AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JANUARY 31, 2022 AND THE PERIOD FROM APRIL 27, 2020 (INCORPORATION DATE) TO JANUARY 31, 2021
(In Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Awakn Life Sciences Corp.:

Opinion

We have audited the consolidated financial statements of Awakn Life Sciences Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2022 and January 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended January 31, 2022 and the period from April 27, 2020 (incorporation date) to January 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at January 31, 2022 and January 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year ended January 31, 2022 and the period from April 27, 2020 (incorporation date) to January 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as of January 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. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

MNP LLP

Burlington, Ontario | Chartered Professional Accountants

April 27, 2022 | Licensed Public Accountants

AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	January 31, 2022 $	January 31, 2021 $
Assets			
Current assets			
Cash		1,623,190	366,065
Prepayments and deposits		358,905	93,272
Accounts receivable		29,295	-
Other receivables		100,339	17,620
Total current assets		2,111,729	476,957
Non-current assets			
Prepayments and deposits		172,602	-
Property and equipment	5	1,865,294	204,286
Intangible assets	6	53,083	-
Right-of-use assets	7	1,747,716	144,245
Goodwill	12	925,632	-
Total assets		6,876,056	825,488
Liabilities			
Accounts payable and accrued liabilities		1,287,214	228,335
Deferred revenue		10,483	-
Lease liabilities	7	355,977	13,677
Contingent consideration	12	202,405	-
Total current liabilities		1,856,079	242,012
Non-current liabilities			
Long-term lease liabilities	7	1,452,894	118,434
Contingent consideration	12	544,356	-
Total Liabilities		3,853,329	360,446
Shareholders' Equity			
Share capital	10	16,137,624	1,152,346
Share-based payment reserve	10	1,124,475	39,870
Warrant reserve	10	2,944,465	-
Accumulated other comprehensive income		15,662	610
Accumulated deficit		(16,811,031)	(865,186)
Total equity attributable to equity holders of the parent		3,411,195	327,640
Non-controlling interest		(388,468)	137,402
Total Shareholders' Equity		3,022,727	465,042
Total Liabilities and Shareholders' Equity		6,876,056	825,488

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

Going concern (note 1)
Subsequent events (note 20)

Approved and authorized for issue by the Board of Directors on April 27, 2022.

"George Scorsis"
Director

"Steve Page"
Director

AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Year ended January 31, 2022 $	Period from incorporation to January 31, 2021 $
Revenue			
Service revenue		**236,037**	**-**
Total revenue		**236,037**	**-**
Operating expenses			
Research and development		**3,309,083**	**-**
General and administration		**3,306,056**	**500,050**
Sales and marketing		**1,630,312**	**77,382**
Share-based compensation	**10**	**1,090,277**	**39,870**
Depreciation and amortization	**5, 6, 7**	**181,411**	**12,924**
Service costs		**512,870**	**-**
Total operating expenses		**10,030,009**	**630,226**
Other expense (income)			
Other income		**(10,350)**	**-**
Finance costs		**205,426**	**9,824**
Change in fair value of derivative liabilities	**8, 9**	**5,082,558**	**-**
Change in fair value of contingent consideration	**12**	**179,977**	**-**
Transaction costs	**4, 8**	**204,522**	**470,726**
Listing expenses	**11**	**957,967**	**-**
Foreign exchange loss (gain)		**57,643**	**(4,381)**
Loss from operations before income taxes		**(16,471,715)**	**(1,106,395)**
Income tax expense - current		-	**-**
Income tax expense - deferred		-	**-**
Net loss		**(16,471,715)**	**(1,106,395)**
Other comprehensive income			
Foreign exchange translation adjustment		**15,052**	**610**
Comprehensive loss		**(16,456,663)**	**(1,105,785)**
Net loss attributable to:			
Shareholders		**(15,945,845)**	**(944,924)**
Non-controlling interests		**(525,870)**	**(161,471)**
		(16,471,715)	**(1,106,395)**
Comprehensive loss attributable to:			
Shareholders		**(15,930,793)**	**(944,314)**
Non-controlling interests		**(525,870)**	**(161,471)**
		(16,456,663)	**(1,105,785)**
Net loss per share attributable to shareholders – basic and diluted	**13**	(0.73)	(0.07)
Weighted average number of shares outstanding – basic and diluted	**13**	21,962,237	12,628,816

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

AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)
Consolidated Statements of Changes in Shareholders' Equity
For the year ended January 31, 2022 and the period from April 27, 2020 (incorporation date) to January 31, 2021
(Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital $	Share-Based Payment Reserve $	Warrant Reserve $	Accumulated Other Comprehensive (Loss) Income $	Accumulated Deficit $	Total $	Non-Controlling Interest $	Total $
Balance, April 27, 2020		-	-	-	-	-	-	-	-	**-**
Acquisition of assets	**4**	3,000,000	60,000	-	-	-	-	60,000	378,611	**438,611**
Acquisition of non-controlling interest	**4**	-	-	-	-	-	79,738	79,738	(79,738)	**-**
Issuance of common shares, net of issuance costs	**10**	13,883,334	1,092,346	-	-	-	-	1,092,346	-	**1,092,346**
Share-based compensation	**10**	-	-	39,870	-	-	-	39,870	-	**39,870**
Net loss		-	-	-	-	-	(944,924)	(944,924)	(161,471)	**(1,106,395)**
Other comprehensive income		-	-	-	-	610	-	610	-	**610**
Balance, January 31, 2021		**16,883,334**	**1,152,346**	**39,870**	**-**	**610**	**(865,186)**	**327,640**	**137,402**	**465,042**
Balance, February 1, 2021		16,883,334	1,152,346	39,870	-	610	(865,186)	327,640	137,402	**465,042**
Exercise of stock options	**10**	590,000	49,923	(5,672)	-	-	-	44,251	-	**44,251**
Issuance of common shares for acquisition of intangible assets	**6, 10**	50,000	60,000	-	-	-	-	60,000	-	**60,000**
Issuance of common shares, net of issuance costs	**10**	3,419,827	7,154,335	-	333,577	-	-	7,487,912	-	**7,487,912**
Share issued for reverse takeover acquisition	**11**	199,968	499,920	-	-	-	-	499,920	-	**499,920**
Share issued for acquisition of Axon	**12**	200,000	420,000	-	-	-	-	420,000	-	**420,000**
Share-based compensation	**10**	-	-	1,090,277	-	-	-	1,090,277	-	**1,090,277**
Issuance of Finder Warrants	**8**	-	-	-	78,331	-	-	78,331	-	**78,331**
Exercise of Finder Warrants	**10**	6,250	12,247	-	(4,747)	-	-	7,500	-	**7,500**
Exercise of warrants	**10**	155,833	542,786	-	(262,287)	-	-	280,499	-	**280,499**
Conversion of convertible debentures	**8, 9, 10**	3,382,095	6,246,067	-	2,799,591	-	-	9,045,658	-	**9,045,658**
Net loss		-	-	-	-	-	(15,945,845)	(15,945,845)	(525,870)	**(16,471,715)**
Other comprehensive income		-	-	-	-	15,052	-	15,052	-	**15,052**
Balance, January 31, 2022		**24,887,307**	**16,137,624**	**1,124,475**	**2,944,465**	**15,662**	**(16,811,031)**	**3,411,195**	**(388,468)**	**3,022,727**

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

(Expressed in Canadian dollars)

	Note	Year ended January 31, 2022 $	Period from incorporation to January 31, 2021 $
Cash flow used in operating activities			
Net loss for the year		(16,471,715)	(1,106,395)
Items not affecting cash:			
Share-based compensation	**10**	1,090,277	39,870
Depreciation and amortization	**5, 6, 7**	181,412	12,924
Accretion on lease liabilities	**7**	129,580	9,824
Accretion on convertible debentures	**8**	71,397	-
Transaction costs	**8**	78,331	438,611
Listing expenses	**11**	534,264	-
Change in fair value of derivative liabilities	**9**	5,082,558	-
Change in fair value of contingent consideration	**12**	179,977	-
Changes in non-cash working capital items:			
Increase in prepayments and deposits		(412,038)	(93,272)
Increase in accounts receivable		(2,577)	-
Increase in other receivables		(81,407)	(2,786)
Increase in accounts payable and accrued liabilities		1,023,199	228,335
Increase in deferred revenue		10,483	-
Cash flow used in operating activities		**(8,586,259)**	**(472,889)**
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property and equipment	**5**	(1,702,031)	(201,346)
Purchase of intangible assets	**6**	(5,000)	-
Acquisition of assets, net of cash acquired	**4**	-	(14,834)
Acquisition of Axon, net of cash acquired	**12**	21,652	-
Cash flow used in investing activities		**(1,685,379)**	**(216,180)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net	**10**	7,487,912	1,092,346
Proceeds from options exercise	**10**	44,251	-
Proceeds from finders warrant exercise	**10**	7,500	-
Proceeds from warrant exercise	**10**	280,499	-
Issuance of convertible debentures, net	**8**	3,856,141	-
Payment of lease liabilities		(174,790)	(34,729)
Cash flow from financing activities		**11,501,513**	**1,057,617**
Effect of exchange rate changes on cash		**27,250**	**(2,483)**
Increase in cash		**1,229,875**	**368,548**
Cash, beginning of year		**366,065**	**-**
Cash, end of year		**1,623,190**	**366,065**
Non-cash transactions			
Acquisition of intangible assets via issuance of common shares		60,000	-
Acquisition of Axon via issuance of common shares		420,000	-

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

1. Nature of the business and going concern

Awakn Life Sciences Corp. (formerly 1169082 B.C. Ltd.) (the "Company") was incorporated under the *Business Corporations Act (British Columbia)* on June 21, 2018. The common shares of the Company are traded on the Neo Exchange Inc. under the stock symbol "AWKN". The Company's head office and registered office is located at 301-217 Queen Street W., Toronto, ON, M5V 0R2.

On June 16, 2021, the Company completed a reverse takeover transaction with Awakn Life Sciences Inc. ("Awakn Inc.") (the "Transaction") (note 11), a company incorporated under the Business Corporations Act (Ontario) on April 27, 2020. Awakn Inc. is a biotechnology company with clinical operations, developing and delivering psychedelic therapeutics (medicines and therapies) to better treat addiction. The Transaction constituted a reverse takeover of the Company by Awakn Inc. for accounting purposes and the business of the amalgamated entities became the business of the Company. Following the closing, the Company's name changed to Awakn Life Sciences Corp. and consolidated its issued and outstanding shares on the basis of one post consolidation share for every 42.5105 pre-consolidation shares (the "Consolidation"). Shareholders of Awakn Inc. received 1 post-consolidation common share of the Company for each common share of the Awakn Inc., and each of the outstanding pre-consolidation share purchase options and warrants in Awakn Inc. were exchanged for equivalent post-consolidation share purchase options and warrants of the Company on substantially the same terms, all of which have been retroactively adjusted in these consolidated financials. As Awakn Inc. was deemed to be the acquirer for accounting purposes, the financial statements are presented as a continuation of Awakn Inc. and the comparative figures presented are those of Awakn Inc.

At January 31, 2022, the Company had not yet achieved profitable operations, has accumulated losses of $16,811,031 since its inception and expects to incur further losses in the development of its business, all of which indicate that a material uncertainty exists that may 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 from the issuance of shares and convertible debentures (note 8 and 10). 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.

2. Basis of Presentation

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 27, 2022.

(Expressed in Canadian dollars, unless otherwise noted)

2. Basis of Presentation (Continued)

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for the derivative liabilities and contingent consideration which have been recorded at fair value.

(c) Principles of consolidation

The Company consolidates its interest in entities which it controls. Control is defined by the power to govern an entity's financial and operating policies so as to be able to obtain benefits from its activities. All intercompany balances and transactions have been eliminated on consolidation. The subsidiaries (the "Subsidiaries") of the Company that have been consolidated are as follows:

Name of entity	Principal place of business	%	Functional currency
Awakn Life Sciences Inc.	Canada	100%	Canadian dollar
1233705 B.C. Ltd.	Canada	100%	Canadian dollar
Awakn Bristol Limited	United Kingdom	51%*	British pound
Awakn Life Sciences UK Ltd	United Kingdom	100%	British pound
Awakn London Limited	United Kingdom	100%	British pound
Awakn Manchester Limited	United Kingdom	100%	British pound
Awakn LS Europe Holdings Limited	Ireland	100%	Euro
Awakn LS Partnerships Limited	Ireland	100%	Euro
Awakn Oslo AS (formerly Axonklinikken AS)	Norway	100%	Norwegian krone

** Financial information of Awakn Bristol Limited that has material non-controlling interest of 49% is provided below:*

	Year ended January 31, 2022 $	Period from April 27, 2020 (incorporation date) to January 31, 2021 $
Loss allocated to non-controlling interest	(525,870)	(161,471)
Accumulated balance of non-controlling interest	(388,468)	137,402
Summarized financial information of Awakn Bristol Limited:		
Revenue	77,086	-
Net loss	(1,077,691)	(284,446)
Current assets	117,142	386,303
Non-current assets	572,661	348,531
Current liabilities	(104,195)	(83,120)
Non-current liabilities	(1,381,572)	(371,301)

2. Basis of Presentation (Continued)

(d) Functional and presentation currency

The Company, 1233705 B.C. Ltd. and Awakn Inc.'s functional currency is the Canadian dollar. The functional currencies for the other subsidiaries include the Norwegian krone, the British pound and the euro. For financial reporting purposes, the consolidated financial statements of the Company have been presented in the Canadian dollar, the presentation currency. The financial statements of the entities are translated from their functional currency into the reporting currency as follows: assets and liabilities are translated at the exchange rates at the period end date, expenses and other income (expense), net are translated at the average exchange rate for the period and shareholders' equity is translated based on historical exchange rates. Translation adjustments are not included in determining net loss but are included as a foreign exchange adjustment to other comprehensive income, a component of shareholders' equity.

(e) Use of 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.

2. Basis of Presentation (Continued)

(e) Use of estimates and judgements (continued)

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 rates, 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.

2. Basis of Presentation (Continued)

(f) COVID-19 pandemic

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Various levels of government Canada, the United Kingdom and other jurisdictions have responded with significant regulatory, monetary and fiscal interventions designed to stabilize economic conditions. It is difficult for the Company to measure the impact with certainty. Judgments, estimates and assumptions made by management during the preparation of these consolidated financial statements may also change as conditions related to COVID-19 change. Changes in assumptions including, but not limited to, interest rates and commodity prices could impact the company's future results of operations. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, the United Kingdom and other countries to fight the virus.

3. Significant Accounting Policies

A summary of the significant accounting policies, which have been applied consistently to all periods presented in the accompanying consolidated financial statements are set out below:

Business combinations and asset acquisitions

The Company uses the acquisition method to account for business combinations. This requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of the fair value of the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired, determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Transaction costs incurred in a business combination are expensed.

The Company considers certain acquisitions to be asset acquisitions, on the assumption that there are no identifiable businesses acquired in the transaction. There is judgment involved in the determination of whether the acquisition involves assets or entire businesses. Direct transaction costs incurred in the acquisition of an asset or a group of assets generally are a component of the consideration transferred and are capitalized as a component of the cost of the assets acquired and liabilities assumed. Where contingent consideration is included in an asset acquisition, the Company has adopted a policy choice to record a liability for any expected variable payments at the time the obligating event or related activity that gives rise to the variability occurs. Changes in the fair value of the contingent consideration upon recognition are recognized in profit or loss during the periods in which the obligating event occurs.

3. Significant Accounting Policies (continued)

Cash

Cash in the consolidated statement of financial position is comprised of cash held at a major financial institution.

Accounts receivable

Accounts receivable are non-interest bearing, unsecured obligations due from clinical patients. The Company's accounts receivable is measured at amortized cost and subject to the expected credit loss ("ECL") model. In determining the ECLs management makes estimates related to the probability-weighted amount of ECLs based on a range of outcomes, the discount rate that reflects the effective interest rate of the asset and other information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

The Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment. Likewise, when a major inspection is performed, its cost is recognized in the carrying value of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of loss and comprehensive loss as incurred.

Depreciation is calculated on a straight line basis over the expected useful life of the asset as follows, except for construction in progress which is not amortized:

Leasehold improvement	Shorter of useful life or remaining lease term
Furniture and fixtures	5 years
Computer equipment	3 years
Construction in progress	No term

Property and equipment (continued)

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of loss and comprehensive loss in the period the asset is derecognized.

3. Significant Accounting Policies (continued)

Intangible assets

Intangible assets acquired are stated at cost, less accumulated amortization except for intangible assets that are considered to have an indefinite useful life. Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

Amortization is calculated on a straight-line basis over the expected useful life of the asset as follows:

Asset type	**Amortization Term**
Intellectual property assets ("IP Assets")	5 years

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are expensed as incurred. Development activities involve a plan or design for the production of new, or substantially improved, products and processes related to the Company's technology platforms. Development expenditures are capitalized only if the relevant criteria are met, including: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) the intention to complete the intangible asset and use or sell it, (iii) the ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. During the year ended January 31, 2022, no internal development expenditures were capitalized (period ended January 31, 2021 – Nil).

Leases

The Company determines if an arrangement is a lease at contract inception. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Clinics	5 to 10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies of impairment of non-financial assets.

3. Significant Accounting Policies (continued)

Leases (continued)

Right-of-use liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its IBR at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Impairment of non-financial assets

Intangible assets with a finite useful life are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses, or a forecasted inability to achieve break-even operating results over an extended period. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

For the purpose of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit, or "CGU"). An impairment loss is recognized for the amount, if any, by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use (being the present value of expected future cash flows of the asset or CGU). 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 previously recognized, with the exception of goodwill.

Goodwill is tested for impairment annually as at January 31 and when circumstances indicate that the carrying value may be impaired.

3. Significant Accounting Policies (continued)

Financial instruments

Classification

On initial recognition, the Company determines the classification of financial instruments based on the following categories:

1. Measured at amortized cost
2. Measured at fair value through profit or loss (FVTPL)
3. Measured at fair value through other comprehensive income (FVOCI)

The classification under IFRS 9 is based on the business model under which a financial asset is managed and on its contractual cash flow characteristics. Assets held for the collection of contractual cashflows and for which those cashflows correspond solely to principal repayments and interest payments are measured at amortized cost. Contracts with embedded derivatives where the host is a financial instrument in the scope of the standard will be assessed as a whole for classification.

A financial asset is measured at amortized cost if both of the following criteria are met:

- held within a business model whose objective is to hold assets to collect contractual cash flows; and
- contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company may irrevocably elect, on initial recognition, to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives), or if the Company has chosen to evaluate them at FVTPL.

The classification of financial instruments under IFRS 9 is as follows:

Financial Instrument	**Classification under IFRS 9**
Cash	Amortized cost
Accounts receivable	Amortized cost
Other receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Contingent consideration	FVTPL

Measurement

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a gain or loss at the time of initial recognition.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Amortized cost – The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

Fair value through profit or loss – Changes in fair value after initial recognition, whether realized or not, are recognized through the consolidated statement of loss and comprehensive loss. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statement of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Fair value through other comprehensive income – Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statement of loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

The Company has applied the simplified approach to recognize lifetime expected credit losses for its accounts receivable.

Derecognition

Financial assets – The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred. Gains and losses from the derecognition are recognized in the consolidated statement of loss and comprehensive loss.

Convertible debentures

The Company's convertible debentures are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreements. The conversion feature of the convertible debentures is presumed to be classified as a derivative financial liability unless it meets all the criteria to recognize as an equity instrument under IAS 32, Financial Instruments: Presentation. One of the criteria is that the conversion option exchanges a fixed number of shares for a fixed amount of cash ("fixed for fixed").

3. Significant Accounting Policies (continued)

Convertible debentures (continued)

If the conversion feature meets the fixed for fixed criterion, the conversion option will be classified as an equity instrument. Therefore, when the initial carrying amount of the convertible debentures is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument, which is determined using a market rate for an equivalent non-convertible debenture. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

If the conversion feature does not meet the fixed for fixed criterion, the conversion option will be recorded as a derivative financial liability, which must be separately accounted for at fair value on initial recognition. Subsequent to initial recognition, the derivative financial liability is remeasured at fair value at the end of each reporting period with changes in fair value recognized in profit or loss for each reporting period, while the debt component, initially recorded net of any transaction costs, is accreted to the face value of the debt using the effective interest method.

Transaction costs are allocated to the debt and equity components or derivative liability components in proportion to the allocation of the proceeds on initial recognition, net of any related income tax benefit for the amount allocated to the equity component.

Revenue

To determine the amount and timing of revenue to be recognized the Company follows a 5-step process:
1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue when or as performance obligations are satisfied.

The Company generates service revenue from the delivery of ketamine-assisted psychotherapy sessions at its clinic locations. Each session is an individual performance obligation and has an assigned standalone value. Revenues are recognized as performance obligations are completed. Payment for each session is either collected prior to the delivery of the services and at the time of service. The amount collected in advance of services being rendered is recognized as deferred revenue. The deferred revenue is subsequently recognized as revenue when the Company fulfills its performance obligations.

3. Significant Accounting Policies (continued)

Standards issued but not yet effective

International Accounting Standard ("IAS") 1 Classification of Liabilities as Current or Non-Current

In January 2021, the 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.

4. Asset acquisition

On June 16, 2020, the Company entered into a binding investment agreement to acquire 51% of the equity interest in Mandala Therapy Limited ("Bristol") owned by acclaimed author, researcher and consultant psychiatrist, Dr. Ben Sessa. Pursuant to the terms of the acquisition, the considerations include (i) cash consideration of £325,000 (equivalent to $561,687) invested in Bristol; and (ii) 3,000,000 common shares of the Company with a fair value of $60,000 at $0.02 per share. On July 9, 2020, the Company acquired 33% of Bristol by transferring £74,670 (equivalent to $126,480) of the cash consideration and the issuance of 3,000,000 common shares of the Company ("First Closing"). On November 30, 2020, the Company transferred the remaining cash consideration of £250,330 (equivalent to $435,207) ("Second Closing") and completed the acquisition of 51% of Bristol. Although the Company had only obtained a minority economic interest of 33% in Bristol on July 9, 2020, the Company gained control over the management and operations of Bristol on that date and as such, Bristol is fully consolidated in the Company's consolidated financial statements starting from July 9, 2020. Bristol changed its name to Awakn Bristol Limited on October 23, 2020.

Bristol was determined not to meet the definition of a business as per IFRS 3. Accordingly, the acquisition was treated as an asset acquisition.

(Expressed in Canadian dollars, unless otherwise noted)

4. Asset acquisition (continued)

Put Option

In connection to the asset acquisition of Bristol, the Company entered into a shareholder agreement with Bristol and Dr. Sessa. Pursuant to the shareholder agreement, Dr. Sessa has the option ("Put Option") to require the Company to purchase all of Dr. Sessa's shares, being equivalent to 49% of the issued shares in Bristol for a total consideration of $2,000,000. The Put Option may only be exercised in conjunction with a liquidity event, being an event which would result in the Company's securities being traded on a recognized stock exchange or the acquisition of all or substantially all of the outstanding common shares of the Company for cash consideration. The consideration shall be satisfied by the issue of such number of the Company's common shares to Dr. Sessa as is equivalent to $2,000,000. Given that the option is only settled in shares of the Company and not cash, the option is therefore not a liability but rather an equity instrument issued as part of the acquisition of Bristol.

At the time of the acquisition and the entering of the shareholder agreement, management determined the value of the instrument to be Nil. This valuation was determined because it was deemed amongst other factors, that it was only possible, but not probable, that a liquidity event which would allow the Put Option to be exercisable will take place. Furthermore, for the option to have value, it would need to have the ability to acquire the shares at below fair value, which management does not believe will occur. Accordingly, no value has been recognized in these consolidated financial statements. On April 30, 2021, the Company and Dr. Sessa signed an amendment to the shareholders' agreement removing the Put Option.

Call Option

In the same shareholder agreement, the Company also has an option ("Call Option") to require Dr. Sessa to sell to the Company all of Dr. Sessa's shares for a total consideration of the greater of (i) $2,000,000; or (ii) the fair value of Dr. Sessa's shares ("Call Option Consideration"), being equivalent to approximately 49% of the issued shares in Bristol. The Call Option may only be exercised any time after completing of a liquidity event as described above and the consideration shall be satisfied by the issue of such number of the Company's common shares to Dr Sessa as is equivalent to the Call Option Consideration. As the exercise of the Call Option is at or above fair value, and is within the Company's control, no asset value has been assigned to the Call Option.

The purchase price allocation was as follows:

Cash consideration	$	126,480
Share consideration (3,000,000 common shares at $0.02 per share)		60,000
Total Consideration Paid (33%)		186,480
Non-controlling interest measured at fair value (67%)		378,611
Total		565,091
Net assets of Mandala Therapy Limited:		
Cash		111,646
Other receivables		14,834
Total identifiable net assets at fair value		126,480
Transaction costs		438,611
		565,091
Non-controlling interest		378,611
Total attributable to Awakn Inc.		186,480

Additionally, transaction costs of $16,494 were incurred for the period from incorporation to July 31, 2020 in connection to the acquisition of Bristol.

(Expressed in Canadian dollars, unless otherwise noted)

4. Asset acquisition (continued)

On November 30, 2020, the Company's ownership increased from 33% to 51% and the adjustment to the carrying amount of the non-controlling interest was as follows:

Net assets of Mandala Therapy Limited	$ 431,563
Net assets attributable to non-controlling interest (49%)	211,466
Carrying amount of non-controlling interest	(291,204)
Difference recognized in accumulated deficit	(79,738)

5. Property and Equipment

Property and equipment as at January 31, 2022 and 2021 consists of the following:

	Leasehold improvements $	Furniture and fixtures $	Computer equipment $	Construction in progress $	Total $
Cost					
Balance, April 27, 2020	-	-	-	-	-
Additions	-	24,223	-	177,123	201,346
Exchange realignment	-	291	-	2,713	3,004
Balance, January 31, 2021	-	**24,514**	-	**179,836**	**204,350**
Additions	3,059	165,751	16,735	1,516,486	1,702,031
Additions from acquisition	-	23,524	-	-	23,524
Transfers	452,968	-	-	(452,968)	-
Exchange realignment	(8,842)	(3,050)	(207)	183	(11,916)
Balance, January 31, 2022	**447,185**	**210,739**	**16,528**	**1,243,537**	**1,917,989**
Accumulated depreciation					
Balance, April 27, 2020	-	-	-	-	-
Depreciation	-	**63**	-	-	63
Exchange realignment	-	**1**	-	-	1
Balance, January 31, 2021	-	**64**	-	-	**64**
Additions from acquisition	-	3,926	-	-	3,926
Depreciation	39,184	7,487	2,530	-	49,201
Exchange realignment	(242)	(234)	(20)	-	(496)
Balance, January 31, 2022	**38,942**	**11,243**	**2,510**	-	**52,695**
Net book value					
At April 27, 2020	-	-	-	-	-
At January 31, 2021	-	24,450	-	179,836	204,286
At January 31, 2022	**408,243**	**199,496**	**14,018**	**1,243,537**	**1,865,294**

Depreciation expense related to property and equipment was $49,201 for the year ended January 31, 2022 (period from incorporation date to January 31, 2021 – $63). Construction is progress is transferred to property and equipment when the assets are available for use and depreciation of these assets commences at that point. During the year ended January 31, 2022, $452,968 relating to the completion of the construction of the Bristol clinic was transferred from construction in progress to leasehold improvements. As at January 31, 2022, the Company's London clinic development was still in progress and as such construction costs are classified within Construction in progress and depreciation has not commenced for certain furniture and fixtures with a carrying amount of $129,291.

(Expressed in Canadian dollars, unless otherwise noted)

6. Intangible assets

	IP Assets	Total
Cost		
Balance, April 27, 2020	-	-
Additions	-	-
Balance, January 31, 2021	-	-
Additions	65,000	65,000
Balance, January 31, 2022	**65,000**	**65,000**
Accumulated amortization		
Balance, April 27, 2020	-	-
Amortization	-	-
Balance, January 31, 2021	-	-
Amortization	11,917	11,917
Balance, January 31, 2022	**11,917**	**11,917**
Net book value		
At April 27, 2020	-	-
At January 31, 2021	-	-
At January 31, 2022	**53,083**	**53,083**

On March 8, 2021, the Company completed the acquisition of proprietary research data on next generation candidate 3-4 methylenedioxymethamphetamine ("MDMA") and Ketamine molecules from Prof. David Nutt's Equasy Enterprises Ltd. for an aggregate purchase price of $60,000, payable by the issuance of 50,000 common shares of the Company at a deemed price of $1.20 per share. In the event that a patent is filed in the name of the Company for a next generation molecule that is created using the IP assets acquired, the Company shall issue the vendor an additional 50,000 common shares at a deemed price of $1.20 per share. Subsequently, Awakn signed an amendment to the agreement with Equasy Enterprises Ltd., under which it agreed to issue Equasy Enterprises Ltd. up to an additional 280,000 shares upon the successful completion of certain development and regulatory milestones.

The Company recorded additions to intangible assets during the year ended January 31, 2022 of $65,000 through the issuance of 50,000 common shares of the Company at $1.20 per share (representing the fair value of the shares as the Company was unable to reliably determine the value of the asset) and the capitalization of transaction costs of $5,000. As the share-based payments are equity-settled, the Company recognized a corresponding increase in equity, and no re-measurement of the fair value will occur regardless of whether the milestones are achieved. The share-based milestone payments will be recognized at the time the obligating event or related activity that gives rise to the variability occurs. Changes in the fair value of the contingent consideration upon recognition are recognized in profit or loss during the periods in which the obligating event occurs.

(Expressed in Canadian dollars, unless otherwise noted)

7. Right-of-use assets and lease liabilities

Right-of-use assets

As at January 31, 2022, the Company leases property for its operations in Bristol, London and Oslo. The right-of-use assets consist of the following as at January 31, 2022 and 2021:

Cost	**$**
Balance, April 27, 2020	**-**
Additions	157,170
Exchange realignment	188
Balance, January 31, 2021	157,358
Additions	1,640,479
Additions from acquisition	144,598
Exchange realignment	(41,846)
Balance, January 31, 2022	1,900,589
Accumulated depreciation	
Balance, April 27, 2020	**-**
Depreciation	12,861
Exchange realignment	252
Balance, January 31, 2021	13,113
Additions from acquisition	21,334
Depreciation	120,294
Exchange realignment	(1,868)
Balance, January 31, 2022	152,873
Net book value	
At April 27, 2020	-
At January 31, 2021	144,245
At January 31, 2022	**1,747,716**

Lease liabilities

Lease liabilities consist of the following as at January 31, 2022 and 2021:

Balance, April 27, 2020	$	-
Additions		149,268
Payments		(26,827)
Interest expense		9,824
Exchange realignment		(154)
Balance, January 31, 2021		132,111
Additions		1,568,062
Additions from acquisition		120,691
Payments		(102,373)
Interest expense		129,580
Exchange realignment		(39,200)
Balance, January 31, 2022		1,808,871

(Expressed in Canadian dollars, unless otherwise noted)

7. Right-of-use assets and lease liabilities (continued)

IBRs ranging from 12.0% to 20.14% were used to determine the present value of the lease liabilities. Interest expense on lease liabilities for the year ended January 31, 2022 was $129,580 (period from incorporation date to January 31, 2021 – $9,824).

The minimum lease payments for the next five years is expected to be as follows:

Minimum payments under lease liabilities		
Within 1 year	$	355,977
2 to 3 years		730,425
4 to 5 years		617,577
Over 5 years		1,357,524
		3,061,503
Effect of discounting		(1,252,632)
Present value of minimum lease payments		1,808,871
Less: current portion		**(355,977)**
Non-current portion of lease liabilities	**$**	**1,452,894**

Payments for short-term leases are expensed as incurred. These payments for short-term leases were $19,694 for the year ended January 31, 2022 (period ended January 31, 2021 - Nil).

8. Convertible debentures

On March 19, 2021, the Company completed a non-brokered private placement raising gross proceeds of $4,000,000 via the sale of 4,000 convertible debenture units (“Unit”). Each Unit consisted of one $1,000 principal amount unsecured convertible debenture, which shall be forced to convert upon a liquidity event (which includes a reverse takeover transaction) (“Convertible Debentures”), and one half of one common share purchase warrant (“Warrant”). A penalty of an additional 15% convertible debentures was to be issued for no additional consideration if the Company did not complete a liquidity event within 12 months after closing date. Each Convertible Debenture converts at the lesser of: (i) a 20% discount to a liquidity price event; or (ii) $1.20 per common share (the “Conversion Price”). Each Warrant shall be exercisable at a 50% premium to the Conversion Price. The Warrants are exercisable to acquire the Company’s common share for a period of twenty-four months commencing on the earlier of (i) the completion of the liquidity event; and (ii) twenty-four months from the maturity date, in any event, no more than four years from the date of issuance.

The Company incurred cash issuance costs of $143,859 and issued 103,125 finder warrants (“Finder Warrants”) with a fair value of $78,331 in connection with issuance of the Convertible Debentures, resulting in total issuance costs of $222,190. $108,296 of the total issuance costs were allocated to the liability portion of the Convertible Debentures, with the remaining $113,894 allocated to the derivative components (i.e. the conversion feature and the Warrants) and were fully expensed as transaction costs upon initial recognition.

On June 16, 2021, the $4,000,000 principal outstanding of the Convertible Debentures and $58,519 accrued interest were converted into 3,382,095 common shares of the Company at a conversion price of $1.20.

(Expressed in Canadian dollars, unless otherwise noted)

8. Convertible debentures (continued)

	Convertible debentures $	Derivative conversion option liability $	Derivative warrant liability $	Total $
Balance, April 27, 2020 and January 31, 2021	-	-	-	-
Issuance of convertible debentures	1,949,620	832,416	1,217,964	4,000,000
Less: issuance costs				
-paid in cash	(70,117)	-	-	(70,117)
-paid in warrants	(38,179)	-	-	(38,179)
Interest	58,519	-	-	58,519
Accretion	12,877	-	-	12,877
Fair value loss on revaluation of derivatives	-	3,500,931	1,581,627	5,082,558
Conversion	(1,912,720)	(4,333,347)	(2,799,591)	(9,045,658)
Balance, January 31, 2022	-	-	-	-

9. Derivative liabilities

Convertible Debentures – Conversion feature

The conversion feature of the Convertible Debentures (see note 8) issued by the Company has a conversion price that depends on the Company's share price at the date of the liquidity event, resulting in a variable number of shares issued. In accordance with IFRS, a contract to issue variable number of shares shall be classified as a derivative liability and measured at fair value with changes in fair value recognized in the profit or loss at each period-end. The derivative liability will ultimately be converted into the Company's equity when the convertible debenture is converted, or will be extinguished on the repayment of the debentures.

The Company used the Black-Scholes model to estimate the fair value of the derivative liability with respect to the conversion feature at each reporting date. The following assumptions were used:

Conversion feature	**June 16, 2021***	**At inception**
Volatility	120.00%	99.28%
Risk-free interest rate	0.13%	0.10%
Expected life (years)	0.00	0.28
Expected dividend yield	Nil	Nil
Stock price	$ 2.50	$ 1.20

**Date of conversion*

Upon initial recognition on March 19, 2021, the Company recorded derivative liability of $832,416. During the year ended January 31, 2022, the Company recorded a loss of $3,500,931 on the revaluation of the derivative liability. On June 16, 2021, the conversion feature was derecognized upon the conversion of the Convertible Debentures, resulting in $4,333,347 being included in share capital for the year ended January 31, 2022.

Convertible Debentures – Warrants

The exercise price of the Warrants issued with the Convertible Debenture (see note 8) vary based on the Company's share price at the date of the liquidity event, resulting in a variable number of shares issued. As such, the Warrants are classified as a derivative liability and measured at fair value with changes in fair value recognized in profit or loss at each period-end. The derivative liability will ultimately be converted into the Company's equity at the time of exercise.

(Expressed in Canadian dollars, unless otherwise noted)

9. Derivative liabilities (continued)

Convertible Debentures – Warrants (continued)

The Company used the Black-Scholes model to estimate the fair value of the derivative liability with respect to the Warrants at each reporting date. This is a Level 3 recurring fair value measurement (note 13). The following assumptions were used:

Warrants	**June 16, 2021***	**At inception**
Volatility	120.89%	129.99%
Risk-free interest rate	0.59%	1.02%
Expected life (years)	2.00	2.28
Expected dividend yield	Nil	Nil
Stock price	$ 2.50	$ 1.20

**Date the Warrants ceased to be classified as derivative liabilities and transferred to equity.*

On March 19, 2021, the Company issued Warrants (as described in note 8) and upon initial recognition, the Company recorded derivative liability of $1,217,964. During the year ended January 31, 2022, the Company recorded a loss of $1,581,627 on the revaluation of the derivative liability.

On June 16, 2021, the conversion of the Convertible Debentures resulted in 1,663,328 Warrants (as described in note 8) with the exercise price of $1.80. As a result, the Company reclassified $2,799,591, representing the fair value of the derivative liabilities at the time of conversion, to warrant reserve given that the instrument subsequently met the fixed for fixed criterion.

10. Shareholders' Equity

Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value.

Outstanding share capital

As at January 31, 2022, there were no shares issued and outstanding other than common shares.

		Number of shares	Amount $
Balance, April 27, 2020		-	-
Issuance of common shares	(1)	13,883,334	1,136,000
Issuance of common shares for acquisition	(2)	3,000,000	60,000
Less share issuance cost	(1)	-	(43,654)
Balance, January 31, 2021		16,883,334	1,152,346
Exercise of options	(3)	590,000	49,923
Issuance of common shares for acquisition of intangible assets	(4)	50,000	60,000
Issuance of common shares, net of issuance cost	(5)	3,419,827	7,154,335
Shares issued upon conversion of convertible debentures	(6)	3,382,095	6,246,067
Share issued for reverse takeover acquisition	(7)	199,968	499,920
Exercise of Finder Warrants	(8)	6,250	12,247
Share issued for acquisition of Axon	(9)	200,000	420,000
Exercise of warrants	(10)	155,833	542,786
Balance, January 31, 2022		24,887,307	16,137,624

10. Shareholders' Equity (continued)

Outstanding share capital (continued)

Period from April 27, 2020 (incorporation date) to January 31, 2021:

1) During the period ended January 31, 2021, the Company issued 13,883,334 common shares over a series of private placement financings raising gross proceeds of $1,136,000. The Company incurred share issuance costs totalling $43,654 in connection with the non-brokered private placements.

2) During the period ended January 31, 2021, the Company acquired Bristol (note 4). As part of the consideration paid pursuant to the asset acquisition, the Company issued 3,000,000 common shares at $0.02 per share to the vendor, having a fair value of $60,000, with reference to the per share value of the most recent private placement.

Year ended January 31, 2022:

3) During the year ended January 31, 2022, 590,000 stock options were exercised into common shares for total proceeds of $44,250. Further, $5,526 of share-based payment reserve attributable to the exercised options was reclassified to share capital.

4) On April 5, 2021, the Company issued 50,000 common shares with a fair value of $60,000 related to the acquisition certain intangible assets from Equasy Enterprises Ltd. (note 6).

5) On June 8, 2021, the Company issued 3,320,220 subscription receipts ("Subscription Receipts") in the capital of Awakn Inc. at a price of $2.50 per Subscription Receipt for aggregate gross proceeds of $8,300,550. The Company incurred share issuance costs totalling $1,395,233 in the forms of: (i) cash commission and legal expenses of $812,638; (ii) 99,607 Subscription Receipts with a fair value of $249,018 at $2.50 per Subscription Receipt in satisfaction of the corporate finance fee; and (iii) 218,415 broker warrants ("Broker Warrants") with a fair value of $333,577. Upon completion of the Transaction on June 16, 2021, all Subscription Receipts were automatically exchanged for common shares in the capital of the Company (note 11).

6) On June 16, 2021, 3,382,095 common shares were issued upon conversion of the convertible debentures at a conversion price of $1.20 with a value of $6,246,067 (note 8).

7) As part of the Transaction, 199,968 common shares at $2.50 per share were issued with a fair value of $499,920. See note 11 for further details on the Transaction.

8) On August 18, 2021, 6,250 Finder Warrants were exercised into 6,250 common shares at an exercise price of $1.20 per common share for total proceeds of $7,500 and $4,747 of warrant reserve attributable to the exercised warrants were reclassified to share capital.

9) On October 4, 2021, the Company acquired Axon (see note 12). As part of the consideration paid pursuant to the business acquisition, the Company issued 200,000 common shares to the vendors, with a value at the closing date of $420,000.

10) In November 2021, a total of 155,833 warrants were exercised into 155,833 common shares at an exercise price of $1.80 per common share for total proceeds of $280,499 and $262,287 of warrant reserve attributable to the exercised warrants were reclassified to share capital.

(Expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)

Stock options

The Company's Board of Directors is authorized to grant stock options to directors, senior officers, employees, consultants, consultant company or management company employees of the Company and its subsidiaries, not exceeding 10% of the issued and outstanding common shares of the Company. Stock options granted are exercisable over a period not exceeding 10 years from the date granted. Exercise prices may not be less than the market price of the common shares at the time of the grant. Options shall vest in the manner imposed by the Board of Directors as a condition at the grant date.

The following table summarizes the Company's stock option activity for the period indicated:

	Number of options	Weighted average exercise price
		$
Balance, April 27, 2020	-	-
Granted	1,375,000	0.14
Balance, January 31, 2021	1,375,000	0.14
Granted	1,474,828	1.63
Exercised	(590,000)	0.08
Cancelled	(250,000)	0.08
Balance, January 31, 2022	2,009,828	1.26

During the period from April 27, 2020 (incorporation date) to January 31, 2021, 1,375,000 options were granted, with vesting periods ranging from immediate to 36 months. The options had an aggregate value of $107,077. No options were exercised during the period.

During the year ended January 31, 2022, 1,474,828 options were granted, with vesting periods ranging from immediate to 36 months. The options had an aggregate value of $1,685,133. 590,000 options were exercised during the year for total proceeds of $44,250. $5,673 of share-based payment reserve attributable to the exercised options was reclassified to share capital.

The share-based compensation and charge to share-based payment reserve relating to the vesting of stock options for the year ended January 31, 2022 was $1,090,277 (period from incorporation date to January 31, 2021 – $39,870).

The fair value of the Company's stock options was estimated using the Black-Scholes option pricing model using the following assumptions:

	Year ended January 31, 2022	Period from April 27, 2020 (incorporation date) to January 31, 2021
Volatility	98.88% to 126.06%	151.02% to 162.43%
Risk-free interest rate	0.25% to 1.22%	0.26% to 0.43%
Expected life (years)	1 to 5 years	2 to 5 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Weighted average fair value per common share	$1.61	$0.10

Volatility is calculated by using the historical volatility of other public companies that the Company considers comparable and that have adequate trading and volatility history.

(Expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)

Stock options (continued)

The following table presents information related to stock options outstanding as at January 31, 2022:

Grant date	Exercise price ($)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
May 6, 2020	0.075	3.26	40,000	40,000
July 6, 2020	0.075	1.43	60,000	60,000
August 31, 2020	0.075	1.58	50,000	50,000
September 21, 2020	0.300	1.64	30,000	30,000
September 22, 2020	0.300	1.64	60,000	60,000
October 23, 2020	0.300	1.73	115,000	57,500
December 15, 2020	0.300	1.92	150,000	75,000
January 31, 2021	0.300	4.00	30,000	18,000
March 8, 2021	1.200	4.10	610,000	167,500
April 12, 2021	1.200	4.20	400,000	130,000
June 23, 2021	2.500	2.39	50,000	25,000
July 5, 2021	2.500	2.43	15,000	7,500
July 13, 2021	2.500	0.45	100,000	100,000
July 19, 2021	2.500	2.47	30,000	-
September 14, 2021	2.500	4.62	20,000	5,000
September 17, 2021	2.500	4.63	100,000	33,333
October 4, 2021	2.500	4.68	75,000	18,750
November 29, 2021	2.920	2.92	50,000	25,000
December 13, 2021	2.900	4.87	24,828	-
		3.32	2,009,828	902,583

Warrants

The following table summarizes the Company's warrants activity for the periods indicated:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 27, 2020 and January 31, 2021	-	-
Issued	1,984,868	1.85
Exercised	(162,083)	1.78
Balance, January 31, 2022	1,822,785	1.85

(Expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)

Warrants (continued)

The following table presents information related to warrants outstanding as at January 31, 2022:

Issue Date		Weighted Average Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
March 19, 2021	(1)	1.20	1.37	96,875
June 8, 2021	(2)	2.50	1.37	218,415
June 16, 2021	(3)	1.80	1.37	1,507,495
		1.85	1.37	1,822,785

1) On March 19, 2021, the Company issued 103,125 Finder Warrants (note 8) of the Company with an exercise price of $1.20 per common share, exercisable until June 16, 2023. The $78,331 fair value of the Finder Warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 127.07%; risk-free interest rate – 0.52%; dividend rate – 0%; stock price - $1.20; and probability that a liquidity event does not occur within 12 months – Nil. During the year ended January 31, 2022, 6,250 Finder Warrants were exercised.
2) On June 8, 2021, the Company issued 218,415 Broker Warrants of the Company with an exercise price of $2.50 per common share, exercisable until June 16, 2023. The $333,577 fair value of the Broker Warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 121.26%; risk-free interest rate – 0.54%; dividend rate – 0%; and stock price - $2.50.
3) On June 16, 2021, 1,663,328 warrants of the Company were issued upon conversion of the Convertible Debentures (note 9). The warrants had a fair value of $2,799,591, an exercise price of $1.80 per common share, and are exercisable until June 16, 2023. During the year ended January 31, 2022, 155,833 warrants were exercised.

11. Reverse Takeover Acquisition

On June 16, 2021, the Company completed its reverse takeover transaction of Awakn Inc. in accordance with an amalgamation agreement dated May 13, 2021 (the "Amalgamation Agreement") among the Company, 2835517 Ontario Ltd., a wholly-owned subsidiary of the Company, and Awakn Inc. As part of the Transaction, the Company changed its name to Awakn Life Sciences Corp. and consolidated its issued and outstanding shares on the basis of one post consolidation share for every 42.5105 pre-consolidation shares (the "Consolidation"). Shareholders of Awakn Inc. received 1 post-consolidation common share of the Company for each pre-consolidation common share of the Awakn Inc., and outstanding share purchase options and warrants outstanding in Awakn Inc. were exchanged for equivalent post-consolidation share purchase options and warrants of the Company on substantially the same terms.

The Transaction was accounted for as a reverse takeover transaction that was not a business combination. Instead, the Transaction has been accounted under IFRS 2 Share-Based Payments. Awakn Inc. has been treated as the accounting acquirer and the Company has been treated as the accounting acquiree in these consolidated financial statements.

(Expressed in Canadian dollars, unless otherwise noted)

11. Reverse Takeover Acquisition (continued)

The following table summarizes the consideration paid and the fair value of the identifiable assets acquired, and liabilities assumed as of the date of acquisition:

Common shares (199,968 common shares at $2.50 per share)	$	499,920
Total consideration		499,920
Liabilities assumed - Accounts payable and accrued liabilities		(34,344)
Listing expenses		**534,264**

In connection with the Transaction, the Company incurred other listing costs of $423,703.

12. Business acquisition

Acquisition of Axon

On October 4, 2021, the Company completed the acquisition of 100% of the issued and outstanding common shares of Axonklinikken AS ("Axon"), subsequently renamed to Awakn Oslo AS, a ketamine-assisted psychotherapy clinic in Oslo, Norway. Axon will serve as the Nordic hub from which the Company plans to expand its clinical network across the region. The consideration was as follows:

Share consideration (200,000 common shares at $2.10 per share)	$	420,000
Contingent consideration		566,784
Total		986,784

The Company is to pay to the vendors the contingent consideration of up to $1,350,000 based on Axon meeting certain milestones:

1. Opening a second clinic in Norway
2. Opening a first clinic in a second Nordic country
3. Opening a first clinic in a third Nordic country
4. Achieving agreed revenue and EBITDA targets.

The Company has the option to pay any amount of the contingent consideration in cash or common shares. The value to calculate the number of common shares to be issued shall be the greater of (i) a 10-day volume weighted average price; (ii) the minimum price allowable by the NEO exchange; and (iii) $2.50. Pursuant to the terms of the transaction, if reasonable progress has been made prior to the deadline of the milestones, and it is reasonable to expect the milestones will be met within a reasonable timeline, management of the Company shall extend the timeline by a reasonable period of time.

As at January 31, 2022, the initial accounting for the acquisition was incomplete, pending determination of the final value of contingent consideration, the fair value of right-of-use asset, lease liabilities and any identifiable intangible assets.

(Expressed in Canadian dollars, unless otherwise noted)

12. Business acquisition (continued)

The following represents the preliminary allocation of the purchase price and the fair value of the net assets acquired and remains subject to change.

Net assets of Axon:	
Cash	21,652
Prepayments and deposits	26,197
Accounts receivable	26,718
Other receivables	1,312
Property, plant and equipment	19,598
Right-of-use assets	123,264
Accounts payable and accrued liabilities	(36,898)
Lease liabilities	(120,691)
Goodwill	925,632
Total identifiable net assets at fair value	986,784

The goodwill of $925,632 comprises the value of expected synergies arising from the acquisition and an assembled workforce, which is not separately recognized. Goodwill is allocated entirely to the delivery segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

The contingent consideration was initially estimated to have a total undiscounted value of $1,350,000 and a present value of $566,784 was determined using the Monte Carlo simulation by removing risks from the forecast at a weighted-average cost of capital of 50% and discounted the cash flows at risk free rate. The significant unobservable inputs used in the fair value measurements included the weighted average cost of capital used and the probability for achieving each milestone.

Changes in the value of contingent consideration during the period were as follows:

		Amount
Balance, April 27, 2020 and January 31, 2021	$	-
Initial recognition upon acquisition of Axon		566,784
Change in fair value of contingency		179,977
Paid during the period		-
Balance, January 31, 2022		**746,761**

From the date of acquisition, Axon contributed $158,951 of revenue and a loss of $51,827 to loss from operations before income taxes. If the acquisition had taken place at the beginning of the year, Axon would have been contributed approximately $512,000 of revenue and a loss of approximately $8,000 to loss from operations before income taxes.

Impairment of Goodwill

Annual impairment testing involves determining the recoverable amount of the CGU to which goodwill is allocated and comparing this to the carrying value of the CGU. The measurement of the recoverable amount of the CGU was calculated based on fair value less costs to sell. Where there was no market information available, fair value was determined by discounting the future cash flows generated from the continuing use of the groups. The calculation of the fair value based on discounting the future cash flows was based on the following key assumptions:

(Expressed in Canadian dollars, unless otherwise noted)

12. Business acquisition (continued)

Impairment of Goodwill (continued)

- Cash flows were projected based on the Company's long-term business plan under the fair value less cost of sell model. Cash flows for a further perpetual period were extrapolated using a growth rate of 2.19%.

- The business plan contains forecasts based on past experience of actual operating results in conjunction with anticipated future growth opportunities and is consistent with the projections and expectations as articulated in the Company's strategic plan.

- Discount rate of 28.6% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on past experience and the weighted average cost of capital of the CGU and other competitors in the industry.

On January 31, 2022, in accordance with IAS 36, the Company completed an impairment analysis for the CGU which consisted of the assets and operations of Axon. The recoverable amount of the CGU of approximately $13,800,000 as at January 31, 2022 has been determined based on the fair value less cost of sell model and since the recoverable amount exceeded the carrying amount of goodwill, no impairment of goodwill was considered necessary.

13. Loss Per Share

Basic and diluted net loss per share attributable to common shareholders is determined as follows:

	Year ended January 31, 2022 $	Period from April 27, 2020 (incorporation date) to January 31, 2021 $
Numerator:		
Net loss attributable to shareholders - basic and diluted	**(15,945,845)**	**(944,924)**
Denominator:		
Weighted-average number of common shares	**21,962,237**	**12,628,816**

The Company's potentially dilutive securities which include stock options and warrants granted have been excluded from the computation of diluted net loss per share as the effect would be anti-dilutive. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same.

(Expressed in Canadian dollars, unless otherwise noted)

14. Related Party Transactions

(a) On July 9, 2020, the Company acquired a controlling interest in Bristol from Dr. Sessa, a director and officer of the Company for cash proceeds of £325,000 (equivalent to $561,687) and issued 3,000,000 common shares of the Company with a fair value of $60,000 at $0.02 per share to Dr. Sessa (note 4).

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

		Year ended January 31, 2022		Period from April 27, 2020 (incorporation date) to January 31, 2021
Short-term compensations	$	1,199,807	$	150,283
Share-based payments		671,047		7,606
Total	**$**	**1,870,854**	**$**	**157,889**

(c) As at January 31, 2022, $Nil (January 31, 2021 - $11,080) was due from a director, which was included in other receivables on the consolidated statements of financial position. The balance was an unsecured, interest-free loan made to a director of the Company on July 9, 2020 and it was repaid during the current fiscal year.

(d) As at January 31, 2022, a balance of $68,205 (January 31, 2021 - $31,497) 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.

(Expressed in Canadian dollars, unless otherwise noted)

15. Segment Reporting

Management monitors the results of the Company's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. For management purposes, the Company is organized into business units based on the nature of operations and has three reportable segments, as follows:

- The development segment, which focuses on researching and developing next-generation psychedelic drugs and therapies, ketamine-assisted psychotherapy and MDMA-assisted psychotherapy to treat substance and behavioral addictions
- The delivery segment, which includes a chain of medical psychedelic clinics across Europe
- The corporate segment, which comprises corporate income and expense items

In determining the Company's geographical information, the non-current assets information is based on the locations of the assets.

	Development (R&D) $	Delivery (Services) $	Corporate $	Total $
For the year ended January 31, 2022				
Revenue	-	236,037	-	**236,037**
Net loss	3,309,083	2,292,759	10,869,873	**16,471,715**
As at January 31, 2022				
Non-current assets	53,083	4,698,886	12,358	**4,764,327**

Financial information pertaining to the Company's geographic areas is as follows:

	North America $	Europe $	Total $
For the year ended January 31, 2022			
Revenue	-	236,037	**236,037**
As at January 31, 2022			
Non-current assets	2,079	4,762,248	**4,764,327**

(Expressed in Canadian dollars, unless otherwise noted)

16. Financial Instruments and Risk Management

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 January 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 year ended January 31, 2022, level three inputs were used to determine the fair values of the convertible debentures, derivative liabilities and contingent consideration. All convertible debentures and derivative liabilities were either converted or extinguished (notes 8 and 9) 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 January 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 it 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:

Year ended January 31, 2022	Total $	Less than 1 year $	1 year to 3 years $	3 year to 5 years $	Over 5 years $
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	-
	5,698,717	**1,893,191**	**1,530,425**	**917,577**	**1,357,524**

Year ended January 31, 2021	Total $	Less than 1 year $	1 year to 3 years $	3 year to 5 years $	Over 5 years $
Accounts payable and accrued liabilities	228,335	228,335	-	-	-
Lease liabilities	216,607	13,677	107,309	95,621	-
	444,942	**242,012**	**107,309**	**95,621**	**-**

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.

(Expressed in Canadian dollars, unless otherwise noted)

16. Financial Instruments and Risk Management (continued)

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	372,355	10%	63,643
EUR	(10,423)	10%	(1,486)
USD	(98,764)	10%	(12,613)
NOK	74,446	10%	1,062

17. Income taxes

The income tax expense (recovery) shown in the consolidated statement of loss and comprehensive loss differs from the amounts obtained by applying statutory rates due to the following:

	2022	2021
Net loss before income taxes	$(16,471,715)	$(1,106,395)
Expected income tax recovery at statutory rate of 27.0% (2021 - 26.5%)	(4,447,363)	(293,195)
Impact of non-deductible expenses	1,240,818	135,308
Impact of temporary differences and losses not recognized	2,585,239	136,553
Impact of foreign income tax rate differential	283,827	21,333
Share-based compensation	288,923	-
Contingent consideration	47,694	-
Other	862	-
Total income tax expense (recovery)	-	-
Current Tax Expense (recovery)	-	-
Deferred Tax Expense (recovery)	-	-
Total income tax expense (recovery)	-	-

Deferred tax

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

(Expressed in Canadian dollars, unless otherwise noted)

17. Income taxes (continued)

Deferred tax (continued)

The effect of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax assets and liabilities that have been recognized during the year are as follows:

	January 31, 2021	Recognized in profit and loss	January 31, 2022
Deferred tax asset			
Loss carry forwards	$6,874	$55,044	$61,918
Right of use lease liabilities	-	25,268	25,268
	6,874	80,312	87,186
Deferred tax liability			
Property and equipment	(6,874)	(55,045)	(61,919)
Right of use assets	-	(25,267)	(25,267)
	(6,874)	(80,312)	(87,186)
Net deferred tax liability	**-**	**-**	**-**

	April 27, 2020 (date of incorporation)	Recognized in profit and loss	January 31, 2021
Deferred tax asset			
Loss carry forwards	$-	$6,874	$6,874
	-	6,874	6,874
Deferred tax liability			
Property and equipment	-	(6,874)	(6,874)
	-	(6,874)	(6,874)
Net deferred tax liability	**-**	**-**	**-**

Gross temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized, are approximately as follows:

	2022	2021
Non capital losses	$10,326,061	$604,530
Right of use lease liabilities	2	-
Intangible assets and property and equipment	5,450	-
Share issuance costs	1,130,163	34,923
Total	11,461,676	639,453

(Expressed in Canadian dollars, unless otherwise noted)

17. Income taxes (continued)

Deferred tax (continued)

The company has the following Canadian non-capital losses available to reduce future years' federal and provincial taxable income, which expire as follows:

Year of Expiry	Amount
2041	$319,849
2042	7,296,186
	7,616,035

The Company has UK trading losses available to reduce future years' taxable income, which can be carried forward indefinitely:

Year of Origination	Amount
2021	$-
2022	2,339,124
	2,339,124

The Company has Irish trading losses available to reduce future years' taxable income, which can be carried forward indefinitely:

Year of Origination	Amount
2022	$321,650
	321,650

The Company has Norwegian net operating losses available to reduce future years' taxable income, which can be carried forward indefinitely:

Year of Origination	Amount
2022	$49,252
	49,252

18 Commitments and contingencies

Contingent consideration payable to Equasy Enterprises Ltd.

Pursuant to the purchase agreement entered into with Equasy Enterprises Ltd for the purchase of the IP Assets (note 6), the Company agreed to issue Equasy Enterprises Ltd up to 330,000 shares upon the successful completion of certain development and regulatory milestones.

18 Commitments and contingencies (continued)

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 year ended January 31, 2022, no share-based compensation related to the issuance of DSUs has been made in these consolidated financial statements.

19. Capital Management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of share capital, share-based payment reserve, warrant reserve, accumulated other comprehensive income (loss) and accumulated deficit. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administrative expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through private placements of common shares and issuances of convertible debentures. There have been no changes to the Company's objectives and what it manages as capital since inception. The Company is not subject to externally imposed capital requirements.

20. Subsequent events

On March 21, 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 issued consists of one common share of the Company and one half of one common share purchase warrant. Each whole common share purchase warrant is exercisable to acquire one common share at a price of $2.20 until March 21, 2024. The Company incurred cash finder's fee of $398,835.