AWAKN LIFE SCIENCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2023 AND 2022
(Expressed in Canadian Dollars, unless otherwise noted)

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, 2023 and January 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended, 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, 2023 and January 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended 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, 2023, the Company had not yet achieved profitable operations, has an accumulated deficit 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.

Key Audit Matters

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

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

MNP LLP
3-139 Northfield Drive West, Waterloo ON, N2L 5A6 Tel: (519) 725-7700 Fax: (519) 725-7708

Impairment Analysis of Goodwill

Key Audit Matter Description

The Company performs impairment testing on an annual basis, or more frequently when there is an indication of impairment. An impairment is recognized if the carrying amount of an asset, or its cash generating unit (CGU), exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs of disposal. The recoverable amounts of the CGUs were determined using the value-in-use method, which included using discounted cash flow projection models. Management used key assumptions in the discounted cash flow projection models, which included forecasted operating results, long-term growth rates and discount rates.

We considered this a key audit matter due to the subjectivity and complexity involved in performing procedures to test key assumptions in determining the recoverable amounts of the CGUs, which involved judgment from management. Please refer to Notes 2(e) and 12 to the consolidated financial statements for further details.

Audit Response

We responded to this matter by performing procedures in relation to the assessment of the recoverable amount of
goodwill. Our audit work in relation to this included, but was not restricted to, the following:

- We evaluated the appropriateness of the value-in-use method and discounted cash flow projection models;

- We evaluated the reasonability of the assumptions applied to key inputs, such as forecasted revenues, gross margin, operating expenses, long-term growth rates and the discount rates used by the management in the discounted cash flow projection models;

- We performed a 'retrospective review' to compare management's assumptions in prior year expected future cash flows to the actual results to assess the Company's budgeting process;

- With the assistance of internal valuation specialists, we evaluated the reasonableness of the Company's impairment model and the discount rates by comparing the Company's weighted average cost of capital against publicly available market data;

- We assessed the appropriateness of the disclosures relating to the assumptions used in the impairment assessment in the notes to the consolidated financial statements; and

- We tested the mathematical accuracy of management's impairment model and supporting calculations.

Contingent Consideration

Key Audit Matter Description

The Company performs ongoing valuations of the fair value of the contingent consideration on the basis of their assumptions made in the management's forecast, as future revenue probability and the number of new clinics are driving factors in hitting the milestones. That is, management bases their assumptions on when they plan to hit their milestone achievements based on and around the operations of the business. We considered this a key audit matter due to the subjectivity and complexity involved in performing procedures to test key assumptions in determining if a milestone will be achieved. This involves judgment from management; see Note 12 to the consolidated financial statements for further details.

Audit Response

We responded to this matter by performing procedures in relation to contingent consideration. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained the fair value model from management and any associated workings for each milestone. As each milestone reflects a separate achievement outlined by Awakn, the assumptions attached to each milestone were assessed to understand the plausibility and associated valuation with respect to contingent consideration;

- We evaluated the appropriateness of the assumptions to determine the reasonability of the occurrence of each milestone;

- We evaluated the reasonability of the assumptions applied to key inputs, such as forecasted revenues, long-term growth rates and the discount rates used by the management in the fair value model;

- We performed a 'retrospective review' to compare management's assumptions in their estimation to the calculations audited in prior years;

- With the assistance of internal valuation specialists, we evaluated the reasonableness of the Company's fair value model and the inputs used by management;

- We assessed the appropriateness of the disclosures relating to the assumptions used in the contingent consideration fair value in the notes to the consolidated financial statements; and

- We tested the mathematical accuracy of management's fair value model and supporting calculations.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

MNP LLP

Waterloo, Ontario | Chartered Professional Accountants

April 27, 2023 | Licensed Public Accountants

AWAKN LIFE SCIENCES CORP.
Consolidated Statements of Financial Position
As at
(Expressed in Canadian dollars)

	Note	January 31, 2023 $	January 31, 2022 $
Assets			
Current assets			
Cash		**550,866**	1,623,190
Prepayments and deposits		**280,938**	358,905
Accounts receivable		**44,109**	29,295
Other receivables		**99,326**	100,339
Total current assets		**975,239**	2,111,729
Non-current assets			
Prepayments and deposits		**408,981**	172,602
Property and equipment	**5**	**1,490,305**	1,865,294
Intangible assets	**6**	**56,583**	53,083
Right-of-use assets	**7**	**1,462,520**	1,747,716
Goodwill	**12**	**-**	925,632
Total assets		**4,393,628**	6,876,056
Liabilities			
Accounts payable and accrued liabilities	**15**	**1,981,725**	1,287,214
Deferred revenue		**37,012**	10,483
Lease liabilities	**7**	**386,517**	355,977
Contingent consideration	**12**	**57,634**	202,405
Total current liabilities		**2,462,888**	1,856,079
Non-current liabilities			
Long-term lease liabilities	**7**	**1,228,699**	1,452,894
Contingent consideration	**12**	**71,260**	544,356
Loans payable	**13**	**680,523**	-
Total Liabilities		**4,443,370**	3,853,329
Shareholders' Equity			
Share capital	**10**	**20,007,433**	16,137,624
Share-based payment reserve	**10**	**1,752,708**	1,124,475
Warrant reserve	**10**	**5,143,932**	2,944,465
Accumulated other comprehensive income		**(102,749)**	15,662
Accumulated deficit		**(25,953,586)**	(16,811,031)
Total equity attributable to equity holders of the parent		**847,738**	3,411,195
Non-controlling interest		**(897,480)**	(388,468)
Total Shareholders' Equity		**(49,742)**	3,022,727
Total Liabilities and Shareholders' Equity		**4,393,628**	6,876,056

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

Going concern (note 1)
Commitments and contingencies (note 18)
Subsequent events (note 21)

Approved and authorized for issue by the Board of Directors on April 25, 2023.

"George Scorsis"	*"Steve Page"*
Director	Director

AWAKN LIFE SCIENCES CORP.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended January 31, 2023 and 2022
(Expressed in Canadian dollars)

	Note	Year ended January 31, 2023 $	Year ended January 31, 2022 $
Revenue			
Service revenue	**16**	**1,495,343**	236,037
Total revenue		**1,495,343**	236,037
Operating expenses			
Research and development		**1,572,447**	3,309,083
General and administration		**3,431,933**	3,306,056
Sales and marketing		**1,400,884**	1,630,312
Share-based compensation	**10, 15**	**628,233**	1,090,277
Depreciation and amortization	**5, 6, 7**	**603,534**	181,411
Service costs		**3,050,028**	512,870
Total operating expenses		**10,687,059**	10,030,009
Other expense (income)			
Other income		**2,374**	(10,350)
Finance costs	**13**	**266,516**	205,426
Change in fair value of derivative liabilities	**8, 9**	**-**	5,082,558
Change in fair value of contingent consideration	**12**	**(617,867)**	179,977
Transaction costs	**4, 8**	**-**	204,522
Listing expenses	**11**	**-**	957,967
Foreign exchange loss (gain)		**(32,053)**	57,643
Impairment of goodwill	**12**	**840,881**	-
Loss from operations before income taxes		**(9,651,567)**	(16,471,715)
Income tax expense – current	**20**	**-**	-
Income tax expense – deferred	**20**	**-**	-
Net loss		**(9,651,567)**	(16,471,715)
Other comprehensive income (loss)			
Foreign exchange translation adjustment		**(118,411)**	15,052
Comprehensive loss		**(9,769,978)**	(16,456,663)
Net loss attributable to:			
Shareholders		**(9,142,555)**	(15,945,845)
Non-controlling interests		**(509,012)**	(525,870)
		(9,651,567)	(16,471,715)
Comprehensive loss attributable to:			
Shareholders		**(9,260,966)**	(15,930,793)
Non-controlling interests		**(509,012)**	(525,870)
		(9,769,978)	(16,456,663)
Net loss per share attributable to shareholders – basic and diluted	**14**	**(0.36)**	(0.73)
Weighted average number of shares outstanding – basic and diluted	**14**	**25,202,576**	21,962,237

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

AWAKN LIFE SCIENCES CORP.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended January 31, 2023 and 2022
(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, 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**
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**	-	-	1,090,277	-	-	-	1,090,277	-	**1,090,277**
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**
Exercise of warrants	**10**	155,833	542,786	-	(262,287)	-	-	280,499	-	**280,499**
Conversion of convertible debt	**8, 9, 10**	3,382,095	6,246,067	-	2,799,591	-	-	9,045,658	-	**9,045,658**
Net loss for the year		-	-	-	-	-	(15,945,845)	(15,945,845)	(525,870)	**(16,471,715)**
Other comprehensive loss		-	-	-	-	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**
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**	7,588,880	3,869,809	-	2,199,467	-	-	6,069,276	-	**6,069,276**
Share-based compensation	**10**	-	-	628,233	-	-	-	628,233	-	**628,233**
Net loss for the year		-	-	-	-	-	(9,142,555)	(9,142,555)	(509,012)	**(9,651,567)**
Other comprehensive income		-	-	-	-	(118,411)	-	(118,411)	-	**(118,411)**
Balance, January 31, 2023		**32,476,187**	**20,007,433**	**1,752,708**	**5,143,932**	**(102,749)**	**(25,953,586)**	**847,738**	**(897,480)**	**(49,742)**

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

AWAKN LIFE SCIENCES CORP.
Consolidated Statements of Cash Flows
For the years ended January 31, 2023 and 2022
(Expressed in Canadian dollars)

	Note	**Year ended January 31, 2023 $**	Year ended January 31, 2022 $
CASH FLOW USED IN OPERATING ACTIVITIES			
Net loss for the year		**(9,651,567)**	(16,471,715)
Items not affecting cash:			
Share-based compensation	**10**	**628,233**	1,090,277
Depreciation and amortization	**5, 6, 7**	**603,534**	181,412
Accretion on lease liabilities	**7**	**219,227**	129,580
Accretion on convertible debentures	**8**	**-**	71,397
Accretion on loans payable	**13**	**13,601**	-
Interest expense payable		**33,688**	-
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**	**(617,867)**	179,977
Impairment of goodwill	**12**	**840,881**	-
Foreign exchange loss on currency translations		**56,900**	-
Changes in non-cash working capital items:			
Increase in prepayments and deposits		**(152,895)**	(412,038)
Increase in accounts receivable		**(15,517)**	(2,577)
Increase in other receivables		**1,013**	(81,407)
Increase in accounts payable and accrued liabilities		**650,049**	1,023,199
Increase in deferred revenue		**27,134**	10,483
Cash flow used in operating activities		**(7,363,586)**	(8,586,259)
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property and equipment	**5**	**(95,345)**	(1,702,031)
Purchase of intangible assets	**6**	**-**	(5,000)
Acquisition of Axon, net of cash acquired	**12**	**-**	21,652
Cash flow used in investing activities		**(95,345)**	(1,685,379)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net	**10**	**5,970,173**	7,487,912
Proceeds from options exercise	**10**	**-**	44,251
Proceeds from finders warrant exercise	**10**	**-**	7,500
Proceeds from warrant exercise	**10**	**-**	280,499
Proceeds from loans payable, net	**13**	**766,092**	-
Issuance of convertible debentures, net	**8**	**-**	3,856,141
Payment of lease liabilities	**7**	**(332,726)**	(174,790)
Cash flow from financing activities		**6,403,539**	11,501,513
Effect of exchange rate changes		**(16,932)**	27,250
Decrease in cash		**(1,055,392)**	1,229,875
Cash, beginning of year		**1,623,190**	366,065
Cash, end of year		**550,866**	1,623,190
Non-cash transactions			
Shares to be issued for intangible asset		16,500	-
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. (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, 2023, the Company had not yet achieved profitable operations, has accumulated losses of $25,953,586 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 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 25, 2023.

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, 2023 $	Year ended January 31, 2022 $
Loss allocated to non-controlling interest	**(509,012)**	(525,870)
Accumulated balance of non-controlling interest	**(897,480)**	(388,468)
Summarized financial information of Awakn Bristol Limited:		
Revenue	**454,468**	77,086
Net loss	**(1,048,867)**	(1,077,691)
Current assets	**55,343**	117,142
Non-current assets	**399,632**	572,661
Current liabilities	**(80,459)**	(104,195)
Non-current liabilities	**(97,896)**	(76,469)
Non-current liabilities related to intercompany debt	**(2,115,869)**	(1,305,103)

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, 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.

(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 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. At minimum, 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.

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.

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.

3. Significant Accounting Policies (continued)

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

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.

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, 2023, no internal development expenditures were capitalized (2022 – $Nil).

3. Significant Accounting Policies (continued)

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.

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.

3. Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

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 ("FVLCS") and the value in use ("VIU") (being the present value of expected future cash flows of the asset or CGU). The determination of the recoverable amount in the impairment assessment requires estimates based on quoted market prices, prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgments and assumptions.

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.

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.

3. Significant Accounting Policies (continued)

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
Loans payable	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.

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.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition

Financial assets – 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").

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. Any amounts 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.

Disclosure of Accounting Policies (Amendments to IAS 1)

The amendments to IAS 1 require an entity to disclose its material accounting policies instead of its significant accounting policies, The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. The implementation of this amendment is not expected to have a significant impact on the Company.

Deferred Tax on Assets and Liabilities Arising From Lease and Decommissioning Obligation Transactions (Amendments to IAS 12, Income Taxes)

The amendments to IAS 12 provide clarifications in accounting for deferred tax on certain transactions such as leases and decommissioning obligations. The amendments clarify that the initial recognition exemption does not apply to transactions such as leases and decommissioning obligations. As a result, entities may need to recognize both a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied to transactions that occur on or after the beginning of the earliest comparative period presented. The implementation of this amendment is not expected to have a significant impact on the Company.

3. Significant Accounting Policies (continued)

Standards issued and adopted

During the year ended January 31, 2023, the Company adopted certain IFRS amendments. The application of these amendments had no significant impact on the Company's financial position or results of operations. As required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the nature of these changes are disclosed below:

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets)

On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the 'cost of fulfilling' a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The adoption of these amendments did not have a material impact on the consolidated financial statements.

Fees in the '10 Per Cent Test' for Derecognition of Financial Liabilities (Amendments to IFRS 9, Financial Instruments)

The amendments to IFRS 9 clarify which fees an entity includes when it applies the '10 per cent test' in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Property, Plant and Equipment – Proceeds Before Intended Use (Amendments to IAS 16, Property, Plant and Equipment)

The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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. 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.

5. Property and Equipment

Property and equipment as at January 31, 2023 and 2022 consists of the following:

	Leasehold improvements	Computer equipment and furniture and fixtures	Construction in progress	Total
	$	$	$	$
Cost				
Balance, January 31, 2021	**-**	**24,514**	**179,836**	**204,350**
Additions	3,059	182,486	1,516,486	1,702,031
Additions from acquisition	-	23,524	-	23,524
Transfers	452,968	-	(452,968)	-
Exchange realignment	(8,842)	(3,257)	183	(11,916)
Balance, January 31, 2022	**447,185**	**227,267**	**1,243,537**	**1,917,989**
Additions	8,979	35,953	50,413	95,345
Transfers	1,293,767	-	(1,293,767)	-
Exchange realignment	(71,070)	(9,179)	(183)	(80,432)
Balance, January 31, 2023	**1,678,861**	**254,041**	**-**	**1,932,902**
Accumulated depreciation				
Balance, January 31, 2021	**-**	**64**	**-**	**64**
Additions from acquisition	-	3,926	-	3,926
Depreciation	39,184	10,017	-	49,201
Exchange realignment	(242)	(254)	-	(496)
Balance, January 31, 2022	**38,942**	**13,753**	**-**	**52,695**
Depreciation	333,363	50,275	-	383,638
Exchange realignment	5,989	275	-	6,264
Balance, January 23, 2023	**378,294**	**64,303**	**-**	**442,597**
Net book value				
At January 31, 2022	408,243	213,514	1,243,537	1,865,294
At January 31, 2023	**1,300,567**	**189,738**	**-**	**1,490,305**

Depreciation expense related to property and equipment was $383,638 for the year ended January 31, 2023 (2022 - $49,201). 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 year ended January 31, 2023, $1,293,767 relating to the completion of the construction of the London clinic was transferred from construction in progress to leasehold improvements (2022 - $452,968 relating to the completion of the construction of the Bristol clinic was transferred from construction in progress to leasehold improvements).

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	16,500	16,500
Balance, January 31, 2023	**81,500**	**81,500**

Accumulated amortization		
Balance, February 1, 2021	**-**	-
Amortization	11,917	11,917
Balance, January 31, 2022	**11,917**	**11,917**
Amortization	13,000	13,000
Balance, January 31, 2023	**24,917**	**24,917**
Net book value		
At January 31, 2022	53,083	53,083
At January 31, 2023	**56,583**	**56,583**

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. During the year ended January 31, 2023, patents were filed using the IP assets acquired as mentioned above and subsequently, the Company capitalized $16,500 as additions to intangible assets, valued at 50,000 shares priced at $0.33 per share, payable to Equasy Enterprises Ltd.

Total additions to intangible assets during the year ended January 31, 2023 was $16,500, which related to the IP assets acquired from Equasy Enterprises Ltd. (2022 - $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.

7. Right-of-use assets and lease liabilities

Right-of-use assets

As at January 31, 2023, 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, 2023 and 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**
Exchange realignment	(81,529)
Balance, January 31, 2023	**1,819,060**

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	206,896
Exchange realignment	(3,229)
Balance, January 31, 2023	**356,540**

Net book value	
At January 31, 2022	1,747,716
At January 31, 2023	**1,462,520**

Lease liabilities

Lease liabilities consist of the following as at January 31, 2023 and 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**
Payments	(332,726)
Interest expense	219,284
Exchange realignment	(80,213)
Balance, January 31, 2023	**1,615,216**

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 year ended January 31, 2023 was $219,284 (2022 - $129,580).

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

Minimum payments under lease liabilities		
Within 1 year	$	386,517
2 to 3 years		664,237
4 to 5 years		526,839
Over 5 years		1,001,449
		2,579,042
Effect of discounting		(963,826)
Present value of minimum lease payments		1,615,216
Less: current portion		(386,517)
Non-current portion of lease liabilities	**$**	**1,228,699**

Payments for short-term leases are expensed as incurred. These payments for short-term leases were $18,691 (2022 - $19,694)

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.

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, 2023 and 2022	-	-	-	-

9. Derivative liabilities

Convertible Debentures – Conversion feature

The conversion feature of the Convertible Debentures (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, 2023, the Company recorded a loss of $Nil (2022 – $3,500,931). 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 (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.

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 (note 8) and upon initial recognition, the Company recorded derivative liability of $1,217,964. During the year ended January 31, 2023, the Company recorded a loss of $Nil (2022 – $1,581,627, respectively) on the revaluation of the derivative liability.

On June 16, 2021, the conversion of the Convertible Debentures resulted in 1,663,328 Warrants (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.

As at January 31, 2023, 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	2,253,466
Issuance of common shares and warrants, net of issuance cost	(10)	1,880,454	458,680
Issuance of common shares and warrants, net of issuance cost	(11)	3,395,812	1,068,032
Issuance of common shares for debt	(12)	281,364	89,631
Balance, January 31, 2023		32,476,187	20,007,433

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.

10. Shareholders' Equity (Continued)

Authorized share capital (continued)

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 (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.

Year ended January 31, 2023

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 $869,506 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 $127,028 was allocated to share capital and $46,399 was allocated to warrant reserve.

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 $537,092, of which $522,313 is attributable to the value of the financing warrants and $14,780 is attributable to the finder warrants. The Company incurred cash costs of $80,044 related to the completion of the private placement, of which $38,477 was allocated to share capital and $41,567 was allocated to the total warrant reserve.

11) On November 16, 2022, the Company issued 3,395,812 units at $0.55 per unit, for aggregate gross proceeds of $1,869,913. 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 $752,239. The Company incurred cash costs of $83,053 related to the completion of the private placement, of which $49,642 was allocated to share capital and $33,411 was allocated to the total warrant reserve.

12) On November 16, 2022, the Company issued 281,364 units at $0.55 per unit, to satisfy debt in the amount of $154,750. 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 $65,119.

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, 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	1,261,918	0.68
Forfeited	(150,000)	1.77
Expired	(100,000)	2.50
Balance, January 31, 2023	**3,021,746**	**0.95**

During the year ended January 31, 2023, 1,261,918 options were granted, with vesting periods ranging from immediate to 24 months. The options had an aggregate value of $401,448. 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, net of reversals, for the year ended January 31, 2023 was $628,233 (2022 - $1,090,277). During the year ended January 31, 2023, $54,300 (2022 - $Nil) of share-based payment reserve attributable to forfeited options was reversed out of share-based compensation.

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:

	Year ended January 31, 2023	Year ended January 31, 2022
Volatility	103.42% to 135.65%	98.88% to 126.06%
Risk-free interest rate	2.55% - 2.98%	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	$0.68	$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 January 31, 2023:

Grant date	Exercise price ($)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
May 6, 2020	0.075	2.26	40,000	40,000
July 6, 2020	0.075	0.43	60,000	60,000
August 31, 2020	0.075	0.58	50,000	50,000
September 21, 2020	0.300	0.64	30,000	30,000
September 22, 2020	0.300	0.64	60,000	60,000
October 23, 2020	0.300	0.73	115,000	86,250
December 15, 2020	0.300	0.92	150,000	150,000
January 31, 2021	0.300	3.00	30,000	30,000
March 8, 2021	1.200	3.10	610,000	335,000
April 12, 2021	1.200	3.20	300,000	180,000
June 23, 2021	2.500	1.39	50,000	50,000
July 5, 2021	2.500	1.43	15,000	15,000
July 19, 2021	2.500	1.47	30,000	19,800
September 14, 2021	2.500	3.62	20,000	10,000
September 17, 2021	2.500	3.63	100,000	100,000
October 4, 2021	2.500	3.68	75,000	37,500
December 13, 2021	2.900	3.87	24,828	12,414
April 25, 2022	2.200	1.14	11,918	11,918
May 3, 2022	1.500	1.25	150,000	150,000
December 12, 2022	0.550	4.87	1,000,000	333,333
December 12, 2022	0.550	0.86	100,000	100,000
		3.13	3,021,746	1,861,215

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	7,226,455	0.89
Balance, January 31, 2023	**9,049,240**	**1.09**

The following table presents information related to warrants outstanding as at January 31, 2023:

Issue Date		Weighted Average Exercise Price ($)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
March 19, 2021	(1)	1.20	0.37	96,875
June 8, 2021	(2)	2.50	0.37	218,415
June 16, 2021	(3)	1.80	0.37	1,507,495
March 21, 2022	(4)	2.20	1.14	1,015,625
September 14, 2022	(5)	0.68	1.65	1,880,454
September 24, 2022	(6)	0.68	1.65	53,200
October 24, 2022	(7)	0.68	1.73	600,000
November 16, 2022	(8)	0.68	1.79	3,395,812
November 16, 2022	(9)	0.68	1.79	281,364
		1.09	1.40	9,049,240

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 $869,506 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 112.01%; risk-free interest rate – 2.23%; dividend rate – 0%; and stock price - $1.65. Share issuance cost of $46,399 was allocated to the warrant.

10. Shareholders' Equity (continued)

Warrants (continued)

5) On September 14, 2022, 1,880,454 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 $522,313 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 98.14%; risk-free interest rate - 3.71%; dividend rate - 0%; and stock price - $0.57. Share issuance costs of $40,424 was allocated to the warrants.
6) On September 14, 2022, 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 $14,780 fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life – 2 years; annualized volatility – 98.14%; risk-free interest rate - 3.71%; dividend rate - 0%; and stock price - $0.57. Share issuance costs of $1,143 was allocated to the finder warrants.
7) 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 $99,170 value of the warrants was calculated as the residual amount after deducting the fair value of the debt from gross proceeds. Total debt issuance costs were $17,989, of which $2,282 was allocated to warrants and $15,707 was allocated to the debt portion.
8) On November 16, 2022, 3,395,812 warrants of the Company were issued as part of a private placement with an exercise price of $0.68 per common share, exercisable until November 16, 2024. The $752,239, fair value of the warrants, was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 2 years; annualized volatility – 125.18%; risk-free interest rate - 3.78%; dividend rate - 0%; and stock price - $0.41. Share issuance costs of $33,411 was allocated to the warrants.
9) On November 16, 2022, 281,364 warrants of the Company were issued in connection with the shares for debt transaction, with an exercise price of $0.68 per common share, exercisable until November 16, 2024. The $65,119 total fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 2 years; annualized volatility – 125.18%; risk-free interest rate - 3.78%; dividend rate - 0%; and stock price - $0.41.

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.

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.

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.

12. Business acquisition (continued)

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.

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		(617,867)
Balance, January 31, 2023		**128,894**
Current portion		57,634
Non-current portion		71,260

During the year ended January 31, 2023, the Company recorded a gain of $617,867 for the change in fair value of contingent consideration (2022 - loss of $179,977). The contingent consideration may be satisfied through the payment of shares or cash.

Goodwill Impairment testing

The test for impairment of goodwill is to compare the recoverable amount of the asset or CGU or groups of CGUs to the carrying value. The recoverable amount is the higher of an asset's or CGU's or groups of CGUs FVLCS and its VIU.

In determining FVLCS, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The VIU calculation uses cash flow projections, generally for a five-year period, and a terminal value. The terminal value is the value attributed to the individual CGU's or groups of CGU's operations beyond the projected period using a perpetual growth rate. The key assumptions in the VIU calculations are segment profit growth rates (for periods within the cash flow projections and in perpetuity for the calculation of the terminal value) and discount rates.

Segment profit growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans, economic considerations and the general outlook for the industry and markets in which the CGU or groups of CGUs operates. The projections are prepared separately for each of the Company's CGUs or groups of CGUs to which the individual assets are allocated and are based on the most recent financial budgets approved by the Company's Board and management forecasts generally covering a period of five years with growth rate assumptions. For longer periods, a terminal growth rate is determined and applied to project future cash flows after the fifth year.

The discount rate applied to each asset, CGU or group of CGUs to determine VIU is a pre-tax rate that reflects an optimal debt-to-equity ratio and considers the risk-free rate, market equity risk premium, size premium and the risks specific to each asset or CGU's or groups of CGU's cash flow projections.

12. Business acquisition (continued)

Impairment testing (continued)

In calculating the VIU, the Company uses an appropriate range of discount rates to establish ranges of values for each CGU or group of CGUs.

The pre-tax discount and terminal growth rates used by the Company for the purpose of its VIU calculations of the goodwill were approximately 35% and 3%, respectively.

As a result of the goodwill impairment testing for the year ended January 31, 2023, the Company recorded a goodwill impairment charge of $840,881 that reduced the carrying value of goodwill to its recoverable amount $Nil.

13. Loans payable

On October 24, 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 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 fair value of the debt was calculated as $682,630, with the residual amount of $99,170 allocated to the 600,000 warrants issued in connection with the debt financing agreement. The effective interest rate used to calculate the debt is consistent with the estimated market rate as the interest on the debt without warrants on the date of issuance. Total debt issuance costs were $17,989, of which $2,282 was allocated to warrants, $15,707 was allocated to the debt portion. During the year ended January 31, 2023, accretion expense was $13,601 (2022 - $Nil), resulting in a loan payable balance of $680,523 as at January 31, 2023.

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 January 31, 2023, the accrued royalty payment is $5,066. 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. The Company elected a policy under which it shall accrue amounts under the royalty as they are earned.

14. Loss Per Share

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

	Year ended January 31, 2023 $	Year ended January 31, 2022 $
Numerator:		
Net loss attributable to shareholders - basic and diluted	**(9,142,555)**	(15,945,845)
Denominator:		
Weighted-average number of common shares	**25,202,576**	21,962,237

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 years ended January 31, 2023 and 2022, 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:

	Year ended January 31, 2023	Year ended January 31, 2022
Short-term compensation	$ 1,540,765	$ 1,199,807
Share-based payments	424,145	671,047
Total	**$ 1,964,910**	$ 1,870,854

(b) As at January 31, 2023, a balance of $232,788 (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.

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 year ended January 31, 2023				
Revenue	**-**	**1,495,343**	**-**	**1,495,343**
Change in fair value of contingent consideration	**-**	**(617,867)**	**-**	**(617,867)**
Impairment of goodwill	**-**	**840,881**	**-**	**840,881**
Net loss	**1,546,367**	**3,804,581**	**4,300,619**	**9,651,567**
For the year ended January 31, 2022				
Revenue	-	236,037	-	236,037
Change in fair value of contingent consideration	-	179,977	-	179,977
Impairment of goodwill	-	-	-	-
Net loss	3,309,083	2,292,759	10,869,873	16,471,715
As at January 31, 2023				
Non-current assets	**56,583**	**3,353,577**	**8,229**	**3,418,389**
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, 2023			
Revenue	**-**	**1,495,343**	**1,495,343**
Change in fair value of contingent consideration	**-**	**(617,867)**	**(617,867)**
Impairment of goodwill	**-**	**840,881**	**840,881**
For the year ended January 31, 2022			
Revenue	-	236,037	236,037
Change in fair value of contingent consideration	-	179,977	179,977
Impairment of goodwill	-	-	-
As at January 31, 2023			
Non-current assets	**1,201**	**3,417,188**	**3,418,389**
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 January 31, 2023, 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, 2023, level three inputs were used to determine the fair value of the contingent consideration. All convertible debentures and derivative liabilities were either converted or extinguished (notes 8 and 9) prior to January 31, 2022.

A 1% increase in the fair value of contingent consideration would result in an increase in net loss for the year ended January 31, 2023, of $1,289 (2022 -$7,468). A 1% decrease in the fair value of contingent consideration would result in a decrease in net loss for the year ended January 31, 2023, of $1,289 (2022 - $7,468)

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, 2023 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:

17. Financial Instruments and Risk Management (continued)

Liquidity risk (continued)

As at January 31, 2023	Total $	Less than 1 year $	1 year to 3 years $	3 year to 5 years $	Over 5 years $
Accounts payable and accrued liabilities	1,981,725	1,981,725	-	-	-
Lease liabilities	2,579,042	386,517	664,237	526,839	1,001,449
Loans payable	781,800	-	781,800	-	-
Contingent consideration	850,000	250,000	600,000	-	-
	6,192,567	**2,618,242**	**2,046,037**	**526,839**	**1,001,449**

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	(432,632)	10%	(70,907)
EUR	11,826	10%	1,710
USD	(131,071)	10%	(17,449)
NOK	(5,754,909)	10%	(76,747)

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 January 31, 2023, 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 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. 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:

	2023	**2022**
Net loss before income taxes	$(9,651,567)	$(16,471,715)
Expected income tax recovery at statutory rate of 26.5% (2022 - 27%)	(2,557,665)	(4,447,363)
Impact of non-deductible expenses	185,859	1,240,818
Impact of temporary differences and losses not recognized	1,900,900	2,585,239
Impact of foreign income tax rate differential	468,159	283,827
Share-based compensation	166,482	288,923
Contingent consideration	(163,735)	47,694
Other	-	862
Total income tax expense (recovery)	-	-
Current Tax Expense (recovery)	-	-
Deferred Tax Expense (recovery)	-	-
Total income tax expense (recovery)	-	-

20. Income taxes (continued)

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.

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, 2022	Recognized in profit and loss	January 31, 2023
Deferred tax asset			
Loss carry forwards	$61,918	$2,009	$63,927
Right of use lease liabilities	25,268	270,003	295,271
	87,186	272,012	359,198
Deferred tax liability			
Property and equipment	(61,919)	(2,008)	(63,927)
Right of use assets	(25,267)	(270,004)	(295,271)
	(87,186)	(272,012)	(359,198)
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:

	2023	2022
Non capital losses	$19,447,318	$10,326,061
Right of use lease liabilities	154,621	2
Intangible assets and property and equipment	16,426	5,450
Share issuance costs	778,134	1,130,163
Total	20,396,499	11,461,676

20. 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	7,296,421
2043	3,837,092
	11,453,362

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	2,662,830
2023	3,865,612
	6,528,442

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
2023	793,884
	1,115,534

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	$ 50,854
2023	635,171
	686,025

21. Subsequent Events

On February 14, 2023, the Company announced the opening of Awakn Clinics Trondheim and will begin treating clients. This will be the second Awakn clinic operating in Norway with a further two clinics already based in the UK. As a result of the opening of this clinic, the Company is required to issue an additional 100,000 common shares to the former shareholders of Awakn Norway AS.

On April 11, 2023, the Company announced that it acquired the 49% of Awakn Bristol Limited that it did not currently own for approximately $2, resulting in 100% ownership of Awakn Bristol Limited and its Bristol Clinic.

On April 11, 2023, the Company announced that it has completed the filing of three Patent Cooperation Treat (PCT) applications for its NCE program, which has resulted in the issuance of an additional 70,000 common shares to Prof. David Nutt pursuant to the Intellectual Property Transfer Agreement with Equasy Enterprises Ltd.

On April 25, 2023, the Company closed the first tranche of a non-brokered private placement financing for gross proceeds of up to $3,000,000 through the issuance of up to 6,521,739 units in the capital of the Company at a price of $0.46 per unit by issuing 2,392,858 units for gross proceeds of $1,100,715. Each unit is comprised of one common share in the capital of the Company and three quarters of one whole common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of $0.63 per common share for a period of five years from the date of issuance.