

Braxia Scientific Corp.
Condensed Interim Consolidated Financial Statements
For the three and nine months ended December 31, 2022 and 2021
Unaudited
(Expressed in Canadian Dollars)

Braxia Scientific Corp.**Condensed Interim Consolidated Statements of Financial Position****Unaudited – Prepared by Management**

As At	Note	December 31, 2022 \$	March 31, 2021 \$
Assets			
Current assets			
Cash		1,492,593	8,677,614
Receivables		216,560	225,420
Inventory		9,381	-
Convertible notes receivable	4	-	585,593
Prepaid expenses	5	317,043	174,596
		2,035,577	9,663,223
Non-current assets			
Property and equipment	6	831,320	168,347
Joint venture	8	66,829	34,562
Intangible assets	7	3,169,018	1,156,000
Goodwill	3,7	3,291,293	612,363
Total assets		9,394,037	11,634,495
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable	10	643,704	660,371
Accrued liabilities	10	241,548	1,527,897
Contingent consideration	3	29,569	-
Deferred tax liability		240,089	240,089
Deferred revenue		87,150	26,450
Lease liability	6	27,730	33,478
Promissory note payable	13	49,967	49,967
		1,319,757	2,538,252
Non-current liabilities			
CEBA loans	12	55,722	52,550
Lease liability	6	79,499	81,062
Total liabilities		1,454,978	2,671,864
Shareholders' equity			
Share capital	9	99,162,745	96,933,063
Reserves	9	17,020,515	14,916,962
Deficit		(108,371,116)	(102,887,394)
Other comprehensive income		126,915	-
Total shareholders' equity		7,939,059	8,962,631
Total liabilities and shareholders' equity		9,394,037	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 March 1, 2023:*"Dr. Roger S. McIntyre"***Director***"Olga M. Cwiek"***Director**

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

		For the Three Months Ended		For the Nine Months Ended	
		December 31,	December 31,	December 31,	December 31,
		2022	2021	2022	2021
	Note	\$	\$	\$	\$
Revenue		488,973	324,902	1,361,736	1,117,502
Cost of sales		(479,212)	(303,033)	(1,215,347)	(924,240)
		9,761	21,869	146,389	193,262
Expenses					
Advertising and promotion		35,096	148,673	113,827	330,591
Consulting fees	10	168,559	351,431	342,965	702,837
Depreciation	6, 7	189,925	5,646	403,855	16,761
Finance charges	6,12	(312,176)	1,000	14,743	3,252
Foreign exchange		(566)	-	306	-
Office and miscellaneous	10	493,967	84,771	798,708	279,705
Insurance		210,696	115,725	337,401	307,718
Investor relations		35,450	-	181,251	-
Professional fees	10	454,880	593,854	860,531	826,763
Research and development		77,066	2,699	97,675	84,993
Salaries	10	614,806	289,463	1,403,511	789,829
Share-based compensation	9,10	149,248	939,240	748,531	2,055,746
Website development		-	-	-	74,287
Operating expenses		(2,116,951)	(2,532,502)	(5,303,304)	(5,472,482)
Gain on settlement of debt		-	-	-	4,000
Write off of accounts receivable		-	-	-	(24,400)
Provision for litigation	17	(64,560)	--	(64,560)	-
Gains (Losses) from joint venture	8	6,076	(11,726)	29,871	(24,249)
Change in fair value of convertible note receivable	4	(5,143)	-	(292,118)	-
Loss for the period		(2,170,817)	(2,522,359)	(5,483,722)	(5,323,869)
Other comprehensive loss					
Foreign exchange translation adjustment		(53,137)	-	126,915	-
Loss and comprehensive loss for the period		(2,223,954)	(2,522,359)	(5,356,807)	(5,323,869)
Weighted average number of common shares – basic and diluted		240,723,143	168,578,514	221,719,747	168,697,732
Basic and diluted loss per share		(0.01)	(0.01)	(0.02)	(0.03)

Braxia Scientific Corp.**Condensed Interim Consolidated Statements of Changes in Equity****Unaudited – Prepared by Management****For the nine months ended December 31, 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		-	-	-	2,055,746	-	-	2,055,746
Net loss		-	-	-	-	(5,323,869)	-	(5,323,869)
December 31, 2021		168,578,514	94,385,791	-	14,443,786	(96,077,172)	-	12,752,405
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	2,229,682	-	-	-	-	2,229,682
Equity component of convertible debt	14	-	-	-	1,355,022	-	-	1,355,022
Share-based compensation	9	-	-	-	748,531	-	-	748,531
Net loss		-	-	-	-	(5,483,722)	126,915	(5,356,807)
December 31, 2022		240,723,143	99,162,745	-	17,020,515	(108,371,116)	126,915	7,939,059

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

	December 31, 2022 \$	December 31, 2021 \$
For the nine month period ended,		
Operating activities		
Net loss for the period	(5,483,722)	(5,323,869)
Change in fair value of convertible note	292,118	-
Depreciation	403,855	16,761
Finance charges	14,712	3,252
Gain on settlement of debt	-	(4,000)
Write-off of accounts receivable	-	24,400
Losses from joint venture	(29,871)	24,249
Share-based compensation	748,531	2,055,746
Net change in non-cash working capital items	(2,027,198)	(30,274)
	(6,081,575)	(3,233,735)
Financing activities		
Proceeds from the exercise of warrants	-	72,991
Lease payments made	(18,851)	(9,290)
	(18,851)	63,701
Investing activities		
Net cash advanced to joint venture	(2,396)	(24,249)
Cash acquired on acquisition of KetaMD	1,786	-
Purchase of convertible notes receivable	(108,963)	(249,738)
Advance of convertible notes receivable	(129,800)	-
Purchase of intangible assets	(95,185)	-
Purchase of equipment	(775,450)	(19,701)
	(1,110,008)	(293,688)
Foreign exchange on cash	25,413	-
Change in cash	(7,185,021)	(3,463,722)
Cash, beginning of year	8,677,614	11,101,005
Cash, end of period	1,492,593	7,637,283
Supplemental Non-Cash Information:		
Issuance of shares for the acquisition of KetaMD	2,229,682	-
Equity component of convertible debt	1,355,022	-

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 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 December 31, 2022, the Company had working capital of \$715,820, however, the Company has yet to achieve profitable operations, has accumulated losses of \$108,371,116 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 condensed interim consolidated 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. 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 March 1, 2023.

Braxia Scientific Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 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 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 condensed interim 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****For the three and nine months ended December 31, 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 convertible debentures of Braxia, due December 31, 2023, with a face value of \$2,993,520 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, of December 31, 2023 (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 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:	
Fair value of 42,144,629 common shares	2,229,682
Fair value of Earnout shares	29,569
Fair value of Convertible debentures issued	1,355,022
Fair value of Convertible debentures deemed cancelled (Note 4)	532,238
Total consideration paid	4,146,511
Preliminary allocation of net assets of KetaMD acquired:	
Cash	1,786
Prepays	24,223
Inventories	9,694
Property, plant, and equipment	3,182
Brand	272,547
Technology	1,831,980
Accounts payable and accrued liabilities	(539,260)
Loans payable	(136,571)
Identifiable net assets acquired	1,467,581
Goodwill (Note 7)	2,678,930

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. The results of KetaMD since acquisition are disclosed in Note 15 in the U.S. segment which only consists 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

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended December 31, 2022 and 2021**

4. Convertible notes receivable (continued)

- 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:

- 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 nine months ended December 31, 2022, the Company acquired additional convertible debentures with the same terms with an initial fair value on inception of \$238,763.

On August 2, 2022, the Company acquired 100% of KetaMD as described in Note 3. The aggregate fair value of the convertible notes on August 2, 2022, was determined to be \$532,238. The fair value of the convertible notes receivable was determined based on the fair value of the Braxia notes issued as part of the consideration to third parties on a pro rata basis. The change in the fair value at December 31, 2022 of \$291,118 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 (note 3).

5. Prepaid expenses

Prepaid expenses consist of the following:

	December 31, 2022	March 31, 2022
	\$	\$
Insurance and others	302,110	130,782
Deposits	14,933	43,814
Total	317,043	174,596

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended December 31, 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	-	220,119	558,511	778,630
December 31, 2022	143,984	287,447	558,511	989,942
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	(30,092)	(34,128)	(51,437)	(115,657)
December 31, 2022	(61,483)	(45,702)	(51,437)	(158,622)
Net book value				
March 31, 2022	112,593	55,754	-	168,347
December 31, 2022	82,501	241,745	507,074	831,320

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities as at December 31, 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	11,570
Lease payments	(18,881)
December 31, 2022	107,229
Current portion	(27,730)
Long-term portion	(79,499)

As at December 31, 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 December 31, 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 December 31, 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 December 31, 2022 and March 31, 2022, the Company recorded an impairment of \$Nil on the Company's intangible assets.

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended December 31, 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 related to KetaMD	-	272,547	1,831,980	2,104,527
Other additions	-	-	95,185	95,185
December 31, 2022	1,156,000	272,547	1,927,165	3,355,712
Accumulated amortization				
March 31, 2021 and March 31, 2022	-	-	-	-
Additions	-	16,893	271,305	288,198
Foreign exchange	-	(14,388)	(87,116)	(101,504)
December 31, 2022	-	2,505	184,189	186,694
Net book value				
As at March 31, 2021 and March 31, 2022	-	-	-	1,156,000
December 31, 2022	1,156,000	270,042	1,742,976	3,169,018

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)	2,678,930
December 31, 2022	3,291,293

For the purposes of testing impairment, the recoverable amount of each CGU comprising goodwill was based on value in use. As at December 31, 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****For the three and nine months ended December 31, 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	29,871
Ending balance, December 31, 2022	66,829

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.

	December 31, 2022
	\$
Cash and cash equivalents	81,096
Current financial liabilities	94,385
Interest expense	9,013
Total Net Income	57,444

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 December 31, 2022:

During the period ended December 31, 2022, the Company issued 42,144,629 common shares pursuant to the acquisition of KetaMD, Inc. for a fair value of \$2,229,682. (Note 3)

Transactions for the issue of shares during the period ended December 31, 2021:

During the period ended December 31, 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 December 31, 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 December 31, 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 December 31, 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 December 31, 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****For the three and nine months ended December 31, 2022 and 2021**

9. Share capital (Continued)**Stock options (Continued)**

	Period ended December 31, 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	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 December 31, 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	2.36	May 11, 2025
6,083,333	6,083,333	0.395	3.41	May 28, 2026
11,220,000	5,110,000	0.08	4.66	August 29, 2027
21,053,333	14,943,333	0.33		

Granted during the period ended December 31, 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 vest upon grant, and 1/2 vest 6 months from the date of issuance; For 1,000,000, 1/3 vest 6 months from the date of issuance, 1/3 vest 12 months from the date of issuance and 1/3 vest 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 December 31, 2022, the Company recognized \$515,013 as share-based compensation for options vested in the period.

Granted during the period ended December 31, 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 December 31, 2022, the Company recognized \$233,518 (2021 - \$2,055,746) as share-based compensation.

On December 10, 2021, 3,000,000 options, which were issued on May 18, 2020, were cancelled and in accordance with IFRS 2, the cancellation was accounted for as an acceleration of the vesting terms and accordingly the remaining unvested stock based compensation of \$277,751 was recognized as an expense at the cancellation date.

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 December 31, 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****For the three and nine months ended December 31, 2022 and 2021**

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

	Period ended December 31, 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 December 31, 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	1.36
32,100,000	32,100,000	0.125	4.03
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 three month period ended December 31, 2022 was based on the loss of \$2,170,817 (2021 – \$2,522,359) and a weighted average number of common shares outstanding of 240,723,143 (2021 – 168,578,514). The calculation of basic and diluted loss per share for the nine month period ended December 31, 2022 was based on the loss of \$5,413,722 (2021 - \$5,323,869) and a weighted average number of common shares outstanding of 221,719,747 (2021 – 168,697,732). 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 December 31, 2022 and 2021 is as follows:

	December 31, 2022 \$	December 31, 2021 \$
Salaries	797,914	751,320
Professional fees	-	17,048
Share-based compensation	607,228	-
Rent	16,860	-
Products purchased from a pharmacy owned by the Vice President of Operations of the Company's subsidiary	148,551	161,956
	1,570,553	930,324

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended December 31, 2022 and 2021**

10. Related party transactions and balances (continued)

For the period ended December 31, 2022, \$Nil (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 managementCapital 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 December 31, 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 was measured using Level 3 inputs (Note 4). 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 December 31, 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****For the three and nine months ended December 31, 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 December 31, 2022, the Company had current assets of \$2,035,577 to cover short term obligations of \$1,319,757.

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	3,172
Balance, December 31, 2022	55,722
Less current portion	-
Non-current portion of loan payable	55,722

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 December 31, 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 convertible debentures of Braxia (the "Debentures") due December 31, 2023 (the "Maturity Date"), with a face value of \$2,993,520 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****For the three and nine months ended December 31, 2022 and 2021**

14. Convertible debentures payable (continued)

The convertible debentures are considered to be an equity instrument as the holders have no option to demand cash. Management estimated the fair value of the prepayment feature 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.

The Company determined that it is only obligated to repay the instrument in cash if it chooses to complete a capital raising milestone or if it chooses to do so by exercising its prepayment option. All other settlement options result in the issuance of common shares. The settlement of the debt in shares is always for a fixed number of shares at a fixed price and therefore, the 'fixed for fixed' criteria in IAS 32 is met and the fair value of the convertible note and prepayment feature was classified with in equity.

	Equity Classified Mandatory Prepayment Feature \$	Equity Classified Conversion Feature \$	Total \$
Balance March 31, 2022	-	-	-
Additions	110,369	1,244,653	1,355,022
December 31, 2022	110,369	1,244,653	1,355,022

15. Segmented informationOperating segment information:

As at December 31, 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 December 31, 2022			
Revenue	458,875	30,098	488,973
Net income (loss)	(1,463,028)	(707,789)	(2,170,817)
Three months ended December 31, 2021			
Revenue	324,802	-	324,802
Net loss	(2,522,359)	-	(2,522,359)
Nine months ended December 31, 2022			
Revenue	1,314,979	46,757	1,361,736
Net income (loss)	(4,466,712)	(1,017,010)	(5,483,722)
Nine months ended December 31, 2021			
Revenue	1,117,502	-	1,117,502
Net loss	(5,323,869)	-	(5,323,869)
As at December 31, 2022			
Total non-current assets	2,663,591	4,694,869	7,358,460
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****For the three and nine months ended December 31, 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 December 31, 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 paid CDN \$1,577,000 during the period ended December 31, 2022. 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. During the period ended December 31, 2022, the Company paid USD\$1,000,000 to settle the US Class Action and recognized a loss of \$64,560 equal to the difference between the provision for settlement accrued and the actual amount paid to settle the claims.

Upon the receipt of US Settlement court approval, in February 2023, both class actions have been dismissed against all defendants, including the Company and its officers. (Note 18)

18. Subsequent events

Subsequent to December 31, 2022, the Company entered into an LOI where Irwin Naturals Inc. ("Purchaser") proposes to acquire all of the issued and outstanding common shares (the "Purchased Shares") of the Company, on a non-diluted basis (the "Transaction"). As consideration for the Purchased Shares at closing of the Transaction ("Closing"), Purchaser is prepared to offer a purchase price of \$0.1579 per Purchased Share (the "Consideration"), as adjusted below and payable on Closing of the Transaction through the issue of Purchaser's Subordinate Voting Shares and/or Proportionate Voting Shares (the "Consideration Shares"). The number of Consideration Shares shall be determined based on a valuation for the Company of USD\$30,000,000 and a deemed value per Purchaser Subordinate Voting Share equal to the greater of USD\$3.00 and the volume weighted average trading price of Purchaser's Subordinate Voting Shares on the Canadian Securities Exchange ("CSE") for the twenty trading days immediately prior to the execution of the Arrangement Agreement.

Braxia Scientific Corp.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and nine months ended December 31, 2022 and 2021**

18. Subsequent events (continued)

On February 7, 2023, the Company announced an offering of up to 27,272,727 units of the Company (the "Units") at a price of \$0.055 per Unit for aggregate gross proceeds of up to \$1,500,000.00 pursuant to the listed issuer financing exemption and a concurrent private placement of up to 7,272,727 Units (the "Placement Units") for aggregate gross proceeds of up to \$400,000 (the "Concurrent Placement"). Each Unit will be comprised of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of \$0.07 per Common Share for a period of three years following the issuance of each Warrant. On February 27, 2023, the Company closed its previously announced offering and issued 13,658,524 Units of the Company at a price of \$0.055 per Unit for aggregate gross proceeds of \$751,220 pursuant to the listed issuer financing exemption and concurrent private placement of 9,327,272 Placement Units for aggregate gross proceeds of \$513,000.

On February 28, 2023, the Company received final court approval 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. The Company paid US\$1 million to settle the US Class Action. The Company had earlier announced the settlement of the class action lawsuit filed in May 2021 in the Supreme Court of British Columbia against the Company, its chief executive officer, certain of its former officers, a shareholder, and underwriters. The total cost to the Company to settle both class actions is approximately \$1.36 million, net of insurance payments and excluding legal fees estimated at \$1.16 million.