



AWAKN LIFE SCIENCES CORP.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED APRIL 30, 2023 AND 2022
(Expressed in Canadian Dollars, unless otherwise noted)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Note	April 30, 2023 \$	January 31, 2023 \$
Assets			
Current assets			
Cash		389,696	550,866
Prepayments and deposits		205,502	280,938
Accounts receivable		96,617	44,109
Other receivables		121,276	99,326
Total current assets		813,091	975,239
Non-current assets			
Prepayments and deposits		401,571	408,981
Property and equipment	5	1,523,101	1,490,305
Intangible assets	6	59,933	56,583
Right-of-use assets	7	1,650,543	1,462,520
Total assets		4,448,239	4,393,628
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	2,590,892	1,981,725
Deferred revenue		43,460	37,012
Lease liabilities	7	455,603	386,517
Contingent consideration	9	31,208	57,634
Total current liabilities		3,121,163	2,462,888
Non-current liabilities			
Long-term lease liabilities	7	1,353,837	1,228,699
Contingent consideration	9	39,381	71,260
Loans payable	10	674,838	680,523
Total Liabilities		5,189,219	4,443,370
Shareholders' Equity			
Share capital	8	20,850,067	20,007,433
Contributed surplus	8	6,293,051	6,896,640
Accumulated other comprehensive income		(341,528)	(102,749)
Accumulated deficit		(27,542,570)	(25,953,586)
Total equity attributable to equity holders of the parent		(740,980)	847,738
Non-controlling interest		-	(897,480)
Total Shareholders' Equity		(740,980)	(49,742)
Total Liabilities and Shareholders' Equity		4,448,239	4,393,628

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

** The comparative figures have been reclassified to conform with the current period.*

Going concern (note 1)
 Commitments and contingencies (note 15)
 Subsequent events (note 17)

Approved and authorized for issue by the Board of Directors on June 12, 2023.

"George Scorsis"
 Director

"Steve Page"
 Director

AWAKN LIFE SCIENCES CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended April 30, 2023 and 2022

(Unaudited, expressed in Canadian dollars)

	Note	Three months ended April 30, 2023 \$	Three months ended April 30, 2022 \$
Revenue			
Service revenue		510,764	253,154
Total revenue		510,764	253,154
Operating expenses			
Research and development		219,100	681,510
General and administration		826,597	1,003,553
Sales and marketing		224,594	289,347
Share-based compensation	8, 12	79,505	198,747
Depreciation and amortization	5, 6, 7	171,192	139,240
Service costs		940,684	587,549
Total operating expenses		2,461,672	2,899,946
Other expense (income)			
Other income		545	(416)
Finance costs	10	68,213	58,512
Change in fair value of contingent consideration	9	(14,305)	(163,867)
Foreign exchange loss (gain)		(325,202)	259,685
Loss from operations before income taxes		(1,680,159)	(2,800,706)
Income tax expense - current		-	-
Income tax expense - deferred		-	-
Net loss		(1,680,159)	(2,800,706)
Other comprehensive income (loss)			
Foreign exchange translation adjustment		(238,779)	98,836
Comprehensive loss		(1,918,938)	(2,701,870)
Net loss attributable to:			
Shareholders		(1,588,984)	(2,717,190)
Non-controlling interests		(91,175)	(83,516)
		(1,680,159)	(2,800,706)
Comprehensive loss attributable to:			
Shareholders		(1,827,763)	(2,618,354)
Non-controlling interests		(91,175)	(83,516)
		(1,918,938)	(2,701,870)
Net loss per share attributable to shareholders – basic and diluted	11	(0.06)	(0.11)
Weighted average number of shares outstanding – basic and diluted	11	25,346,562	25,800,228

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

AWAKN LIFE SCIENCES CORP.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the three months ended April 30, 2023 and 2022
(Unaudited, expressed in Canadian dollars)

	Note	Number of Shares	Share Capital	Contributed* Surplus	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total	Non-Controlling Interest	Total
			\$	\$	\$	\$	\$	\$	\$
Balance, February 1, 2022		24,887,307	16,137,624	4,068,940	15,662	(16,811,031)	3,411,195	(388,468)	3,022,727
Issuance of common shares and warrants, net of issuance costs	8	2,031,250	2,179,344	897,229	-	-	3,076,573	-	3,076,573
Share-based compensation	8	-	-	198,747	-	-	198,747	-	198,747
Net loss		-	-	-	-	(2,717,190)	(2,717,190)	(83,516)	(2,800,706)
Other comprehensive income		-	-	-	98,836	-	98,836	-	98,836
Balance, April 30, 2022		26,918,557	18,316,968	5,164,916	114,498	(19,528,221)	4,068,161	(471,984)	3,596,177
Balance, February 1, 2023		32,476,187	20,007,433	6,896,640	(102,749)	(25,953,586)	847,738	(897,480)	(49,742)
Issuance of common shares and warrants, net of issuance costs	8	2,392,948	775,534	305,561	-	-	1,081,095	-	1,081,095
Shares issued as contingent consideration	9	100,000	44,000	-	-	-	44,000	-	44,000
Shares issued to for milestone payments	6	70,000	23,100	-	-	-	23,100	-	23,100
Share-based compensation	8	-	-	79,505	-	-	79,505	-	79,505
Net loss		-	-	-	-	(1,588,984)	(1,588,984)	(91,175)	(1,680,159)
Other comprehensive loss		-	-	-	(238,779)	-	(238,779)	-	(238,779)
Change in ownership of Bristol	4	-	-	(988,655)	-	-	(988,655)	988,655	-
Balance, April 30, 2023		35,039,135	20,850,067	6,293,051	(341,528)	(27,542,570)	(740,980)	-	(740,980)

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

** The comparative figures have been reclassified to conform with the current period.*

AWAKN LIFE SCIENCES CORP.
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended April 30, 2023 and 2022
(Unaudited, expressed in Canadian dollars)

	Note	Three months ended April 30, 2023 \$	Three months ended April 30, 2022 \$
CASH FLOW USED IN OPERATING ACTIVITIES			
Net loss for the period		(1,680,159)	(2,800,706)
Items not affecting cash:			
Share-based compensation	8	79,505	198,747
Depreciation and amortization	5, 6, 7	171,192	139,240
Accretion on lease liabilities	7	55,753	58,640
Accretion on loans payable	10	(5,685)	-
Change in fair value of contingent consideration	9	(14,305)	(163,867)
Changes in non-cash working capital items:			
Decrease in prepayments and deposits		82,846	99,119
Increase in accounts receivable		(52,508)	(4,820)
Increase in other receivables		(21,950)	(41,281)
Increase in accounts payable and accrued liabilities		625,667	533,633
Increase in deferred revenue		6,448	(5,177)
Cash flow used in operating activities		(753,196)	(1,986,472)
CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of property and equipment	5	(70,268)	(85,432)
Cash flow used in investing activities		(70,268)	(85,432)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net	8	1,081,095	3,076,573
Payment of lease liabilities	7	(111,893)	(63,001)
Cash flow from financing activities		969,202	3,013,572
Effect of exchange rate changes		(306,908)	254,140
Increase in Cash		145,738	941,668
Cash, beginning of period		550,866	1,623,190
Cash, end of period		389,696	2,818,998
Non-cash transactions			
Shares issued for intangible asset	6	23,100	-
Shares issued for contingent consideration	9	44,000	-
Additions to right of use assets	7	195,255	-

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

AWAKN LIFE SCIENCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

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

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”), 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.

At April 30, 2023, the Company had not yet achieved profitable operations, has accumulated losses of \$27,542,570 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. Therefore, the Company’s ability to obtain additional financing is enough to assume that the Company will continue as a going concern, however there is no certainty this will occur in the future at terms acceptable to the Company.

2. Basis of Presentation

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements of the Company for three months ended April 30, 2023, and 2022 have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and with interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements meet the requirements of International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”.

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as at January 31, 2023.

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for the contingent consideration which has 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 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:

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***2. Basis of Presentation (Continued)**

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	100%*	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

**On March 26, 2023, the Company acquired 100% control of Awakn Bristol Limited. Prior to March 26, 2023, the Company had 51% control of Awakn Bristol Limited.*

(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 Canadian dollars, 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.

AWAKN LIFE SCIENCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

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

2. Basis of Presentation (Continued)

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.

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

These condensed consolidated interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended January 31, 2023.

Standards issued and adopted

During the three months ended April 30, 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:

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.

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.

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.

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.

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***4. Call Option**

The Company has an option (“Call Option”) to require Dr. Sessa to sell to the Company all of Dr. Sessa’s shares for a total consideration of the greater of (i) \$2,000,000; or (ii) the fair value of Dr. Sessa’s shares (“Call Option Consideration”), being equivalent to approximately 49% of the issued shares in Mandala Therapy Limited (“Bristol”). The Call Option Consideration shall be satisfied by the issue of such number of the Company’s common shares to Dr. Sessa as is equivalent to the Call Option Consideration. 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.

On March 26, 2023, the Company acquired the remaining 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 as at April 30, 2023. The total balance of non-controlling interest as at March 26, 2023 of \$988,655 was transferred to contributed surplus.

5. Property and Equipment

Property and equipment as at April 30, 2023 and January 31, 2023 consists of the following:

	Leasehold improvements \$	Computer equipment and Furniture and fixtures \$	Construction in progress \$	Total \$
Cost				
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
Additions	-	70,268	-	70,268
Exchange realignment	90,894	2,085	-	92,979
Balance, April 30, 2023	1,769,755	326,394	-	2,096,149
Accumulated depreciation				
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 31, 2023	378,294	64,303	-	442,597
Depreciation	91,953	19,669	-	111,622
Exchange realignment	17,346	1,483	-	18,829
Balance, April 30, 2023	487,593	85,455	-	573,048
Net book value				
At January 31, 2023	1,300,567	189,738	-	1,490,305
At April 30, 2023	1,282,162	240,939	-	1,523,101

Depreciation expense related to property and equipment was \$111,622 for the three months ended April 30, 2023 (2022 - \$81,903). 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 period ended April 30, 2023, \$Nil relating to the completion of the construction of the London clinic was transferred from construction in progress to leasehold improvements (2022 - \$1,293,767 relating to the completion of the construction of the London clinic was transferred from construction in progress to leasehold improvements).

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***6. Intangible assets**

	IP Assets \$	Total \$
Cost		
Balance, February 1, 2022	65,000	65,000
Additions	16,500	16,500
Balance, January 31, 2023	81,500	81,500
Additions	6,600	6,600
Balance, April 30, 2023	88,100	88,100
Accumulated amortization		
Balance, February 1, 2022	11,917	11,917
Amortization	13,000	13,000
Balance, January 31, 2023	24,917	24,917
Amortization	3,250	3,250
Balance, April 30, 2023	28,167	28,167
Net book value		
At January 31, 2023	56,583	56,583
At April 30, 2023	59,933	59,933

On March 8, 2021, the Company completed the acquisition of proprietary research data on next generation candidate 3-4 methylenedioxyamphetamine (“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. This amount was accrued for as at January 31, 2023.

During the three months ended April 30, 2023, the Company issued 70,000 common shares with a price of \$0.33 per common share, to Equasy Enterprises Ltd., with a total value of \$23,100, consisting of the 50,000 shares accrued for as at January 31, 2023, and an additional 20,000 shares with a value of \$6,600 (Note 8).

Total additions to intangible assets during the three months ended April 30, 2023 is \$6,600, which related to the IP assets acquired from Equasy Enterprises Ltd. 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.

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***7. Right-of-use assets and lease liabilities***Right-of-use assets*

As at April 30, 2023, the Company leases property for its operations in Bristol, London and Oslo. The right-of-use assets consist of the following as at April 30, 2023 and January 31, 2023:

Cost	\$
Balance, February 1, 2022	1,900,589
Exchange realignment	(81,529)
Balance, January 31, 2023	1,819,060
Additions	195,255
Exchange realignment	59,320
Balance, April 30, 2023	2,073,635

Accumulated depreciation	\$
Balance, January 31, 2022	152,873
Depreciation	206,896
Exchange realignment	(3,229)
Balance, January 31, 2023	356,540
Depreciation	56,320
Exchange realignment	10,232
Balance, April 30, 2023	423,092

Net book value

At January 31, 2023	1,462,520
At April 30, 2023	1,650,543

Lease liabilities

Lease liabilities consist of the following as at April 30, 2023 and January 31, 2023:

	\$
Balance, February 1, 2022	1,808,871
Payments	(332,726)
Interest expense	219,284
Exchange realignment	(80,213)
Balance, January 31, 2023	1,615,216
Additions	195,255
Payments	(111,893)
Interest expense	55,753
Exchange realignment	55,109
Balance, April 30, 2023	1,809,440

IBRs ranging from 12.0% to 20.14% were used to determine the present value of the lease liabilities. Interest expense on lease liabilities for the three months ended April 30, 2023, was \$55,753 (2022 - \$58,640).

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***7. Right-of-use assets and lease liabilities (Continued)**

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

Minimum payments under lease liabilities		
Within 1 year	\$	455,603
2 to 3 years		777,310
4 to 5 years		647,269
Over 5 years		962,410
		<u>2,842,592</u>
Effect of discounting		<u>(1,033,152)</u>
Present value of minimum lease payments		1,809,440
Less: current portion		<u>(455,603)</u>
Non-current portion of lease liabilities	\$	1,353,837

Payments for short-term leases are expensed as incurred. These payments for short-term leases were \$19,169 (2022 - \$9,447).

8. Shareholders' EquityAuthorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value. As at April 30, 2023, there were no shares issued and outstanding other than common shares.

	Number of shares	Amount \$
Balance, February 1, 2022	24,887,307	16,137,624
Issuance of common shares and warrants, net of issuance cost (1)	2,031,250	2,253,466
Issuance of common shares and warrants, net of issuance cost (2)	1,880,454	458,680
Issuance of common shares and warrants, net of issuance cost (3)	3,395,812	1,068,032
Issuance of common shares for debt (4)	281,364	89,631
Balance, January 31, 2023	<u>32,476,187</u>	<u>20,007,433</u>
Issuance of common shares and warrants, net of issuance cost (5)	2,392,948	775,534
Issuance of common shares as contingent consideration (6)	100,000	44,000
Issuance of common shares for milestone payments (7)	70,000	23,100
Balance, April 30, 2023	<u>35,039,135</u>	<u>20,850,067</u>

Year ended January 31, 2023

- 1) 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.

AWAKN LIFE SCIENCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

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

8. Shareholders' Equity (continued)

- 2) 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.
- 3) 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.
- 4) 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.

Three months ended April 30, 2023

- 5) On April 25, 2023, the Company closed the first tranche of a non-brokered private placement financing by issuing 2,392,948 units at a price of \$0.46 per unit for gross proceeds of \$1,100,756. 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 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. The Company recorded a total warrant reserve of \$311,118. The Company incurred cash costs of \$19,661 related to the completion of the private placement, of which \$14,104 was allocated to share capital and \$5,557 was allocated to the total warrant reserve.
- 6) On March 1, 2023, the Company issued 100,000 common shares at a price of \$0.44 per common share as per agreement, to the former shareholders of Awakn Norway AS pursuant to the earnout and the opening of a new clinic in Trondheim (Note 9).
- 7) On April 11, 2023, the Company issued 70,000 common shares pursuant to the filing of the PCT applications for its NCE program with Equasy Enterprises Ltd at a price of \$0.33 per common share (Note 6).

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:

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***8. Shareholders' Equity (continued)**

	Number of options	Weighted average exercise price (\$)
Balance, February 1, 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 and April 30, 2023	3,021,746	0.95

During the three months ended April 30, 2023, there were no options granted.

During the three months ended April 30, 2022, 11,918 options were granted with immediate vesting. The options had an aggregate value of \$7,277.

The share-based compensation and charge to share-based payment reserve relating to the vesting of stock options for the three months ended April 30, 2023, was \$79,505 (2022 - \$198,747).

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

	Period ended April 30, 2023	Period ended April 30, 2022
Volatility	N/A	111.37%
Risk-free interest rate	N/A	2.55%
Expected life (years)	N/A	2 years
Dividend yield	N/A	Nil
Forfeiture rate	N/A	Nil
Weighted average fair value per common share	N/A	\$1.31

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 April 30, 2023:

Grant date	Exercise price (\$)	Weighted average remaining life (yrs)	Number of options outstanding	Number of options exercisable
May 6, 2020	0.075	2.02	40,000	40,000
July 6, 2020	0.075	0.18	60,000	60,000
August 31, 2020	0.075	0.34	50,000	50,000
September 21, 2020	0.300	0.39	30,000	30,000
September 22, 2020	0.300	0.40	60,000	60,000
October 23, 2020	0.300	0.48	115,000	86,250
December 15, 2020	0.300	0.67	150,000	150,000
January 31, 2021	0.300	2.76	30,000	30,000
March 8, 2021	1.200	2.86	610,000	472,500
April 12, 2021	1.200	2.95	300,000	260,000
June 23, 2021	2.500	1.15	50,000	50,000
July 5, 2021	2.500	1.18	15,000	15,000
July 19, 2021	2.500	1.22	30,000	19,800
September 14, 2021	2.500	3.38	20,000	10,000
September 17, 2021	2.500	3.39	100,000	100,000
October 4, 2021	2.500	3.43	75,000	37,500
December 13, 2021	2.900	3.62	24,828	12,414
April 25, 2022	2.200	0.89	11,918	11,918
May 3, 2022	1.500	1.01	150,000	150,000
December 12, 2022	0.550	4.62	1,000,000	333,333
December 12, 2022	0.550	0.62	100,000	100,000
		2.89	3,021,746	2,078,715

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***8. 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, 2022	1,822,785	1.85
Issued	7,226,455	0.89
Balance, January 31, 2023	9,049,240	1.09
Issued	1,797,644	0.63
Balance, April 30, 2023	10,843,884	1.01

The following table presents information related to warrants outstanding as at April 30, 2023:

Issue Date	Weighted Average Exercise Price (\$)	Weighted Average Remaining Life (yrs)	Number of Warrants Outstanding
March 19, 2021	1.20	0.13	96,875
June 8, 2021	2.50	0.13	218,415
June 16, 2021	1.80	0.13	1,507,495
March 21, 2022 (1)	2.20	0.89	1,015,625
September 14, 2022 (2)	0.68	1.41	1,880,454
September 24, 2022 (3)	0.68	1.41	53,200
October 24, 2022 (4)	0.68	1.49	600,000
November 16, 2022 (5)	0.68	1.55	3,395,812
November 16, 2022 (6)	0.68	1.55	281,364
April 25, 2023 (7)	0.63	4.99	1,794,644
	1.01	1.79	10,843,884

- 1) 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.
- 2) 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.
- 3) 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.
- 4) On October 24, 2022, 600,000 warrants of the Company were issued as part of the debt financing agreement (Note 10) 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.

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***8. Shareholders' Equity (continued)**

- 5) 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.
- 6) 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.
- 7) On April 25, 2023, 1,794,644 warrants of the Company were issued as part of a private placement, with an exercise price of \$0.63 per common share, exercisable until April 25, 2028. The \$311,118 total fair value of the warrants was estimated using the Black-Scholes pricing model using the following assumptions: expected life - 2 years; annualized volatility – 124.21%; risk-free interest rate – 2.92%; dividend rate - 0%; and stock price - \$0.23.

9. 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 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.

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***9. 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, 2022	\$ 746,761
Change in fair value of contingent consideration	(617,867)
Balance, January 31, 2023	\$ 128,894
Paid in shares during the period	(44,000)
Change in value of contingent consideration	(14,305)
Balance, April 30, 2023	\$ 70,589
Current portion	\$ 31,208
Non-current portion	\$ 39,381

During the three months ended April 30, 2023, the value of the contingent consideration decreased by \$44,000, which was the value of the shares issued to the former shareholders of Awakn Norway AS pursuant to the opening of Awakn Clinics Trondheim (Note 8). During the three months ended April 30, 2023, the Company recorded a gain of \$14,305 for the change in fair value of contingent consideration (2022 - \$163,867).

10. 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 8). 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 three months ended April 30, 2023, accretion expense was \$41,838 (2022 - \$Nil), resulting in a loan payable balance of \$674,838 as at April 30, 2023 (January 31, 2023 - \$680,523).

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"). During the three months ended April 30, 2023, the Company incurred royalty expense of \$4,115 (2022 - \$Nil). As at April 30, 2023, the accrued royalty payment is \$9,181 (January 31, 2023 - \$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. The Company elected a policy under which it shall accrue amounts under the royalty as they are earned.

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***11. Loss per Share**

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

	Three months ended April 30, 2023	Three months ended April 30, 2022
	\$	\$
Numerator:		
Net loss attributable to shareholders - basic and diluted	(1,588,984)	(2,717,190)
Denominator:		
Weighted-average number of common shares	25,346,562	25,800,228

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.

12. 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 periods ended April 30, 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:

	Three months ended April 30, 2023	Three months ended April 30, 2022
	\$	\$
Short-term compensation	338,892	412,144
Share-based payments	70,774	121,455
Total	\$ 409,666	\$ 533,599

- (b) As at April 30, 2023, a balance of \$479,086 (January 31, 2023 - \$232,788) 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.

13. 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

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***13. Segment Reporting (continued)**

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 \$
<i>For the three months ended April 30, 2023</i>				
Revenue	-	510,764	-	510,764
Change in fair value of contingent consideration	-	(14,305)	-	(14,305)
Net loss	181,457	962,564	536,138	1,680,159
<i>For the three months ended April 30, 2022</i>				
Revenue	-	253,154	-	253,154
Change in fair value of contingent consideration	-	(163,867)	-	(163,867)
Net loss	689,556	766,164	1,344,686	2,800,706
<i>As at April 30, 2023</i>				
Non-current assets	59,933	3,568,051	7,164	3,635,148
<i>As at January 31, 2023</i>				
Non-current assets	56,583	3,353,577	8,229	3,418,389

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

	North America \$	Europe \$	Total \$
<i>For the three months ended April 30, 2023</i>			
Revenue	-	510,764	510,764
Change in fair value of contingent consideration	-	(14,305)	(14,305)
<i>For the three months ended April 30, 2022</i>			
Revenue	-	253,154	253,154
Change in fair value of contingent consideration	-	(163,867)	(163,867)
<i>As at April 30, 2023</i>			
Non-current assets	981	3,634,167	3,635,148
<i>As at January 31, 2023</i>			
Non-current assets	1,201	3,417,188	3,418,389

14. 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 April 30, 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 three months ended April 30, 2023, level three inputs were used to determine the fair value of the contingent consideration.

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***14. Financial Instruments and Risk Management (continued)**

A 1% increase in the fair value of contingent consideration would result in an increase in net loss for the three months ended April 30, 2023, of \$706 (2022 -\$5,829). A 1% decrease in the fair value of contingent consideration would result in a decrease in net loss for the three months ended April 30, 2023, of \$706 (2022 - \$5,829)

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 April 30, 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 its operations and anticipating its operating and investing activities. The table below summarizes the contractual undiscounted payments its financial liabilities:

	Total	1 year	3 years	5 years	> 5 years
April 30, 2023	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	2,590,892	2,590,892	-	-	-
Lease liabilities	2,842,592	455,603	777,310	647,269	962,410
Loans payable	674,838	-	674,838	-	-
Contingent consideration	850,000	250,000	600,000	-	-
	6,958,322	3,296,495	2,052,148	647,269	962,410
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

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.

AWAKN LIFE SCIENCES CORP.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months ended April 30, 2023 and 2022***(Unaudited, expressed in Canadian dollars, unless otherwise noted)***14. Financial Instruments and Risk Management (continued)**

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	(414,190)	10%	(70,524)
EUR	13,080	10%	1,952
USD	(188,633)	10%	(25,571)
NOK	(5,523,643)	10%	(70,116)

15. 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. 70,000 shares of these shares have been issued to date.

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 April 30, 2023, no share-based compensation related to the issuance of DSUs has been made in these consolidated financial statements.

16. 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.

AWAKN LIFE SCIENCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2023 and 2022

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

17. Subsequent Events

On June 9, 2023, the Company announced that it:

1. Has initiated a strategic review of its Norwegian healthcare clinics business unit, Awakn Oslo AS, which consists of two clinics, one in Oslo and one in Trondheim. As part of the strategic review, Awakn is seeking potential purchasers of Awakn Oslo AS.
2. Has signed a non-binding term sheet to exclusively license selected elements of its healthcare services intellectual property ("IP"), within the UK, and to non-exclusive license for Awakn Kare, also within the UK, with a consortium consisting of a private UK investment company and a large UK 3rd sector addiction and mental health treatment provider, for an upfront fee and a revenue share.
3. Is initiating a restructuring of its UK healthcare clinics business unit, in which Awakn's UK entities are expected to enter into administration or liquidation.

The Company has also agreed to issue 2,700,000 share purchase warrants to a consultant of the Company. The warrants shall be exercisable at \$0.63, for a period of five years from the date of issuance. The issuance of these warrants has been approved by the exchange.