

Braxia Scientific Corp.
Condensed Interim Consolidated Financial Statements
For the six months ended September 30, 2022 and 2021
Unaudited – prepared by Management
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

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

The accompanying unaudited condensed interim financial statements of Braxia Scientific Corp. have been prepared by and are the responsibility of management.

These unaudited condensed interim financial statements for the six months ended September 30, 2022 have not been reviewed or audited by the Company's independent auditors in accordance with standards established by the Chartered Professional Accountants of Canada.

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

As At	Note	September 30, 2022 \$	March 31, 2021 \$
Assets			
Current assets			
Cash		5,175,691	8,677,614
Receivables		181,322	225,420
Inventory		79,983	-
Convertible notes receivable	4	-	585,593
Prepaid expenses	5	60,160	174,596
		5,497,156	9,663,223
Non-current assets			
Property and equipment	6	847,805	168,347
Joint venture	8	60,753	34,562
Intangible assets	7	3,592,661	1,156,000
Goodwill	3,7	3,762,635	612,363
Total assets		13,761,010	11,634,495
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable	10, 17	627,705	660,371
Accrued liabilities	10, 17	1,566,595	1,527,897
Convertible debenture payable	3,14	537,781	-
Contingent consideration	3	37,283	-
Deferred tax liability		240,089	240,089
Deferred revenue		96,716	26,450
Lease liability	6	25,195	33,478
Promissory note payable	13	49,967	49,967
		3,181,331	2,538,252
Non-current liabilities			
CEBA loans	12	54,640	52,550
Lease liability	6	84,544	81,062
Total liabilities		3,320,515	2,671,864
Shareholders' equity			
Share capital	9	99,799,028	96,933,063
Reserves	9	16,661,714	14,916,962
Deficit		(106,200,299)	(102,887,394)
Other comprehensive income		180,052	-
Total shareholders' equity		10,440,495	8,962,631
Total liabilities and shareholders' equity		13,761,010	11,634,495

Nature of operations and going concern (Note 1)

Commitments (Note 16)

Contingencies (Note 17)

Approved on behalf of the Board of Directors on November 29, 2022:"Dr. Roger S. McIntyre"

Director

"Olga M. Cwiek"

Director

The accompanying notes are an integral part of these unaudited 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		For the Six Months Ended	
	Note	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		\$	\$	\$	\$
Revenue		455,263	385,525	872,763	792,600
Cost of sales		(425,907)	(328,385)	(736,135)	(621,207)
		29,356	57,140	136,628	171,393
Expenses					
Advertising and promotion		58,966	73,495	78,731	181,918
Consulting fees	10	94,541	232,022	174,406	351,406
Depreciation	6, 7	182,435	4,736	213,930	11,115
Finance charges	6,12,14	321,977	1,074	326,919	2,252
Foreign exchange		(10)	-	872	-
Office and miscellaneous	10	184,723	86,753	304,741	194,934
Insurance		18,365	112,581	126,705	191,993
Investor relations		85,801	-	145,801	-
Professional fees	10	302,929	129,671	405,651	232,909
Research and development		3,410	10,796	20,609	82,294
Salaries	10	484,147	286,999	788,705	500,366
Share-based compensation	9,10	388,223	821,748	599,283	1,116,506
Website development		-	13,408	-	74,287
Operating expenses		(2,125,507)	(1,773,283)	(3,186,353)	(2,939,980)
Gain on settlement of debt	9	-	4,000	-	4,000
Write off of accounts receivable		-	-	-	(24,400)
Gains (Losses) from joint venture	8	8,065	2,201	23,795	(12,523)
Change in fair value of convertible note receivable	4	(255,975)	-	(286,975)	-
Loss for the period		(2,344,061)	(1,709,942)	(3,312,905)	(2,801,510)
Other comprehensive loss					
Foreign exchange translation adjustment		180,052	-	180,052	-
Loss and comprehensive loss for the period		(2,164,009)	(1,709,942)	(3,132,853)	(2,801,510)
Weighted average number of common shares – basic and diluted		225,606,048	168,405,884	212,166,127	168,757,666
Basic and diluted loss per share		(0.01)	(0.01)	(0.02)	(0.02)

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

Braxia Scientific Corp.**Condensed Interim Consolidated Statements of Changes in Equity
Unaudited – Prepared by Management****For the six months ended September 30, 2022 and 2021**

	Note	Number of shares #	Share Capital \$	Obligation to issue shares \$	Reserves \$	Deficit \$	Other comprehensive Income \$	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	9	468,302	74,810	-	(1,819)	-	-	72,991
Exercise of options	9	150,000	50,364	(33,000)	(17,364)	-	-	-
Voluntary share return	9	(9,780,000)	-	-	-	-	-	-
Shares for services	9	250,000	222,500	(222,500)	-	-	-	-
Shares to settle debt	9	200,000	58,000	-	-	-	-	58,000
Share-based compensation		-	-	-	1,116,506	-	-	1,116,506
Net loss		-	-	-	-	(2,801,510)	-	(2,801,510)
September 30, 2021		168,578,514	94,385,791	-	13,504,546	(93,554,813)	-	14,335,524
March 31, 2022		198,578,514	96,933,063	-	14,916,962	(102,887,394)	-	8,962,631
Shares issued to acquire KetaMD	3	42,144,629	2,865,965	-	-	-	-	2,865,965
Equity component of convertible debt	14	-	-	-	1,145,469	-	-	1,145,469
Share-based compensation	9	-	-	-	599,283	-	-	599,283
Net loss		-	-	-	-	(3,312,905)	180,052	(3,132,853)
September 30, 2022		240,723,143	99,799,028	-	16,661,714	(106,200,299)	180,052	10,440,495

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

Braxia Scientific Corp.**Condensed Interim Consolidated Statements of Cash Flows****Unaudited – Prepared by Management**

	September 30, 2022	September 30, 2021
For the six month period ended,	\$	\$
Operating activities		
Net loss for the period	(3,312,905)	(2,801,510)
Change in fair value of convertible note	286,975	-
Depreciation	213,930	11,115
Non-cash interest expenses	326,919	2,252
Gain on settlement of debt	-	(4,000)
Write-off of accounts receivable	-	24,400
Losses from joint venture	(23,795)	12,523
Share-based compensation	599,283	1,116,506
Net change in non-cash working capital items	(487,065)	124,139
	(2,396,658)	(1,514,575)
Financing activities		
Proceeds from the exercise of warrants	-	72,991
Lease payments made	(12,587)	(7,962)
	(12,587)	65,029
Investing activities		
Net cash advanced to joint venture	(2,396)	(19,375)
Cash acquired on acquisition of KetaMD	1,786	-
Purchase of convertible notes receivable	(108,963)	-
Advance of convertible notes receivable	(129,800)	-
Purchase of intangible assets	(195,161)	-
Purchase of equipment	(727,794)	(17,107)
	(1,162,328)	(36,482)
Foreign exchange on cash	69,650	-
Change in cash	(3,501,923)	(1,486,028)
Cash, beginning of year	8,677,614	11,101,005
Cash, end of period	5,175,691	9,614,977

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

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended September 30, 2022 and 2021

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.

These condensed interim consolidated financial statements 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 September 30, 2022, the Company had working capital deficiency of \$2,315,825, however, the Company has yet to achieve profitable operations, has accumulated losses of \$106,200,299 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 and statement of compliance

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These unaudited interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the year ended March 31, 2022.

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. The Canadian dollar is the functional currency of the Company and all of its subsidiaries except Keta MD, Inc. The functional currency of Keta MD, Inc. is the United States dollar.

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

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended September 30, 2022 and 2021

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
Keta MD, Inc. ("KetaMD")	Innovative telemedicine 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 other than for convertible debentures as described below.

Convertible debentures

The convertible debentures which meet the fixed-for-fixed criteria (fixed consideration received and fixed number of shares issued upon conversion) are separated into their liability and equity components on the consolidated statements of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability based upon non-convertible debt issued using the Company's internal borrowing rate and accounted for at amortized cost using the effective interest rate method. The fair value of the equity component is determined at the time of issue.

3. Business combination

KetaMD Inc.

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, 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");
- 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;

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended September 30, 2022 and 2021

3. Business combination (continued)

- 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;

In addition, certain existing noteholders of KetaMD were issued approximately \$2,993,520 of convertible debentures of Braxia due December 31, 2023 in exchange for the cancellation of the KetaMD notes. The convertible debentures 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 (Note 14).

The Company has engaged a third-party valuation specialist whose report was not yet finalized as of the date of these condensed interim financial statements. The purchase price and purchase price allocation is still preliminary and subject to change upon completion of the final valuation. KetaMD had inputs, as well as substantial processes in place to generate outputs. As a result, the acquisition of KetaMD constituted a business combination as KetaMD met the definition of a business under IFRS 3 - Business Combinations ("IFRS 3"). In accordance with IFRS 3, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained. The table below summarizes the preliminary fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

	August 2, 2022
	\$
Preliminary consideration paid on business combination:	
42,144,629 common shares	2,865,965
Earnout shares	37,283
Convertible debentures issued	1,366,207
Convertible debentures deemed cancelled (Note 4)	537,381
<u>Total consideration paid</u>	<u>4,806,836</u>
Preliminary allocation of net assets of KetaMD acquired:	
Cash	1,786
Prepays	24,223
Inventories	9,694
Property, plant, and equipment	3,182
Brand	302,116
Technology	1,991,394
Accounts payable and accrued liabilities	(539,260)
Loans payable	(136,571)
<u>Identifiable net assets acquired</u>	<u>1,656,564</u>
<u>Goodwill (Note 7)</u>	<u>3,150,272</u>

The business objectives of KetaMD were synergistic with the Company's business plans and objectives. Goodwill consists of an assembled workforce, cost synergies and future economic potential of KetaMD.

4. Convertible notes receivable

As part of an LOI, 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"):

- 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,
- the sale, transfer or exclusive license of all or substantially all of the assets of KetaMD or
- 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.

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the six months ended September 30, 2022 and 2021**

4. Convertible notes receivable (continued)

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:

- 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 acquired 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. On March 31, 2022, 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% a risk-free rate of 1.63%, expected volatility of 84%, an expected life of 0.75 years, a share price of \$0.2448, and an exercise price of \$1.00.

During the six months ended September 30, 2022, the Company acquired additional convertible debentures with the same terms with an initial fair value on inception of \$238,363.

On August 2, 2022, the Company acquired 100% of KetaMD as described in Note 3. The fair value of the convertible notes on August 2, 2022, was determined to be \$537,381. The fair value of the instrument was estimated using the Company's internal borrowing rate. The change in the fair value at September 30, 2022 of \$286,975 was recorded as a loss on change in fair value of convertible notes receivable.

Upon the acquisition of 100% of KetaMD, the convertible notes receivable from KetaMD were deemed to be cancelled and were included as part of the purchase consideration for KetaMD.

5. Prepaid expenses

Prepaid expenses consist of the following:

	September 30, 2022	March 31, 2022
	\$	\$
Insurance and others	45,227	130,782
Deposits	14,933	43,814
Total	60,160	174,596

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the six months ended September 30, 2022 and 2021**

6. Property and Equipment

Cost	Right-of-use assets \$	Equipment \$	Leasehold Improvements \$	Total \$
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	-	206,061	531,601	737,662
September 30, 2022	143,984	273,389	531,601	948,974
<u>Accumulated depreciation</u>				
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	(20,063)	(19,580)	(18,561)	(58,204)
September 30, 2022	(51,454)	(31,154)	(18,561)	(101,169)
<u>Net book value</u>				
March 31, 2022	112,593	55,754	-	168,347
September 30, 2022	92,530	242,235	513,040	847,805

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities as at September 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	7,786
Lease payments	(12,587)
September 30, 2022	109,739
Current portion	(25,195)
Long-term portion	(84,544)

As at September 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.

7. Intangible assets and goodwillIntangible assets:

As at September 30, 2022 and March 31, 2022, the Company had an intangible asset that consisted of the Company's fully licensed health care facility in Mississauga, Canada which is an indefinite life asset.

During the period ended September 30, 2022, as part of the acquisition of KetaMD as described in Note 3, the Company acquired KetaMD's brand along with KetaMD's telehealth technology. The KetaMD brand has a useful life of 7 years and the technology had a useful life of 3 years. As at September 30, 2022 and March 31, 2022, the Company recorded impairment of \$Nil on the Company's intangible assets.

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the six months ended September 30, 2022 and 2021**

7. Intangible assets and goodwill (continued)

	License \$	Brand \$	Technology \$	Total \$
Cost				
March 31, 2021 and March 31, 2022	1,156,000	-	-	1,156,000
Additions	-	322,115	2,243,013	2,565,128
September 30, 2022	1,156,000	322,115	2,243,013	3,721,128
Accumulated amortization				
March 31, 2021 and March 31, 2022	-	-	-	-
Additions	-	7,669	120,798	128,467
September 30, 2022	-	7,669	120,798	128,467
Net book value				
As at March 31, 2021 and March 31, 2022	-	-	-	1,156,000
September 30, 2022	1,156,000	314,446	2,122,215	3,592,661

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.

At March 31, 2022, management had identified its Mississauga operations as the lowest level within the Company at which goodwill is monitored for internal management purposes. At March 31, 2022, for the purpose of the goodwill impairment testing, goodwill arising on the acquisition of CRTCE was allocated to the Mississauga CGU. Following the acquisition of KetaMD as described in Note 3, the Company also identified its Florida operations as a separate CGU and allocated the goodwill arising from the acquisition of KetaMD to the Florida CGU.

	Total \$
Goodwill:	
March 31, 2021	5,887,737
Impairment	(5,275,374)
March 31, 2022	612,363
Additions (Note 3)	3,150,272
September 30, 2022	3,762,635

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

8. 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.

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the six months ended September 30, 2022 and 2021**

8. Joint Venture (Continued)

	\$
Opening balance, March 31, 2022	34,562
Cash advanced	2,396
Cash repaid	-
Share of income from Joint Venture	23,795
Ending balance, September 30, 2022	60,753

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.

	September 30, 2022
	\$
Cash and cash equivalents	17,375
Current financial liabilities	57,993
Interest expense	5,591
Total Net Income	45,760

9. 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 September 30, 2022:

During the period ended September 30, 2022, the Company issued 42,144,629 common shares pursuant to the acquisition of KetaMD, Inc. for a fair value of \$2,865,965. (Note 3)

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

During the period ended September 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 September 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.

During the period ended September 30, 2021, the Company returned 9,780,000 common shares to treasury with a fair value of \$Nil. 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.

On August 13, 2021, the Company issued 200,000 common shares to settle \$62,000 owed to an independent contractor. The Company recorded the common shares at their fair value of \$58,000 and recorded the difference between the fair value of the shares issued and the amount owed of \$4,000 as a gain on settlement of debt.

Escrowed shares

As at September 30, 2022 there were 3,273,000 shares and 450,000 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 September 30, 2022 and March 31, 2022, and changes during the periods then ended is as follows:

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended September 30, 2022 and 2021

9. Share capital (Continued)

Stock options (Continued)

	Period ended September 30, 2022		Year ended March 31, 2022	
	Options	Weighted average	Options	Weighted average
	#	exercise price	#	exercise price
		\$		\$
Outstanding options, beginning of year	10,500,000	0.61	8,400,000	0.62
Granted	11,220,000	0.08	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	21,053,333	0.33	10,500,000	0.61

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

Options outstanding	Options exercisable	Exercise price	Weighted average	Expiry date
#	#	\$	remaining life (years)	
3,750,000	3,750,000	0.99	2.61	May 11, 2025
6,083,333	4,083,333	0.395	3.66	May 28, 2026
11,220,000	5,110,000	0.08	4.92	August 29, 2027
21,053,333	12,943,333	0.33		

Granted during the period ended September 30, 2022:

On August 29, 2022, the Company granted stock options to officers, directors and consultant to purchase an aggregate of 11,220,000 common shares at an exercise price of \$0.075 per common share for up to five years. The options vested as follows: For 10,220,000 options 1/2 upon grant, and 1/2 6 months from the date of issuance; For 1,000,000, 1/3 vest 6 months from the date of issuance, 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 \$601,407 using the Black-Scholes option pricing model using the following assumptions: share price of \$0.08, exercise price of \$0.08, risk-free rate of 3.31%, expected volatility of 80%, and expected life of 5 years. During the period ended September 30, 2022, the Company recognized \$279,616 as share-based compensation for options vested in the period.

Granted during the period ended September 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, 6 months from the date of issuance, 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 \$2,680,684 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 91%, and expected life of 5 years. During the period ended September 30, 2022, the Company recognized \$319,667 (2021 - \$1,116,506) as share-based compensation.

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 September 30, 2022 and September 30, 2021, and changes during the years then ended is as follows:

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the six months ended September 30, 2022 and 2021**

9. Share capital (Continued)**Warrants (Continued)**

	Period ended September 30, 2022		Year ended March 31, 2022	
	Warrants	Weighted average	Warrants	Weighted average
	#	exercise price	#	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 September 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	1.61
32,100,000	32,100,000	0.125	4.28
35,100,000	35,100,000	0.11	

Reserves

Reserves includes the accumulated fair value of stock options recognized as share-based compensation, equity classified conversion features associated with convertible debt, 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 September 30, 2022 was based on the loss of \$3,312,905 and a weighted average number of common shares outstanding of 212,166,127. The calculation of basic and diluted loss per share for the period ended September 30, 2021 was based on the loss of \$2,801,510 and a weighted average number of common shares outstanding of 168,757,666. All stock options and warrants were excluded from the diluted weighted average number of shares calculation, as their effect would have been anti-dilutive.

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

	September 30, 2022	September 30, 2021
	\$	\$
Salaries	472,915	389,320
Professional fees	-	14,993
Share-based compensation	124,968	-
Rent	12,645	-
Products purchased from a pharmacy owned by the Vice President of Operations of the Company's subsidiary	99,845	115,156
	710,373	519,469

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended September 30, 2022 and 2021

10. Related party transactions and balances (continued)

For the period ended September 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.

11. 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 September 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 debentures payable is measured using Level 2 inputs (Note 14), and convertible notes receivable was 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 12).

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.

(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 September 30, 2022, the Company did not have any financial instruments subject to interest rate risk.

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)****For the six months ended September 30, 2022 and 2021**

11. 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 September 30, 2022, the Company had current assets of \$5,497,156 to cover short term obligations of \$3,181,331.

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.

12. 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	2,090
Balance, September 30, 2022	54,640
Less current portion	-
Non-current portion of loan payable	54,640

13. 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 September 30, 2022, the promissory note is still outstanding.

14. Convertible debentures payable

As part of the acquisition of KetaMD as described in Note 3 and 4, certain existing noteholders of KetaMD were issued \$2,993,520 of convertible debentures of Braxia (the "Debentures") due December 31, 2023 (the "Maturity Date") in exchange for the cancellation of the KetaMD notes. The Debentures 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.

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.

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended September 30, 2022 and 2021

14. Convertible debentures payable (continued)

The convertible debentures are a compound financial instrument. Management estimated the fair value of the debt using a discount rate of 30% applicable to the Company's business, and the fair value of the conversion feature using the fair value of the Company's common stock and the probability of the Debentures being converted. For the period ended September 30, 2022, the Company recognized \$317,043 of interest and accretion expense in relation to the Debentures.

	Convertible Debenture \$	Equity Component of Convertible Debenture \$	Total \$
Balance March 31, 2022	-	-	-
Additions	220,738	1,145,469	1,366,207
Accretion expense	317,043	-	317,043
September 30, 2022	537,781	1,145,469	1,683,250

15. Segmented information

Operating segment information:

As at September 30, 2022 and March 31, 2022, the Company operates in one reportable segment, the Health segment, and in two geographic regions, being Canada and the USA.

	Canada \$	U.S. \$	Total \$
Three months ended September 30, 2022			
Revenue	438,604	16,659	455,263
Net income (loss)	(2,024,840)	(309,221)	(2,334,061)
Three months ended September 30, 2021			
Revenue	385,525	-	385,525
Net loss	(1,709,942)	-	(1,709,942)
Six months ended September 30, 2022			
Revenue	856,104	16,659	872,763
Net income (loss)	(3,003,684)	(309,221)	(3,312,905)
Six months ended September 30, 2021			
Revenue	792,600	-	792,600
Net loss	(2,801,510)	-	(2,801,510)
As at September 30, 2022			
Total non-current assets	2,673,703	5,590,151	8,263,854
As at March 31, 2022			
Total non-current assets	1,971,272	-	1,971,272

16. 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.

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the six months ended September 30, 2022 and 2021

17. 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 September 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. In September 2022, the British Columbia Supreme Court approved a settlement. The settlement contemplates a cash payment of CDN \$1.9 million, of which the Company will be paying CDN \$1.6 million. The court approval of an agreement in principle (the "US Settlement") to settle claims alleged in a securities class action (the "US Class Action") 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, remains pending. The US Settlement contemplates a cash payment by the Company of USD \$1 million to settle the US Class Action.

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.

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.

Once the US Settlement receives court approval, which is expected later in 2022 or early in 2023, both class actions will have been dismissed against all defendants, including the Company and its officers.

18. Subsequent events

Subsequent to September 30, 2022, the Company paid USD\$1,000,000 to settle the US Class Action.