Awakn™
Life Sciences Corp

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021
(Expressed in Canadian Dollars, unless otherwise noted)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)
Condensed Consolidated Interim Statements of Financial Position
As at
(Unaudited, expressed in Canadian dollars)

	Note	October 31, 2022 $	January 31, 2022 $
Assets			
Current assets			
Cash		**1,132,590**	1,623,190
Prepayments and deposits		**390,319**	358,905
Accounts receivable		**45,860**	29,295
Other receivables		**225,387**	100,339
Total current assets		**1,794,156**	2,111,729
Non-current assets			
Prepayments and deposits		**158,034**	172,602
Property and equipment	**5**	**1,522,191**	1,865,294
Intangible assets	**6**	**43,333**	53,083
Right-of-use assets	**7**	**1,448,075**	1,747,716
Goodwill	**12**	**827,898**	925,632
Total assets		**5,793,687**	6,876,056
Liabilities			
Accounts payable and accrued liabilities		**2,367,813**	1,287,214
Deferred revenue		**12,499**	10,483
Lease liabilities	**7**	**369,816**	355,977
Contingent consideration	**12**	**39,305**	202,405
Total current liabilities		**2,789,433**	1,856,079
Non-current liabilities			
Long-term lease liabilities	**7**	**1,214,324**	1,452,894
Contingent consideration	**12**	**72,492**	544,356
Loans payable	**13**	**585,029**	-
Total Liabilities		**4,661,278**	3,853,329
Shareholders' Equity			
Share capital	**10**	**18,843,068**	16,137,624
Shares to be issued	**10**	**145,679**	-
Share-based payment reserve	**10**	**1,539,158**	1,124,475
Warrant reserve	**10**	**4,453,433**	2,944,465
Accumulated other comprehensive income		**162,822**	15,662
Accumulated deficit		**(23,298,390)**	(16,811,031)
Total equity attributable to equity holders of the parent		**1,845,770**	3,411,195
Non-controlling interest		**(713,361)**	(388,468)
Total Shareholders' Equity		**1,132,409**	3,022,727
Total Liabilities and Shareholders' Equity		**5,793,687**	6,876,056

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

Going concern (note 1)
Commitments and contingencies (note 18)
Subsequent events (note 20)

Approved and authorized for issue by the Board of Directors on December 12, 2022.

"George Scorsis"
Director

"Steve Page"
Director

AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended October 31, 2022 and 2021
(Unaudited, expressed in Canadian dollars)

	Note	**Three months ended October 31, 2022 $**	Three months ended October 31, 2021 $	**Nine months ended October 31, 2022 $**	Nine months ended October 31, 2021 $
Revenue					
Service revenue		**430,504**	31,737	**1,023,530**	31,737
Total revenue		**430,504**	31,737	**1,023,530**	31,737
Operating expenses					
Research and development		**290,477**	1,056,504	**1,287,483**	1,896,535
General and administration		**804,762**	843,938	**2,583,457**	2,097,250
Sales and marketing		**217,926**	569,042	**1,008,111**	880,715
Share-based compensation	**10**	**74,045**	265,303	**414,683**	775,554
Depreciation and amortization	**5, 6, 7**	**150,688**	67,014	**444,075**	88,261
Service costs		**775,165**	131,083	**2,123,230**	131,083
Total operating expenses		**2,313,063**	2,932,884	**7,861,039**	5,869,398
Other expense (income)					
Other income		**(107)**	(4,595)	**(2,621)**	(8,723)
Finance costs	**13**	**55,104**	59,943	**182,538**	145,110
Change in fair value of derivative liabilities	**8, 9**	**-**	-	**-**	5,082,558
Change in fair value of contingent consideration	**12**	**(283,802)**	24,330	**(634,964)**	24,330
Transaction costs	**4, 8**	**-**	69,379	**-**	188,273
Listing expenses	**11**	**-**	-	**-**	959,467
Foreign exchange loss (gain)		**(30,653)**	57,501	**429,790**	64,970
Loss from operations before income taxes		**(1,623,101)**	(3,107,705)	**(6,812,252)**	(12,293,646)
Net loss		**(1,623,101)**	(3,107,705)	**(6,812,252)**	(12,293,646)
Other comprehensive income (loss)					
Foreign exchange translation adjustment		**(38,084)**	21,770	**147,160**	19,729
Comprehensive loss		**(1,661,185)**	(3,085,935)	**(6,665,092)**	(12,273,917)
Net loss attributable to:					
Shareholders		**(1,470,924)**	(2,945,617)	**(6,487,359)**	(11,905,327)
Non-controlling interests		**(152,177)**	(162,088)	**(324,893)**	(388,319)
		(1,623,101)	(3,107,705)	**(6,812,252)**	(12,293,646)
Comprehensive loss attributable to:					
Shareholders		**(1,509,008)**	(2,923,847)	**(6,340,199)**	(11,885,598)
Non-controlling interests		**(152,177)**	(162,088)	**(324,893)**	(388,319)
		(1,661,185)	(3,085,935)	**(6,665,092)**	(12,273,917)
Net loss per share attributable to shareholders – basic and diluted	**14**	**(0.05)**	(0.12)	**(0.24)**	(0.57)
Weighted average number of shares outstanding – basic and diluted	**14**	**27,879,224**	24,550,170	**26,877,715**	20,987,473

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

AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine months ended October 31, 2022 and 2021
(Unaudited, expressed in Canadian dollars)

	Note	Number of Shares	Share Capital $	Shares to be Issued $	Share-Based Payment Reserve $	Warrant Reserve $	Accumulated Other Comprehensive (Loss) Income $	Accumulated Deficit $	Total $	Non-Controlling Interest $	Total $
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**	550,000	46,776	-	(5,526)	-	-	-	41,250		41,250
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
Shares 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**	-	-	-	775,554	-	-	-	775,554	-	775,554
Issuance of Finder Warrants	**8, 10**	-	-	-	-	78,331	-	-	78,331	-	78,331
Exercise of Finder Warrants	**10**	6,250	12,247	-	-	(4,747)	-	-	7,500	-	7,500
Conversion of convertible debt	**8, 9, 10**	3,382,095	6,246,067	-	-	2,799,591	-	-	9,045,658	-	9,045,658
Net loss		-	-	-	-	-	-	(11,905,327)	(11,905,327)	(388,319)	(12,293,646)
Other comprehensive loss		-	-	-	-	-	19,729	-	19,729	-	19,729
Balance, October 31, 2021		**24,691,474**	**15,591,691**	**-**	**809,898**	**3,206,752**	**20,339**	**(12,770,513)**	**6,858,167**	**(250,917)**	**6,607,250**
Balance, February 1, 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**
Issuance of common shares and warrants, net of issuance costs	**10**	3,911,704	2,705,444	-	-	1,508,968	-	-	4,214,412	-	**4,214,412**
Shares to be issued	**10**	-	-	145,679	-	-	-	-	145,679	-	**145,679**
Share-based compensation	**10**	-	-	-	414,683	-	-	-	414,683	-	**414,683**
Net loss		-	-	-	-	-	-	(6,487,359)	(6,487,359)	(324,893)	**(6,812,252)**
Other comprehensive income		-	-	-	-	-	147,160	-	147,160	-	**147,160**
Balance, October 31, 2022		**28,799,011**	**18,843,068**	**145,679**	**1,539,158**	**4,453,433**	**162,822**	**(23,298,390)**	**1,845,770**	**(713,361)**	**1,132,409**

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

AWAKN LIFE SCIENCES CORP. (formerly 1169082 B.C. LTD.)
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended October 31, 2022 and 2021
(Unaudited, expressed in Canadian dollars)

	Note	Nine months ended October 31, 2022 $	Nine months ended October 31, 2021 $
CASH FLOW USED IN OPERATING ACTIVITIES			
Net loss for the period		(6,812,252)	(12,293,646)
Items not affecting cash:			
Share-based compensation	**10**	414,683	775,554
Depreciation and amortization	**5, 6, 7**	444,075	88,262
Accretion on lease liabilities	**7**	165,537	69,478
Accretion on convertible debentures	**8**	-	71,397
Accretion on loans payable	**13**	1,489	-
Transaction costs	**8**	-	78,331
Listing expenses	**11**	-	534,264
Change in fair value of derivative liabilities	**9**	-	5,082,558
Change in fair value of contingent consideration	**12**	(634,964)	24,330
Changes in non-cash working capital items:			
Increase in prepayments and deposits		(16,846)	(486,699)
Increase in accounts receivable		(16,565)	2,791
Increase in other receivables		(125,048)	(144,103)
Increase in accounts payable and accrued liabilities		1,065,972	1,294,414
Increase in deferred revenue		2,016	-
Cash flow used in operating activities		**(5,511,903)**	(4,903,069)
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property and equipment	**5**	(96,286)	(1,148,880)
Purchase of intangible assets	**6**	-	(5,000)
Acquisition of Axon, net of cash acquired	**12**	-	21,652
Cash flow used in investing activities		**(96,286)**	(1,132,228)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net	**10**	4,176,458	7,487,912
Proceeds from options exercise	**10**	-	41,250
Proceeds from finders warrant exercise	**10**	-	7,500
Proceeds from loans payable	**13**	781,800	-
Issuance of convertible debentures, net	**8**	-	3,856,141
Payment of lease liabilities	**7**	(236,716)	(119,981)
Cash flow from financing activities		**4,721,542**	11,272,822
Effect of exchange rate changes		**396,047**	43,839
Decrease in cash		**(886,647)**	5,237,525
Cash, beginning of period		**1,623,190**	366,065
Cash, end of period		**1,132,590**	5,647,429
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 condensed consolidated interim 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 October 31, 2022, the Company had not yet achieved profitable operations, has accumulated losses of $23,298,390 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, convertible debentures and debt financing (notes 8, 10 & 13). 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 unaudited condensed consolidated interim financial statements of the Company for three and nine months ended October 31, 2022 and 2021 have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretation of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements meet the requirements of International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at January 31, 2022.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on December 12, 2022.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

2. Basis of Presentation (Continued)

(b) Basis of presentation

These condensed consolidated interim 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

(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 condensed 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, revenue, expenses and other income (expense) 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 translation adjustment to other comprehensive income, a component of shareholders' equity.

2. Basis of Presentation (Continued)

(e) Use of estimates and judgements

The preparation of the condensed consolidated interim 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. The significant estimates and judgements are consistent with those set out in the Company's consolidated financial statements for the year ended January 31, 2022.

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 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 in 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

These condensed consolidated interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended January 31, 2022.

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.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

4. Call Option

The Company 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 Mandala Therapy Limited ("Bristol"). The Call Option 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.

5. Property and Equipment

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

	Leasehold improvements $	Furniture and fixtures $	Computer equipment $	Construction in progress $	Total $
Cost					
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**
Additions	8,979	-	6,861	80,446	96,286
Transfers	1,293,767	-	-	(1,293,767)	-
Exchange realignment	(148,263)	(17,831)	(1,118)	(2,227)	(169,439)
Balance, October 31, 2022	**1,601,668**	**192,908**	**22,271**	**27,989**	**1,844,836**
Accumulated depreciation					
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**
Depreciation	243,588	31,732	4,478	-	279,798
Exchange realignment	(8,093)	(1,525)	(230)	-	(9,848)
Balance, October 31, 2022	**274,437**	**41,450**	**6,758**	**-**	**322,645**
Net book value					
At January 31, 2022	408,243	199,496	14,018	1,243,537	1,865,294
At October 31, 2022	**1,327,231**	**151,458**	**15,513**	**27,989**	**1,522,191**

Depreciation expense related to property and equipment was $97,794 and $279,798 for the three and nine months ended October 31, 2022, respectively (2021 – $12,987 and $13,287, respectively). Construction in 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 nine months ended October 31, 2022, $1,293,767 relating to the completion of the construction of the London clinic was transferred from construction in progress to leasehold improvements (2021 - $452,968 relating to the completion of the construction of the Bristol clinic was transferred from construction in progress to leasehold improvements). As at October 31, 2022, the Company incurred costs relating to the development and construction of the future clinics, these costs are classified within construction in progress with a carrying amount of $27,989.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

6. Intangible assets

	IP Assets $	Total $
Cost		
Balance, February 1, 2021	**-**	-
Additions	65,000	65,000
Balance, January 31, 2022	**65,000**	**65,000**
Additions	-	-
Balance, October 31, 2022	**65,000**	**65,000**
Accumulated amortization		
Balance, February 1, 2021	**-**	-
Amortization	11,917	11,917
Balance, January 31, 2022	**11,917**	**11,917**
Amortization	9,750	9,750
Balance, October 31, 2022	**21,667**	**21,667**
Net book value		
At January 31, 2022	53,083	53,083
At October 31, 2022	**43,333**	**43,333**

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 nine months ended October 31, 2022 of $Nil (2021 - $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.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

7. Right-of-use assets and lease liabilities

Right-of-use assets

As at October 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 October 31, 2022 and January 31, 2022:

Cost	**$**
Balance, February 1, 2021	**157,358**
Additions	1,640,479
Additions from acquisition	144,598
Exchange realignment	(41,846)
Balance, January 31, 2022	**1,900,589**
Additions	-
Exchange realignment	(161,158)
Balance, October 31, 2022	**1,739,431**
Accumulated depreciation	
Balance, February 1, 2021	**13,113**
Additions from acquisition	21,334
Depreciation	120,294
Exchange realignment	(1,868)
Balance, January 31, 2022	**152,873**
Depreciation	154,527
Exchange realignment	(16,044)
Balance, October 31, 2022	**291,356**
Net book value	
At January 31, 2022	1,747,716
At October 31, 2022	**1,448,075**

Lease liabilities

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

Balance, February 1, 2021	**$**	**132,111**
Additions		1,568,062
Additions from acquisition		120,691
Payments		(102,373)
Interest expense		129,580
Exchange realignment		(39,200)
Balance, January 31, 2022		**1,808,871**
Additions		-
Payments		(236,716)
Interest expense		165,537
Exchange realignment		(153,552)
Balance, October 31, 2022	**$**	**1,584,140**

(Unaudited, 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 three and nine months ended October 31, 2022 was $52,204 and $165,537, respectively (2021 - $69,459 and $82,399, respectively).

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

Minimum payments under lease liabilities		
Within 1 year	$	369,816
2 to 3 years		656,405
4 to 5 years		502,615
Over 5 years		1,027,022
		2,555,858
Effect of discounting		(971,718)
Present value of minimum lease payments		1,584,140
Less: current portion		(369,816)
Non-current portion of lease liabilities	**$**	**1,214,324**

Payments for short-term leases are expensed as incurred.

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.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

8. Convertible debentures (continued)

	Convertible debentures $	Derivative conversion option liability $	Derivative warrant liability $	Total $
Balance, February 1, 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 and October 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 three and nine months ended October 31, 2022, the Company recorded a gain of $Nil (2021 – $Nil and a loss of $3,500,931 on the revaluation of the derivative liability, respectively). 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.

Convertible Debentures – Warrants

The exercise price of the Warrants issued with the Convertible Debenture (see note 8) varied 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 was ultimately converted into the Company's equity at the time of exercise.

(Unaudited, 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 17). 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 three and nine months ended October 31, 2022, the Company recorded a gain of $Nil (2021 – $Nil and a loss of $1,581,627, respectively) on the revaluation of the derivative liability, respectively.

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 October 31, 2022, there were no shares issued and outstanding other than common shares.

		Number of shares	**Amount**
			$
Balance, February 1, 2021		16,883,334	1,152,346
Exercise of options	(1)	590,000	49,923
Issuance of common shares for acquisition of intangible assets	(2)	50,000	60,000
Issuance of common shares, net of issuance cost	(3)	3,419,827	7,154,335
Shares issued upon conversion of convertible debentures	(4)	3,382,095	6,246,067
Share issued for reverse takeover acquisition	(5)	199,968	499,920
Exercise of Finder Warrants	(6)	6,250	12,247
Share issued for acquisition of Axon	(7)	200,000	420,000
Exercise of warrants	(8)	155,833	542,786
Balance, January 31, 2022		24,887,307	16,137,624
Issuance of common shares and warrants, net of issuance cost	(9)	2,031,250	2,179,344
Issuance of common shares and warrants, net of issuance cost	(10)	1,880,454	526,100
Balance, October 31, 2022		28,799,011	18,843,068

10. Shareholders' Equity (Continued)

Outstanding share capital

Year ended January 31, 2022:

1) 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.

2) 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).

3) 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).

4) 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).

5) 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.

6) 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.

7) 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.

8) 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.

Nine months ended October 31, 2022

9) On March 21, 2022, the Company issued 2,031,250 units at $1.60 per unit, for aggregate gross proceeds of $3,250,000. Each unit consisted of one common share and one half of one common share purchase warrant exercisable at $2.20 for a period of two years from the date of issuance. The Company recorded a warrant reserve of $947,523 attributable to the value of these warrants. The Company incurred cash costs of $173,427 related to the completion of the private placement, of which $123,133 was allocated to share capital and $50,294 was allocated to warrant reserve.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (Continued)

10) On September 14, 2022, the Company issued 1,880,454 units at $0.55 per unit, for aggregate gross proceeds of $1,034,250. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.68 for a period of two years from the date of issuance. The Company recorded a total warrant reserve of $464,018, of which $451,252 is attributable to the value of the financing warrants and $12,766 is attributable to the finder warrants. The Company incurred cash costs of $80,044 related to the completion of the private placement, of which $44,132 was allocated to share capital and $35,912 was allocated to the total warrant reserve.

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, February 1, 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**
Granted	161,918	2.20
Forfeited	(100,000)	1.63
Cancelled	(50,000)	2.06
Expired	(100,000)	2.50
Balance, October 31, 2022	**1,921,746**	**1.18**

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.

During the nine months ended October 31, 2022, 161,918 options were granted with immediate vesting. The options had an aggregate value of $73,777. During the nine months ended October 31, 2022, Nil options were exercised for total proceeds of $Nil.

The share-based compensation and charge to share-based payment reserve relating to the vesting of stock options, net of reversals, for the three and nine months ended October 31, 2022 was $74,045 and $414,683, respectively (2021 – $265,303 and $775,554, respectively). During the nine months ended October 31, 2022, $54,300 of share-based payment reserve attributable to forfeited options was reversed out of share-based compensation.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (Continued)

Stock options (continued)

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

	Period ended October 31, 2022	Year ended January 31, 2022
Volatility	103.42% to 111.37%	98.88% to 126.06%
Risk-free interest rate	2.55% - 2.70%	0.25% to 1.22%
Expected life (years)	1 to 5 years	1 to 5 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Weighted average fair value per common share	$1.01	$1.61

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.

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

Grant date	Exercise price ($)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
May 6, 2020	0.075	2.52	40,000	40,000
July 6, 2020	0.075	0.68	60,000	60,000
August 31, 2020	0.075	0.83	50,000	50,000
September 21, 2020	0.300	0.89	30,000	30,000
September 22, 2020	0.300	0.89	60,000	60,000
October 23, 2020	0.300	0.98	115,000	86,250
December 15, 2020	0.300	1.17	150,000	75,000
January 31, 2021	0.300	3.25	30,000	24,000
March 8, 2021	1.200	3.35	610,000	335,000
April 12, 2021	1.200	3.45	300,000	180,000
June 23, 2021	2.500	1.65	50,000	50,000
July 5, 2021	2.500	1.68	15,000	11,250
July 19, 2021	2.500	1.72	30,000	19,800
September 14, 2021	2.500	3.87	20,000	10,000
September 17, 2021	2.500	3.88	100,000	100,000
October 4, 2021	2.500	3.93	75,000	37,500
December 13, 2021	2.900	4.12	24,828	6,207
April 25, 2022	2.200	1.39	11,918	11,918
May 3, 2022	1.500	1.51	150,000	150,000
		2.60	1,921,746	1,336,925

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, February 1, 2021	-	-
Issued	1,984,868	1.85
Exercised	(162,083)	1.78
Balance, January 31, 2022	1,822,785	1.85
Issued	3,549,279	1.11
Balance, October 31, 2022	5,372,064	1.37

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

Issue Date		Weighted Average Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
March 19, 2021	(1)	1.20	0.62	96,875
June 8, 2021	(2)	2.50	0.62	218,415
June 16, 2021	(3)	1.80	0.62	1,507,495
March 21, 2022	(4)	2.20	1.39	1,015,625
September 14, 2022	(5)	0.68	1.90	1,933,654
October 24, 2022	(6)	0.68	1.98	600,000
		1.37	1.38	5,372,064

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.
4) On March 21, 2022, 1,015,625 warrants of the Company were issued as part of a private placement with an exercise price of $2.20 per common share, exercisable until March 21, 2024. The $947,523 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 122.62%; risk-free interest rate – 2.03%; dividend rate – 0%; and stock price - $1.65. Share issuance cost of $50,294 was allocated to the warrant.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

10. Shareholders' Equity (continued)

Warrants (continued)

5) On September 14, 2022, 1,880,454 warrants and 53,200 finder warrants of the Company were issued as part of a private placement with an exercise price of $0.68 per common share, exercisable until September 14, 2024. The $464,018 total fair value of the warrants, of which $451,252 related to the financing, and $12,766 related to the finder warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 103.25%; risk-free interest rate – 3.75%; dividend rate – 0%; and stock price - $0.50. Total share issuance costs of $34,924 and $988 were allocated to the warrants and finder warrants, respectively.
6) On October 24, 2022, 600,000 warrants of the Company were issued as part of the debt financing agreement (Note 13) with an exercise price of $0.68 per common share, exercisable until October 24, 2024. The $187,134 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 127.96%; risk-free interest rate – 4.14%; dividend rate – 0%; and stock price - $0.52. Total debt issuance costs were $14,627, of which $3,501 was allocated to warrants and $11,126 was allocated to the debt portion.

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.

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.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

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.

The following represents the allocation of the purchase price and the fair value of the net assets acquired.

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 which was determined using the Monte Carlo simulation by removing risks from the forecast at a weighted-average cost of capital of 50% and discounted cash flows at risk-free rate. The significant unobservable inputs used in the fair value measurements include the weighted average cost of capital used and the probability of achieving each milestone.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

12. Business acquisition (continued)

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

		Amount
Balance, January 31, 2021	$	-
Initial recognition upon acquisition of Axon		566,784
Change in fair value of contingent consideration		179,977
Paid during the period		-
Balance, January 31, 2022		**746,761**
Change in fair value of contingent consideration		(634,964)
Balance, October 31, 2022		**111,797**
Current portion		39,305
Non-current portion		72,492

During the three and nine months ended October 31, 2022, the Company recorded a gain of $283,802 and $634,964, respectively, for the change in fair value of contingent consideration (2021 - loss of $24,330).

13. Loans payable

On October 25, 2022, Awakn Oslo AS (“Awakn Oslo”) entered into a debt financing agreement (the "Loan Agreement") with TD Veen (the "Lender"). The amount borrowed under this Loan Agreement is for the purpose of financing the expansion of two clinics in Norway, including without limitation funding of cash deposits under the its lease agreements.

Pursuant to the Loan Agreement, the Lender advanced $781,800 (NOK 6,000,000) bearing interest at a rate of 9% per annum, which is secured against Awakn Oslo's assets. The Lender is entitled to receive royalty payments of 2.5% of Awakn Oslo's revenues for a five-year period and warrants to purchase up to 600,000 common shares of Awakn at an exercise price of $0.68 per share for a period of two years (Note 10).

All amounts outstanding under this Loan Agreement are required to be paid in full on the maturity date, which is two years after the disbursement date of October 24, 2022.

The Company issued 600,000 warrants with a fair value of $187,134 in connection with the debt financing agreement with the residual amount of $594,666 allocated to the debt portion. Total debt issuance costs were $14,627, of which $3,501 was allocated to warrants, $11,126 was allocated to the debt portion. During the nine months ended October 31, 2022, accretion expense was $1,489 (2021 - $Nil), resulting in a loan payable balance of $585,029 as at October 31, 2022.

The first royalty payment is based on the aggregate amount of revenues earned in the period from the date of the disbursement of funds (October 24, 2022) to October 31, 2023, (the "First Royalty Period"), and falls due and payable on the date falling fourteen calendar days after the end of the First Royalty Period. As at October 31, 2022, the accrued royalty payment is $267. The subsequent royalty payments are based on the amount of revenues earned in each period of three months after the First Royalty Period until the fifth anniversary of the disbursement date, and each such payment falls due and payable on the date falling fourteen calendar days after such period.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

14. Loss Per Share

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

	Three months ended October 31, 2022 $	Three months ended October 31, 2021 $	**Nine months ended October 31, 2022 $**	Nine months ended October 31, 2021 $
Numerator:				
Net loss attributable to shareholders - basic and diluted	**(1,470,924)**	(2,945,617)	**(6,487,359)**	(11,905,327)
Denominator:				
Weighted-average number of common shares	**27,879,224**	24,550,170	**26,877,715**	20,987,473

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.

15. Related Party Transactions

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

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

	Three months ended October 31, 2022	Three months ended October 31, 2021	**Nine months ended October 31, 2022**	Nine months ended October 31, 2021
Short-term compensations	$ 339,847	$ 333,511	$ 1,164,954	$ 809,911
Share-based payments	55,089	104,590	260,128	457,435
Total	**$ 394,935**	$ 438,101	**$ 1,425,082**	$ 1,267,346

(b) As at October 31, 2022, a balance of $281,601 (January 31, 2022 - $68,205) was due to directors and officers of the Company, which was included in accounts payable and accrued liabilities on the consolidated statements of financial position. The balance was non-interest bearing, unsecured and repayable on demand.

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

16. 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 nine months ended October 31, 2022				
Revenue	**-**	**1,023,530**	**-**	**1,023,530**
Net loss	**1,295,549**	**2,146,556**	**3,370,147**	**6,812,252**
For the nine months ended October 31, 2021				
Revenue	-	31,737	-	31,737
Net loss	1,896,535	1,444,990	8,952,121	12,293,646
For the three months ended October 31, 2022				
Revenue	**-**	**430,504**	**-**	**430,504**
Net loss	**303,720**	**693,205**	**626,176**	**1,623,101**
For the three months ended October 31, 2021				
Revenue	-	31,737	-	31,737
Net loss	1,036,421	760,601	1,310,683	3,107,705
As at October 31, 2022				
Non-current assets	**43,333**	**3,948,134**	**8,064**	**3,999,531**
As at January 31, 2022				
Non-current assets	53,083	4,698,886	12,358	4,764,327

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

16. Segment Reporting (Continued)

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

	North America $	Europe $	Total $
For the nine months ended October 31, 2022			
Revenue	**-**	**1,023,530**	**1,023,530**
For the nine months ended October 31, 2021			
Revenue	-	31,737	31,737
As at October 31, 2022			
Non-current assets	**1,420**	**3,998,110**	**3,999,530**
As at January 31, 2022			
Non-current assets	2,079	4,762,248	4,764,327

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

(Unaudited, expressed in Canadian dollars, unless otherwise noted)

17. Financial Instruments and Risk Management (continued)

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:

As at October 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	2,367,813	2,367,813	-	-	-
Lease liabilities	2,555,858	369,816	656,405	502,615	1,027,022
Loans payable	781,800	-	781,800	-	-
Contingent consideration	1,350,000	250,000	1,100,000	-	-
	7,055,471	**2,987,629**	**2,538,205**	**502,615**	**1,027,022**

As at 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**

Market risk

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

Foreign currency risk

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

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

Base currency	Total financial instruments in base currency	% change in exchange rate	Total impact on net loss
GBP	(434,963)	10%	(68,011)
EUR	(30,435)	10%	(4,096)
USD	(274,050)	10%	(37,230)
NOK	716,827	10%	9,412

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.

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 October 31, 2022, no share-based compensation related to the issuance of DSUs has been made in these condensed 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 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

Subsequent to October 31, 2022, the Company closed a second and final tranche (the "Second Tranche") of its non-brokered private placement (the "Offering"), through the issuance of an additional 3,395,812 units (the "Units") at a price of $0.55 per Unit for additional gross proceeds of $1,867,697.

Concurrently with the closing of the Second Tranche, the Company has also settled debt in the aggregate amount of $154,750, through the issuance of an additional 281,364 Units.

Each Unit is comprised of one common share (each, a "Common Share") in the capital of the Company and one-half of one whole Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.68 per Common Share until the date that is twenty-four (24) months from the date of issuance.