

**Braxia Scientific Corp.**  
**Condensed Interim Consolidated Financial Statements**  
**For the three months ended June 30, 2022 and 2021**  
**Unaudited**  
**(Expressed in Canadian Dollars)**

**Braxia Scientific Corp.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****Unaudited – Prepared by Management**

As At	Note	June 30, 2022 \$	March 31, 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		7,677,880	8,677,614
Receivables		111,031	225,420
Other Receivable	3	70,667	-
Convertible notes receivable	3	684,393	585,593
Prepaid expenses	4	51,246	174,596
		8,595,217	9,663,223
<b>Non-current assets</b>			
Property and equipment	5	399,262	168,347
Joint venture	7	52,688	34,562
Intangible assets	6	1,156,000	1,156,000
Goodwill	6	612,363	612,363
<b>Total assets</b>		<b>10,815,530</b>	<b>11,634,495</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable	9, 15	559,542	660,371
Accrued liabilities	9, 15	1,497,066	1,527,897
Deferred tax liability		240,089	240,089
Deferred revenue		98,280	26,450
Lease liability	5	24,505	33,478
Promissory note payable	12	49,967	49,967
		2,469,449	2,538,252
<b>Non-current liabilities</b>			
CEBA loans	11	53,579	52,550
Lease liability	5	87,655	81,062
<b>Total liabilities</b>		<b>2,610,683</b>	<b>2,671,864</b>
<b>Shareholders' equity</b>			
Share capital	8	96,933,063	96,933,063
Obligation to issue shares	8	-	-
Reserves	8	15,128,022	14,916,962
Deficit		(103,856,238)	(102,887,394)
<b>Total shareholders' equity</b>		<b>8,204,847</b>	<b>8,962,631</b>
<b>Total liabilities and shareholders' equity</b>		<b>10,815,530</b>	<b>11,634,495</b>

Nature of operations and going concern (Note 1)

Commitments (Note 14)

Contingencies (Note 15)

Subsequent events (Note 16)

Approved on behalf of the Board of Directors on August 29, 2022:

*"Dr. Roger S. McIntyre"*

Director

*"Olga M. Cwiek"*

Director

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

**Braxia Scientific Corp.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****Unaudited – Prepared by Management**

For the Three Months Ended	Note	June 30, 2022 \$	June 30, 2021 \$
<b>Revenue</b>		417,500	407,075
Cost of sales		(310,228)	(292,822)
		107,272	114,253
<b>Expenses</b>			
Accretion	5,11	4,942	1,178
Advertising and promotion		19,763	108,423
Consulting fees	9	79,865	119,384
Depreciation	5	31,497	6,379
Insurance		108,340	79,412
Office and miscellaneous	9	120,900	108,181
Professional fees	9	102,722	103,238
Research and development		17,199	71,498
Salaries	9	304,558	213,367
Share-based compensation	8	211,060	294,758
Investor relations		60,000	-
Website development		-	60,879
<b>Operating expenses</b>		(1,060,846)	(1,166,697)
Gain on settlement of debt		-	-
Gains/(Losses) from joint venture	7	15,730	(14,724)
Write off of GST receivable		-	(24,400)
Change in fair value of convertible note receivable	3	(31,000)	-
<b>Loss and comprehensive loss</b>		(968,844)	(1,091,568)
Weighted average number of common shares – basic and diluted		198,578,514	169,035,491
Basic and diluted loss per share		(0.00)	(0.01)

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

**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**Unaudited – Prepared by Management**

**For the three months ended June 30, 2022 and 2021**

	Note	Number of shares #	Share Capital \$	Subscription receivable \$	Obligation to issue shares \$	Reserves \$	Deficit \$	Total shareholders ' equity \$
March 31, 2021		177,290,212	93,980,117	-	255,500	12,407,223	(90,753,303)	15,889,537
Exercise of warrants	8	468,302	74,810	-	-	(1,819)	-	72,991
Exercise of options	8	150,000	50,364	-	(33,000)	(17,364)	-	-
Voluntary share return	8	(9,780,000)	-	-	-	-	-	-
Shares for services	8	250,000	222,500	-	(222,500)	-	-	-
Share-based compensation	8	-	-	-	-	294,758	-	294,758
Net loss		-	-	-	-	-	(1,091,568)	(1,091,568)
June 30, 2021		168,378,514	94,327,791	-	-	12,682,798	(91,844,871)	15,165,718
March 31, 2022		198,578,514	96,933,063	-	-	14,916,962	(102,887,394)	8,962,631
Share-based compensation	8	-	-	-	-	211,060	-	211,060
Net loss		-	-	-	-	-	(968,844)	(968,844)
June 30, 2022		198,578,514	96,933,063	-	-	15,128,022	(103,856,238)	8,204,847

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

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Condensed Interim Consolidated Statements of Cash Flows****Unaudited – Prepared by Management**

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	June 30, 2022	June 30, 2021
For the Three Months Ended	\$	\$
<b>Operating activities</b>		
Net loss for the period	(968,844)	(1,091,568)
Change in fair value of convertible note	31,000	-
Depreciation	31,497	6,379
(Gains)/Losses from joint venture	(15,730)	14,724
Accretion	4,942	1,178
Share-based compensation	211,060	294,758
Write off of accounts receivable	-	24,400
Net change in non-cash working capital items	107,242	(141,279)
	(598,833)	(891,408)
<b>Financing activities</b>		
Proceeds from the exercise of warrants	-	72,991
Lease payments made	(6,293)	(3,981)
	(6,293)	69,010
<b>Investing activities</b>		
Net cash advanced to joint venture	(2,396)	(19,375)
Purchase of equipment	(262,412)	-
Advance of convertible notes receivable	(129,800)	-
Equipment acquired from CRTCE	-	(1,482)
	(394,608)	(20,857)
Change in cash	(999,734)	(843,255)
Cash, beginning of year	8,677,614	11,101,005
Cash, end of period	7,677,880	10,257,750

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

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# Braxia Scientific Corp.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2022 and 2021

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### 1. Nature of operations and going concern

Braxia Scientific Corp. (formerly, Champignon Brands Inc.) (the "Company") was incorporated on March 26, 2019, under the laws of the province of British Columbia, Canada. The Company is primarily focused on (i) owning and operating multidisciplinary clinics, providing treatment for mental health disorders, and (ii) research activities related to discovering and commercializing novel drugs and delivery methods. Braxia seeks to develop ketamine and derivatives and other psychedelic products from its IP development platform. On April 29, 2021, the Company changed its name from Champignon Brands Inc. ("Champignon") to Braxia Scientific Corp. The shares of the Company are traded on the Canadian Securities Exchange ("CSE") (CSE:BRAX), United States OTC stock market (OTCQB:BRAXF) and on the Frankfurt Stock Exchange (FWB:496). The Company's primary office (head office and records office) is located at 700 Bay Street, Suite 1903, Toronto, Ontario, M5G 1Z6.

On April 10, 2020 (and as completed on April 30, 2020), Champignon entered into an Amalgamation Agreement (the "Amalgamation Agreement") with Altmed Capital Corp. (Altmed). Pursuant to the Amalgamation Agreement, Champignon acquired all of the issued and outstanding securities in the capital of Altmed in exchange for the issuance of an aggregate of 75,674,000 (2,000 Champignon common shares for every 1 Altmed share held) common shares in the capital of Champignon to the shareholders of Altmed (collectively, the "Transaction"). Lastly, the Company issued 2,000,000 common shares as finders' shares (the "Finders' Shares") in connection with the Transaction. The Transaction constitutes a reverse acquisition ("RTO") of Champignon by Altmed, with Altmed being the acquirer for accounting purposes. Accordingly, these condensed interim consolidated financial statements (the "financial statements") are a continuation of Altmed, with the net assets (liabilities) of Champignon being consolidated from April 30, 2020, as well as Champignon's operating results from that date forward. The comparative figures are those of Altmed.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As a company in the startup stage, the Company does not have significant revenues, and historically has relied on share capital financing to cover its research, development and other operating expenditures. As at June 30, 2022, the Company had working capital of \$6,125,768 (March 31, 2022 - \$7,124,971), however, the Company has yet to achieve profitable operations, has accumulated losses of \$103,856,238 (March 31, 2022 - \$102,887,394) since inception and expects to incur further losses in the development of its business. Although the historical losses cast significant doubt about the Company's ability to continue as a going concern, management has assessed that its overall working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these condensed interim consolidated financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis, and such adjustments could be material.

### Basis of presentation

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited financial statements for the year ended March 31, 2022, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements should be read in conjunction with the annual audited financial statements.

These condensed interim consolidated financial statements have been prepared on an historical cost basis, except for financial instruments which are classified as fair value through profit or loss ("FVTPL").

All amounts on the condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

These condensed interim consolidated financial statements were approved by the board of directors on August 29, 2022.

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## Braxia Scientific Corp.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2022 and 2021

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#### 2. Significant accounting policies

##### Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned, Canadian subsidiaries, as follows:

Braxia Scientific Corp. ("Braxia")	Legal parent company
Altmed Capital Corp.	Psychedelic and health company
Tassili Life Science Corp. ("TLS")	Research and development company
Artisan Growers Ltd. ("AGL")	Mushroom cultivation company
Novo Formulations Ltd. ("NOVO")	Research and development company
Canadian Rapid Treatment Centre of Excellence Inc. ("CRTCE")	Ketamine clinic company

A subsidiary is an entity controlled by the Company and is included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed where necessary to align them with the policies adopted by the Company.

These condensed interim consolidated financial statements account for Braxia as a controlled entity requiring consolidation from the date of the RTO, effective April 30, 2020.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in the preparation of these condensed interim consolidated financial statements.

##### Significant accounting policies

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited financial statements for the year ended March 31, 2022.

#### 3. Convertible notes receivable

As part of the LOI described in Note 14 and 16, entered into on October 26, 2021, the Company signed a non-binding letter of intent (LOI) with KetaMD Inc. ("KetaMD"). As part of the LOI the Company provided US\$535,000 of working capital to KetaMD in exchange for four convertible notes bearing interest at 8% and maturing December 31, 2022. The notes are convertible into common shares of the KetaMD. Prior to the repayment or conversion of the note, the note will convert upon the occurrence of the following (collectively an "Extraordinary Event"):

- i. the consolidation or merger of KetaMD in which the holders of KetaMD's outstanding voting securities pre-closing of that event do not retain voting securities representing a majority of the voting power of the surviving entity,
- ii. the sale, transfer or exclusive license of all or substantially all of the assets of KetaMD or
- iii. the sale of equity in one transaction or series of related transactions by the existing holders of shares of KetaMD the result of which is that more than fifty percent of KetaMD 's outstanding voting securities immediately following such transaction are owned by any person who was not the holder of a majority of the outstanding voting securities of KetaMD immediately prior to any such transaction.

The note is also convertible upon the occurrence of an equity financing or upon maturity on December 31, 2022. If the equity financing is for proceeds of \$1,500,000 or more (a "Qualified Financing") the outstanding balance shall be automatically converted, in whole, without any further action on the part of the Company. If the equity financing is for proceeds of less than \$1,500,000 (a "Non-qualified Financing") the Company has the sole option of converting the outstanding balance. The note is convertible into the number of common shares of KetaMD calculated by dividing the outstanding balance by the lower of:

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended June 30, 2022 and 2021**

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**3. Convertible notes receivable (continued)**

- i. 80% of the per share price of the Qualified or Non-Qualified Financing or
- ii. a per share price equal to the quotient of \$25,000,000 divided by the aggregate issued and outstanding common shares of KetaMD assuming conversion or exercise of all outstanding options, warrants, and convertible securities, including any shares reserved for grant under any equity incentive or similar plans.

In the event the outstanding balance has not been repaid or converted or an Extraordinary Event has not occurred, then following the maturity date, the majority holders may convert the outstanding balance into the number of shares of a newly created series of the KetaMD's common share calculated by dividing the outstanding balance by a per share price equal to the quotient of \$25,000,000 divided by the aggregate issued and outstanding common shares of KetaMD assuming conversion or exercise of all outstanding options, warrants, and convertible securities, including any shares reserved for grant under any equity incentive or similar plans.

During the year ended March 31, 2022, the Company received three convertible debentures with an initial fair value on inception of \$545,443. As at March 31, 2022, the fair value of the convertible debentures was determined to be \$585,593. During the three months ended June 30, 2022, the Company received an additional convertible debenture with an initial fair value on inception determined of \$129,800. At June 30, 2022, the fair value of the convertible notes was determined to be \$684,393. The fair value of the instrument was estimated using the Binomial option pricing model together with a discounted cash flow model using a discount rate of 14.82% (March 31, 2022 - 14.82%). The Binomial model used a risk-free rate of 1.63% (March 31, 2022 - 1.63%), expected volatility of 84% (March 31, 2022 - 84%), an expected life of 0.50 years (March 31, 2022 - 0.75 years), a share price of \$0.2448 (March 31, 2022 - \$0.2448), an exercise price of \$1.00 (March 31, 2022 - \$1.00). The change in the fair value at June 30, 2022 of \$31,000 was recorded as a loss on change in fair value of convertible notes receivable.

During the three months ended June 30, 2022, the Company paid expenses of KetaMD in the amount of \$70,667. The amount is unsecured has no interest and has no specified repayment terms.

**4. Prepaid expenses**

Prepaid expenses consist of the following:

	June 30, 2022	March 31, 2022
	\$	\$
Insurance and others	22,365	130,782
Deposits	28,881	43,814
Total	51,246	174,596

**5. Property and Equipment**

	Right-of-use assets	Equipment	Leasehold Improvements	Total
Cost	\$	\$	\$	\$
March 31, 2021	28,047	42,118	-	70,165
Additions	115,937	25,210	-	141,147
March 31, 2022	143,984	67,328	-	211,312
Additions	-	108,775	153,637	262,412
June 30, 2022	143,984	176,103	153,637	473,724
Accumulated depreciation				
March 31, 2021	(19,075)	(721)	-	(19,796)
Depreciation	(12,316)	(10,853)	-	(23,169)
March 31, 2022	(31,391)	(11,574)	-	(42,965)
Depreciation	(10,033)	(6,100)	(15,364)	(31,497)
June 30, 2022	(41,424)	(17,674)	(15,364)	(74,462)
Net book value				
March 31, 2022	112,593	55,754	-	168,347
June 30, 2022	102,560	158,429	138,273	399,262



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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended June 30, 2022 and 2021**

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**5. Property and Equipment (continued)**Lease liabilities

A reconciliation of the carrying amount of the lease liabilities as at June 30, 2022 and March 31, 2022 and for the period then ended is as follows:

	Total \$
March 31, 2021	8,972
Additions	115,936
Accretion	1,020
Lease payments	(11,388)
March 31, 2022	114,540
Additions	-
Accretion	3,913
Lease payments	(6,293)
June 30, 2022	112,160
Current portion	(24,505)
Long-term portion	(87,655)

As at June 30, 2022, there were no extension options that were reasonably certain to be exercised included in the measurement of the lease liabilities, and there were no leases with residual value guarantees.

**6. Intangible assets and goodwill**Intangible assets:

	License \$
Cost	
March 31, 2021 and March 31, 2022 and June 30, 2022	1,156,000
Accumulated amortization	
March 31, 2021 and March 31, 2022 and June 30, 2022	-
Net book value	
As at March 31, 2021 and March 31, 2022 and June 30, 2022	1,156,000

As at June 30, 2022 and March 31, 2022, intangible assets consist of the Company's fully licensed health care facility in Mississauga, Canada. The intangible asset is an indefinite life asset. As at June 30, 2022 and March 31, 2022, the Company recorded impairment of \$Nil on the Company's license.

Goodwill:

During March 31, 2021, management had identified one CGU which represents the lowest level within the Company at which goodwill is monitored for internal management purposes, Braxia Scientific Corp. During March 31, 2021, for the purpose of the goodwill impairment testing, goodwill arising on the acquisition of CRTCE was allocated to the Braxia Scientific Corp. CGU.

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended June 30, 2022 and 2021**

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**6. Intangible assets and goodwill (continued)**

At June 30, 2022 and March 31, 2022, management had identified its Mississauga operations as the the lowest level within the Company at which goodwill is monitored for internal management purposes. At June 30, 2022, for the purpose of the goodwill impairment testing, goodwill arising on the acquisition of CRTCE was allocated to the Mississauga CGU.

	Total \$
Goodwill:	
March 31, 2021	5,887,737
Impairment	(5,275,374)
March 31, 2022 and June 30, 2022	612,363

For the purposes of testing impairment, the recoverable amount of each CGU comprising goodwill was based on value in use. As at June 30, 2022, the Company recorded an impairment of \$Nil (March 31, 2022 - \$5,275,374).

**7. Joint Venture**

Subject to a term sheet dated January 12, 2021, in the first quarter of fiscal 2022, the Company began operating a clinic in Montreal to offer rapid onset treatments, such as Intravenous Ketamine Therapy, to treat depression and other mental disorders. The agreement is a 50/50 joint venture with the Montreal Neurotherapie Center. Subsequent to March 31, 2021, and as part of the agreed terms, the Company contributed \$25,000 to fund start up costs and first year working capital.

Among other items, the Company will also contribute a referral network, marketing support services, medical professionals to assist in patient intake and follow-up as well as protocol implementation. The parties have not yet finalized a definitive joint venture agreement which shall provide, among other things, the terms and conditions outlined in the term sheet of January 12, 2021.

Based on the terms of the Term Sheet, management has determined that the transaction meets the definition of a joint venture. Accordingly, the investment is accounted for using the equity method in these condensed interim consolidated financial statements.

	\$
Opening balance, March 31, 2022	34,562
Cash advanced	2,396
Cash repaid	-
Share of income from Joint Venture	15,730
Ending balance, June 30, 2022	52,688

The following table summarizes the relevant financial information of the Company's Joint Venture and reflects the amounts presented in the financial statements of the Joint Venture.

	June 30, 2022 \$
Cash and cash equivalents	7,143
Current financial liabilities	39,789
Interest expense	4,817
Total Net Income	30,249

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended June 30, 2022 and 2021**

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**8. Share Capital**

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

**Transactions for the issue of shares during the period ended June 30, 2022:**

During the period ended June 30, 2022, the Company had no equity transactions.

**Transactions for the issue of shares during the period ended June 30, 2021:**

During the period ended June 30, 2021, the Company issued 468,302 common shares pursuant to warrant exercises for gross proceeds of \$72,991. The Company re-allocated \$1,819 from reserve to share capital.

During the period ended June 30, 2021, the Company issued 150,000 common shares pursuant to option exercises for gross proceeds of \$33,000. The Company reclassified \$33,000 from obligation to issue shares to share capital and \$17,364 from reserve to share capital.

The Company issued 250,000 common shares pursuant to services rendered with a fair value of \$222,500. The Company reclassified \$222,500 from obligation to issue shares to share capital.

In March 2021, certain of the Company's shareholders agreed to voluntarily surrender 9,780,000 Shares to the Company for cancellation which was completed on April 12, 2021. The shareholders agreed to surrender these Shares to facilitate the resumption in the trading of the Shares on the CSE, which followed the revocation of cease trade orders issued by the British Columbia Securities Commission and Ontario Securities Commission on April 22, 2021.

**Escrowed shares**

As at June 30, 2022 there were 9,369,001 shares and 1,350,000 warrants in escrow.

**Stock options**

The Directors of the Company adopted a Stock Option Plan on October 15, 2019 (the "Plan") that allows it to grant options, subject to regulatory terms and approval, to its Officers, Directors, employees and certain consultants. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company's outstanding common shares, calculated from time to time.

A summary of the Company's options as at June 30, 2022 and March 31, 2022, and changes during the periods then ended is as follows:

	Period ended June 30, 2022		Year ended March 31, 2022	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	#	\$	#	\$
Outstanding options, beginning of year	10,500,000	0.61	8,400,000	0.62
Granted	-	-	9,750,000	0.40
Exercised	-	-	(600,000)	0.22
Forfeited / Cancelled	(666,667)	0.395	(7,050,000)	0.36
Options outstanding, end of period	9,833,333	0.62	10,500,000	0.61

As at June 30, 2022 the Company had options outstanding and exercisable as follows:

Options outstanding	Options exercisable	Exercise price	Weighted average remaining life (years)	Expiry date
#	#	\$		
3,750,000	3,750,000	0.99	2.87	May 11, 2025
6,083,333	4,083,333	0.395	3.91	May 28, 2026
9,833,333	7,833,333	0.62		

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended June 30, 2022 and 2021**

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**8. Share capital (Continued)****Stock options (Continued)****Granted during the period ended June 30, 2022:**

There were no stock option grants for the period ended June 30, 2022.

**Granted during the period ended June 30, 2021:**

On May 28, 2021, the Company granted stock options to officers, directors and consultant to purchase an aggregate of 9,750,000 common shares at an exercise price of \$0.395 per common share for up to five years. The options vested as follows: 1/3 upon grant, 1/3 12 months from the date of issuance and 1/3 18 months from the date of issuance. The total grant date fair value of the options was measured at \$1,566,607 using the Black-Scholes option pricing model using the following assumptions: share price of \$0.395, exercise price of \$0.395, risk-free rate of 0.75%, expected volatility of 46%, and expected life of 5 years. During the period ended June 30, 2022, the Company recognized \$211,060 as share-based compensation for options vested in the period.

**Warrants**

As an incentive to complete private placements, the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to the units sold in completed private placements. The Company may also issue standalone compensatory warrants, which are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at June 30, 2022 and June 30, 2021, and changes during the years then ended is as follows:

	Period ended June 30, 2022		Year ended March 31, 2022	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
	#	\$	#	\$
Outstanding warrants, beginning of year	35,100,000	0.11	15,705,866	0.75
Issued	-	-	32,100,000	0.125
Exercised	-	-	(468,302)	0.16
Expired	-	-	(12,237,564)	0.96
Warrants outstanding, end of period	35,100,000	0.11	35,100,000	0.11

As at June 30, 2022 the Company had warrants outstanding and exercisable as follows:

Warrants outstanding	Warrants exercisable	Exercise price	Weighted average
#	#	\$	remaining life (years)
3,000,000	3,000,000	0.005	1.86
32,100,000	32,100,000	0.125	4.53
35,100,000	35,100,000	0.11	4.31

**Reserves**

Reserves includes the accumulated fair value of stock options recognized as share-based compensation, the fair value of finders' warrants issued in connection with private placements, and the fair value of other standalone compensatory warrants issued. Reserves is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the options or warrants are exercised.

**Loss per share**

The calculation of basic and diluted loss per share for the period ended June 30, 2022 was based on the loss of \$968,844 and a weighted average number of common shares outstanding of 198,578,514. The calculation of basic and diluted loss per share for the period ended June 30, 2021 was based on the loss of \$1,091,568 and a weighted average number of common shares outstanding of 169,035,491. All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended June 30, 2022 and 2021**

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**9. Related party transactions and balances**

The Company's related parties include key management personnel, including Officers and Directors, and companies in which they have control or significant influence over the financial or operating policies of those entities.

The fair value of 4,950,000 stock options granted to Officers and Directors of the Company during the year ended March 31, 2022 was \$1,088,904.

The aggregate value of other transactions with related parties during the period ended June 30, 2022 and 2021 is as follows:

	June 30, 2022 \$	June 30, 2021 \$
Salaries	227,500	206,250
Professional fees	-	3,938
Share-based compensation	91,937	-
Rent	6,322	5,085
Products purchased from a pharmacy owned by the Vice President of Operations of the Company's subsidiary	49,260	48,480
	375,019	263,753

For the period ended June 30, 2022, \$1,068 (March 31, 2022 - \$82,276) was owed to related parties of the Company which is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

**10. Financial risk management**Capital management

The Company's objective in managing capital is to ensure sufficient liquidity 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. 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 administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through private placements of common shares or units.

The Company is not subject to externally imposed capital requirements and does not present utilize any quantitative measures to monitor its capital.

There were no changes in the Company's management of capital during the period ended June 30, 2022.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured using Level 1 inputs. The fair value of convertible notes receivable is measured using Level 3 inputs (Note 3). The carrying value of promissory note payable and accounts payable approximates the fair values due to their short-term term to maturity or guaranteed cash value at maturity.

The fair value of the CEBA loans payable approximate to their face value (Note 11).

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**10. Financial risk management** (continued)

The following table shows the valuation techniques used in measuring Level 3 fair values for convertible notes receivable, as well as the significant unobservable inputs used.

Type	Valuation Technique	Key Inputs	Inter-relationship between significant inputs and fair value measurement
Convertible notes receivable	The fair value of convertible notes receivable at the year-end has been calculated using a Binomial option pricing model together with a discounted cash flow model.	<i>Key observable inputs</i> <ul style="list-style-type: none"><li>• Share price of \$0.2448</li><li>• Exercise price of \$1.00</li><li>• Risk-free interest rate of 1.63%</li><li>• Expected life of 0.50 years</li></ul> <i>Key unobservable inputs</i> <ul style="list-style-type: none"><li>• Discount rate of 14.82%</li><li>• Expected volatility of 84%</li></ul>	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"><li>• The share price was higher (lower)</li><li>• The risk-free interest rate was higher (lower)</li><li>• The discount rate was (higher) lower</li><li>• The expected volatility was higher (lower)</li></ul>

Sensitivity analysis

For the fair values of convertible notes receivable, reasonably possible changes to expected volatility and the discount rate, the significant unobservable inputs, holding other inputs constant would have the following effects:

	June 30, 2022	
	\$	
Convertible notes receivable		
Comprehensive loss	Increase	Decrease
Discount rate (4% movement vs. the model input)	(14,400)	17,300
Expected volatility (20% movement vs. the model input)	-	-

**Financial instruments - risk**

The Company's financial instruments can be exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

**(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk related to cash is assessed as low.

The Company has minimal credit risk exposure in respect of receivables, as they primarily consist of refundable credits are due from Canadian Government. The Company is also exposed to credit risk related to the Company's convertible notes receivable. The credit risk related to the convertible notes receivable is considered low as the Company closed an acquisition of the shares of the borrower (Note 16).

**(b) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2022, the Company did not have any financial instruments subject to interest rate risk.

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**10. Financial risk management (continued)****(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. As of June 30, 2022, the Company had current assets of \$8,595,217 to cover short term obligations of \$2,469,449.

Historically, the Company's sole source of funding has been through share and unit offerings. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

**11. CEBA loans**

During the year ended March 31, 2021, the Company received an aggregate \$60,000 from Canada Emergency Business Account ("CEBA") which were interest free loans from the Government of Canada. If the Government of Canada is repaid by December 31, 2022, \$20,000 will be forgiven. If the Company is not able to repay, the loan will convert into a regular loan with a three-year term at 5% per annum. Upon initial recognition, the Company recorded a gain of \$12,612.

	Total \$
Balance, March 31, 2021	48,616
Accretion	3,934
Balance, March 31, 2022	52,550
Accretion	1,029
Balance, June 30, 2022	53,579
Less current portion	-
Non-current portion of loan payable	53,579

**12. Promissory note payable**

On September 11, 2019, Altmed entered into a Promissory Note Agreement with an arm's length party for gross proceeds of \$50,000 (the "Loan"), net of \$33 in bank fees. The Loan is non-interest bearing, due on demand and unsecured. As at June 30, 2022, the promissory note is still outstanding.

**13. Segmented information**Operating segment information:

As at June 30, 2022 and March 31, 2022, the Company operates in one reportable segment, the Health segment, and in one geographic region, being Canada.

**14. Commitments**

- a) On August 24, 2021, the Company agreed to engage H.C. Wainwright & Co., LLC as exclusive agent, advisor or underwriter in any offering of equity-linked securities of the Company for a period of 30 days. If an offering is consummated within the first 30 days, the term will extend for an additional 150 days.

In consideration for these services, at the closing of each offering, the Company will pay Wainwright a cash fee of between 3% and 7% of the aggregate gross proceeds raised in the offering. The Company will also issue Wainwright warrants to purchase a number of common shares of the Company equal to between 3% and 7% of the aggregate number of shares placed in the offering. The warrants will have a term of three years and an exercise price equal to the offering price per share. The Company also agreed to pay US\$100,000 of expenses incurred.

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the three months ended June 30, 2022 and 2021**

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**14. Commitments (continued)**

- b) On October 26, 2021, the Company entered into a non-binding letter of intent (LOI) with a private health services company ("KetaMD"). The proposed transaction may involve a merger, business combination, amalgamation, purchase of assets or shares, reorganization or similar transaction should certain criteria be achieved. The LOI may be terminated without any further action by either party if a definitive agreement is not entered into within 45 days of the date of the LOI. As part of the LOI the Company provided US\$535,000 in working capital to the company in exchange for a convertible notes bearing interest at 8% and maturing December 31, 2022 as described in Notes 3 and 16. The note is convertible into common shares of the private company. Should an agreement not be entered into within 45 days, or by such other date as the parties may agree, the Company would pay a penalty equal to the greater of \$50,000 or 9% of any capital raised during that time period.

On February 24, 2022, the Company entered into an amended and restated non-binding LOI with KetaMD. The revised LOI sets out the principal terms of the proposed purchase of KetaMD by the Company. Pursuant to the revised LOI the Company will acquire all of the issued and outstanding shares of KetaMD through the issuance of common shares of the Company, such that upon completion of the acquisition the KetaMD shareholders would hold 17.5% of the post closing outstanding shares of the Company. If the Company is able to raise US\$10,000,000 prior to the proposed acquisition, the Company will advance an additional US\$2,364,499.50 to KetaMD to prepay convertible notes issued by KetaMD that are not held by the Company.

The revised LOI also provides for additional shares of the Company to be issued to KetaMD's nominees if certain market capitalization and financial performance milestones are met. The Company would also be required to reimburse KetaMD legal costs of up to US\$50,000.

On August 2, 2022, the Company completed the acquisition of all of the issued and outstanding stock in the capital of KetaMD as described in Note 16.

**15. Contingencies**

On April 23, 2021, the Tassili Life Sciences Corp, a wholly-owned subsidiary of the Company was served with a lawsuit by the University of Miami alleging breach of contract and unjust enrichment under the laws of the state of Florida. The plaintiff was seeking damages in the amount of US\$1,299,580, costs of the action plus other relief as appropriate. The Company settled the claim for \$64,639 (USD\$50,000). The Company had previously recorded within accounts payable a provision for litigation of \$1,623,956. The settlement was considered an adjusting subsequent event and recorded as of March 31, 2022, where the Company recorded a reduction of provision for litigation of \$1,559,317 to reduce the amount included in accounts payable to the settlement amount of \$64,639 as of March 31, 2022. The Company paid the \$64,639 amount during the period ended June 30, 2022.

On May 3, 2021, the Company was served with a notice of civil claim in a proposed class proceeding in British Columbia against the Company, its CEO, certain of its former officers, a shareholder, and underwriters which were engaged in connection with a private placement financing for the Company in June 2020. The claim was based on allegations relating the Company's disclosure documents regarding the value of three acquisitions made by the Company in 2020 and related matters. The plaintiff was seeking an unspecified monetary amount of damages for the proposed class.

On August 26, 2021, the Company was served with a class action complaint in the United States District Court for the Central District of California against the Company, its former CEO and director, and its former President and director. The complaint alleges that the Company and the individual defendants violated ss. 10(b) and 20(a) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The complaint was based on allegations relating the Company's disclosure documents regarding four acquisitions made by the Company in 2020 and related matters. The plaintiff was seeking an unspecified amount of damages for the proposed class.

On April 13, 2022, the Company announced that it had reached an agreement in principle (the "US Settlement") to settle claims alleged in a securities class action ("US Class Action") pending against the Company and certain of its former officers filed in the United States District Court for the Central District of California in April, 2021. The Company also announced it had signed a settlement agreement (the "Canadian Settlement") to resolve a class action lawsuit filed in the British Columbia Supreme Court in May 2021 against the Company, its CEO, certain of its former officers, a shareholder, and underwriters.



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**15. Contingencies (continued)**

The US Settlement contemplates a cash payment by the Company of USD\$1,000,000 to settle the US Class Action. The Canadian Settlement contemplates a cash payment of \$1,900,000, of which the Company will be paying \$1,600,000. The total cost to the Company to settle both class actions, after available insurance, will be approximately \$1,349,600. During the year ended March 31, 2022 the Company recorded \$1,349,600 as provision for litigation within accrued liabilities.

Both the US Settlement and the Canadian Settlement are subject to court approval at hearings expected later in 2022. Once the US Settlement and the Canadian Settlement receive court approval, both class actions will be dismissed against all defendants, including the Company and its officers.

**16. Subsequent events**

On August 2, 2022, the Company completed the acquisition of all of the issued and outstanding stock in the capital of KetaMD, Inc. ("KetaMD") pursuant to a stock purchase agreement (the "Transaction"). KetaMD is a U.S. based, privately-held, innovative telemedicine company, with a mission to address mental health challenges via access to technology-facilitated ketamine-based treatments.

Under the terms of the share purchase agreement in respect of the Transaction, Braxia acquired 100% of the common stock of KetaMD on the following terms:

- Holders of KetaMD common stock ("KetaMD Common Shareholders") were issued 42,144,629 Braxia common shares (the "Consideration Shares"), representing approximately 17.5% of the total issued Braxia common shares on a post-closing basis;
- approximately 80.6% of the Consideration Shares are subject to a contractual lock-up, with such Consideration Shares being released in 6-month increments until the final release occurring in 18 months;
- The KetaMD Common Shareholders will potentially also receive up to 21,915,207 Braxia common shares (the "Earnout Shares") in the event that (A) the market capitalization of Braxia reaches certain sustainable levels during the period ending on the fifth anniversary of the closing of the Transaction and/or (B) KetaMD achieves certain gross income and EBITDA milestones over the three fiscal years following closing of the Transaction. If issued, the Earnout Shares would represent 8.3% of the issued and outstanding Braxia common shares on a post-closing basis;
- The KetaMD Common Shareholders have entered into a voting support arrangement with Braxia pursuant to which they have agreed to support proposed nominees of the board and other shareholder resolutions recommended by the board of Braxia;
- Certain existing noteholders of KetaMD were issued approximately \$2.94 million of convertible debentures of Braxia (the "Debentures") due December 31, 2023 (the "Maturity Date") in exchange for the cancellation of the KetaMD notes, which will provide a conversion right into Braxia common shares at the option of the holder and mandatory conversion by Braxia if not converted or repaid prior to the Maturity Date. The Debentures may also be prepaid or redeemed at the option of Braxia. The conversion price for optional conversion by the holder will be based on the benchmark price of \$0.10 per Braxia common share (the "Benchmark Price"). The conversion price for mandatory conversion by Braxia on the Maturity Date is \$0.15 per share which is 150% higher than the closing price of the Braxia common shares on the Canadian Securities Exchange (the "CSE") on August 2, 2022, the trading day prior to this announcement, of \$0.06 per share.
- Holders of the Debentures will be entitled to convert a portion of their holdings into Braxia common shares as follows:
  - 33% of the principal amount may be converted into Braxia common shares at a price equal to the Benchmark Price prior to December 15, 2023;
  - 33% of the principal amount may be converted into Braxia common shares at a price equal to 150% of the Benchmark Price, or \$0.15 per share, prior to December 15, 2023; and
  - 34% of the outstanding principal amount may be converted into Braxia common shares at a price equal to 200% of the Benchmark Price, or \$0.20 per share, prior to December 15, 2023.
  - The Debentures contain a mandatory cash prepayment obligation in the event Braxia raises USD \$10 million in equity capital prior to the Maturity Date.

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**16. Subsequent events (continued)**

On August 29, 2022, the Board of Directors of the Company approved the grant of 11,220,000 options to members of executive management of the Company. The exercise price will not be less than the higher of the market price at close on the date of grant and the day prior to the date of grant. These options have a five-year term and will vest on a staggered basis, with 5,110,000 vesting immediately, 5,443,333 vesting in 6 months, 333,333 vesting in 12 months and 333,334 vesting in 18 months, all in accordance with the Company's stock option plan.