 2020
	$	$
Accounts receivable	**446**	-
GST and taxes recoverable	**49,616**	-
	50,062	-

7. PREPAID EXPENSES AND DEPOSITS

	September 30, 2021	December 31, 2020
	$	$
Prepaid marketing and professional fees	**200,435**	-
Lease deposit paid	**231,112**	-
	431,547	-

(Unaudited – expressed in Canadian dollars)

8. PROPERTY AND EQUIPMENT

	Leasehold Improvements
	$
Cost	
Balance, December 31, 2020	-
Additions	11,344
Balance, September 30, 2021	11,344
Depreciation	
Balance, December 31, 2020	-
Additions	1,225
Balance, September 30, 2021	1,225
Balance, December 31, 2020	**-**
Balance, September 30, 2021	**10,119**

9. INTANGIBLE ASSETS

	Customer List	Brand and Trademark	Total
	$	$	$
Cost			
Balance, December 31, 2020	-	-	-
Additions	999,350	1,128,016	2,127,366
Balance, September 30, 2021	999,350	1,128,016	2,127,366
			-
Depreciation			
Balance, December 31, 2020	-	-	-
Additions	308,082	-	308,082
Balance, September 30, 2021	308,082	-	308,082
Balance, December 31, 2020	**-**	**-**	**-**
Balance, September 30, 2021	**691,268**	**1,128,016**	**1,819,284**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
	$	$
Trade accounts payable	**67,171**	4,731
Accrued liabilities	**3,040**	-
Payroll liabilities	**198,972**	-
	269,183	4,731

(Unaudited – expressed in Canadian dollars)

11. RIGHT OF USE ASSET AND LEASE LIABILITY

	Right of Use Asset
	$
Cost	
Balance, December 31, 2020	-
Assumed at Acquisition	717,109
Additions	4,285,201
Balance, September 30, 2021	5,002,310
Depreciation	
Balance, December 31, 2020	-
Additions	297,926
Balance, September 30, 2021	297,926
Balance, December 31, 2020	**-**
Balance, September 30, 2021	**4,704,384**

The Company's right-of-use assets consist of its clinic premises lease and medical equipment.

The following is the continuity of lease liabilities, for the period ended September 30, 2021:

	September 30, 2021
	$
Opening balance, December 31, 2020	-
Assumed at Acquisition	717,109
Additions	4,285,201
Lease payments	(371,473)
Interest expense on lease liabilities	227,021
	4,857,858
Current portion	**471,218**
Long-term portion	**4,386,640**

As at September 30, 2021, the minimum lease payments for the lease liabilities are as follows:

Year ending:	
2021	272,194
2022	1,232,740
2023	1,344,382
2024	1,367,808
2025	1,391,874
2026	707,791
2027-2032	1,337,186
	7,653,975
Less: Interest expense on lease liabilities	(2,796,117)
Total present value of minimum lease payments	**4,857,858**

When measuring lease obligations, the Company's incremental borrowing rate applied was 15% per annum.

(Unaudited – expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel compensation

Key management is comprised of the Company's directors and executive officers. The Company incurred the following key management compensation charges during the three and nine months ended September 30, 2021 and 2020:

Three months ended, September 30,	**2021**	2020
	$	$
Salaries, bonuses, fees, and benefits	**85,933**	-
	85,933	-

Nine months ended, September 30,	**2021**	2020
	$	$
Salaries, bonuses, fees, and benefits	**193,846**	-
	193,846	-

On February 12, 2021, Revitalist, LLC entered into an employment agreement with the CEO of the Company. The term of the contract is for one year with successive automatic renewals for twelve months unless terminated by either party. The CEO will receive base compensation of $250,000 USD per year and is eligible to receive a bonus at the discretion of the Company.

13. SHARE CAPITAL

Authorized Share Capital

The Company has an unlimited number of common shares without par value authorized for issuance. As at September 30, 2021, the Company had 61,355,437 common shares issued and outstanding.

Share Transactions

On February 3, 2021, The Company closed a private placement and issued 5,700,000 common shares for proceeds of $427,500.

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.

13. SHARE CAPITAL (cont'd)

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.

Options

On February 17, 2021, the Company granted a total of 3,050,000 incentive stock options to certain officers, directors, and other eligible persons of the Company. The options are exercisable, subject to vesting provisions, over a period of five years at a price of $0.30 per share. Options vest 50% on February 17, 2022 and the remaining 50% on February 17, 2023.

The fair value of the options granted during the period using the Black Scholes option pricing model was $830,415. The following assumptions were used: exercise price of $0.30, estimated volatility of 150% based on comparable companies, expected life of 5 years and a risk-free rate of 0.10%.

On July 14, 2021, the Company granted a total of 4,525,000 incentive stock options to certain officers, directors, and other eligible persons of the Company. The options are exercisable, subject to vesting provisions, over a period of five years at a price of $0.50 per share. 1,275,000 of the options vest 50% on July 14, 2022 and the remaining 50% on July 14, 2023. 2,250,000 of the options vest 50% on January 14, 2022 and the remaining 50% on July 14, 2022. 1,000,000 of the options vest 25% on January 14, 2022, 25% on July 14, 2022, 25% on January 14, 2023, and the remaining 25% on July 14, 2023

The fair value of the options granted during the period using the Black Scholes option pricing model was $2,051,930. The following assumptions were used: exercise price of $0.50, estimated volatility of 150% based on comparable companies, expected life of 5 years and a risk-free rate of 0.16%.

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

The fair value of the options granted during the period using the Black Scholes option pricing model was $680,198. The following assumptions were used: exercise price of $0.50, estimated volatility of 150% based on comparable companies, expected life of 5 years and a risk-free rate of 0.16%.

On August 26, 2021, the Company granted a total of 105,000 incentive stock options to certain officers, directors, and other eligible persons of the Company. The options are exercisable, subject to vesting provisions, over a period of five years at a price of $0.60 per share. Options vest 50% on August 26, 2022 and the remaining 50% on August 26, 2023.

The fair value of the options granted during the period using the Black Scholes option pricing model was $57,140. The following assumptions were used: exercise price of $0.60, estimated volatility of 150% based on comparable companies, expected life of 5 years and a risk-free rate of 0.18%.

On August 31, 2021, the Company granted a total of 10,000 incentive stock options to certain officers, directors, and other eligible persons of the Company. The options are exercisable, subject to vesting provisions, over a period of five years at a price of $0.67 per share. Options vest 50% on August 31, 2022 and the remaining 50% on August 31, 2023.

(Unaudited – expressed in Canadian dollars)

13. SHARE CAPITAL (cont'd)

The fair value of the options granted during the period using the Black Scholes option pricing model was $6,077. The following assumptions were used: exercise price of $0.67, estimated volatility of 150% based on comparable companies, expected life of 5 years and a risk-free rate of 0.18%.

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2020	-	-
Granted	3,050,000	0.30
Granted	4,525,000	0.50
Granted	105,000	0.60
Granted	10,000	0.67
Outstanding, September 30, 2021	7,690,000	0.42

The following summarizes information about the outstanding stock options exercisable to acquire common shares of the Company as at September 30, 2021:

Outstanding			Exercisable		
Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
7,690,000	4.64	0.42	-	4.64	0.42

Movements in the number of restricted stock units outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price $
Outstanding, December 31, 2020	-	-
Granted	1,500,000	0.00
Outstanding, September 30, 2021	1,500,000	0.00

The following summarizes information about the outstanding restricted stock units exercisable to acquire common shares of the Company as at September 30, 2021:

Outstanding			Exercisable		
Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price $
1,500,000	4.79	0.00	-	4.79	0.00

(Unaudited – expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND RISKS

Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2021, as follows:

		September 30, 2021		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	3,943,099	3,943,099	-	-
Acquisition consideration payable	-	-	-	2,130,264

		December 31, 2020		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	-	-	-	-
Acquisition consideration payable	-	-	-	-

The fair values of other financial instruments, which include amounts receivable, deposits, amounts payable and lease liabilities approximate, approximate their carrying values due to the relatively short-term maturity of these instruments.

The fair value of acquisition consideration payable was determined using a present value of a probability weighted average of expected future cash outflows.

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 functional currency of Revitalist, LLC is the US Dollar, and the majority of transactions are transacted in the US Dollar. In addition, all financial liabilities for Revitalist, LLC are denominated in the US Dollar. 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 10% fluctuation in foreign exchange rates would be approximately $231,000.

14. FINANCIAL INSTRUMENTS AND RISKS (cont'd)

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 interest rate risk because of their short-term nature and maturity. The Company's amounts due to related parties are non-interest bearing.

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 and by maintaining sufficient cash in excess of anticipated needs.

15. 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 period ended September 30, 2021.

16. SUBSEQUENT EVENT

On November 17, 2021, the Company completed a private placement to institutional investors of units ("Units") for aggregate gross proceeds to the Company of approximately Cdn$3,000,000.08 (the "Private Placement"). Pursuant to the Private Placement, the Company issued 5,357,143 Units at a purchase price of Cdn$0.56 per Unit. Each Unit consists of one common share of the Company (a "Common Share") and one common share purchase warrant (each a "Warrant"), each Warrant entitling the holder thereof to purchase one Common Share at an exercise price of Cdn$0.69 at any time on or prior to November 17, 2026. H.C. Wainwright & Co. acted as the exclusive placement agent for the private placement in the United States. H.C. Wainwright & Co. received: (i) a cash commission of Cdn$210,000.01, and (ii) 375,000 warrants (the "Agent Warrants"), each Agent Warrant entitling the holder thereof to purchase one Common Share at an exercise price of Cdn$0.56 per Common Share at any time on or before November 17, 2026.