

**Braxia Scientific Corp.**  
**Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended December 31, 2023 and 2022**  
**Unaudited**  
**(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 three and nine months ended December 31, 2023 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 Financial Position****Unaudited – Prepared by Management**

As At	Note	December 31, 2023 \$	March 31, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		128,344	1,462,311
Receivables		91,025	408,931
Inventory		-	8,677
Prepaid expenses	5	177,705	275,720
		397,074	2,155,639
<b>Non-current assets</b>			
Property and equipment	6	1,065,111	819,562
Joint venture	8	8,207	40,857
Intangible assets	3,7	868,056	868,056
<b>Total assets</b>		<b>2,338,448</b>	<b>3,884,114</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable	10	1,393,156	1,091,405
Accrued liabilities	10	493,163	755,944
Contingent consideration	3	29,569	29,569
Deferred tax liability		94,206	94,207
Deferred revenue		57,563	101,097
Lease liability	6	85,631	25,892
Promissory note payable	14	49,967	49,967
		2,203,255	2,148,081
<b>Non-current liabilities</b>			
CEBA loans	12	58,144	55,308
Lease liability	6	442,893	75,996
<b>Total liabilities</b>		<b>2,704,292</b>	<b>2,279,385</b>
<b>Shareholders' equity</b>			
Share capital	9	100,426,964	100,426,964
Reserves	9	17,148,611	17,131,097
Deficit	9	(118,011,233)	(116,029,098)
Other comprehensive income		69,814	75,766
<b>Total shareholders' equity (deficit)</b>		<b>(365,844)</b>	<b>1,604,729</b>
<b>Total liabilities and shareholders' equity (deficit)</b>		<b>2,338,448</b>	<b>3,884,114</b>

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on February 29, 2024:

<u>"Dr. Roger S. McIntyre"</u>	Director	<u>"Peter Rizakos"</u>	Director
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The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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

		For the Three Months Ended		For the Nine Months Ended	
		December 31,	December 31,	December 31,	December 31,
		2023	2022	2023	2022
	Note	\$	\$	\$	\$
<b>Revenue</b>		492,445	488,973	1,686,731	1,361,736
Cost of sales		(410,461)	(479,212)	(1,387,977)	(1,215,347)
		81,984	9,761	298,754	146,389
<b>Expenses</b>					
Advertising and promotion		14,988	35,096	52,775	113,827
Consulting fees	10	97,703	168,559	226,416	342,965
Depreciation	6, 7	73,832	189,925	203,423	403,855
Finance charges	6,12	25,672	(312,176)	55,757	14,743
Foreign exchange		12,301	(566)	826	306
Office and miscellaneous	10	225,798	493,967	498,635	798,708
Insurance		47,167	210,696	192,332	337,401
Investor relations		-	35,450	178,450	181,251
Professional fees	10	146,792	454,880	294,269	860,531
Research and development		-	77,066	9,842	97,675
Salaries	10	329,673	614,806	531,488	1,403,511
Share-based compensation	9	3,206	149,248	17,514	748,531
<b>Operating expenses</b>		(977,132)	(2,116,951)	(2,261,727)	(5,303,304)
Provision for litigation		-	(64,560)	-	(64,560)
Gains (Losses) from joint venture	8	(11,901)	6,076	(19,162)	29,871
Change in fair value of convertible note receivable	4	-	(5,143)	-	(292,118)
<b>Loss for the period</b>		<b>(907,049)</b>	<b>(2,170,817)</b>	<b>(1,982,135)</b>	<b>(5,483,722)</b>
<b>Other comprehensive loss</b>					
Foreign exchange translation adjustment		2,840	(53,137)	(5,952)	126,915
<b>Loss and comprehensive loss for the period</b>		<b>(904,209)</b>	<b>(2,223,954)</b>	<b>(1,988,087)</b>	<b>(5,356,807)</b>
Weighted average number of common shares – basic and diluted		263,708,939	240,723,143	263,708,939	221,719,747
Basic and diluted loss per share		(0.00)	(0.01)	(0.01)	(0.02)

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

**Braxia Scientific Corp.****Condensed Interim Consolidated Statements of Changes in Equity (Deficit)****Unaudited – Prepared by Management****For the nine months ended December 31, 2023 and 2022**

	Note	Number of shares #	Share Capital \$	Reserves \$	Deficit \$	Other comprehensive income \$	Total shareholders' equity \$
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	9	-	-	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
March 31, 2023		263,708,939	100,426,964	17,131,097	(116,029,098)	75,766	1,604,729
Share-based compensation	9	-	-	17,514	-	-	17,514
Net loss		-	-	-	(1,982,135)	(5,952)	(1,988,087)
December 31, 2023		263,708,939	100,426,964	17,148,611	(118,011,233)	69,814	(365,844)

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

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

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	December 31, 2023 \$	December 31, 2022 \$
For the nine month period ended,		
<b>Operating activities</b>		
Net loss for the period	(1,982,135)	(5,483,722)
Change in fair value of convertible note	-	292,118
Depreciation	203,423	403,855
Non-cash interest expenses	55,757	14,712
Losses (gains) from joint venture	19,162	(29,871)
Share-based compensation	17,514	748,531
Net change in non-cash working capital items	420,033	(2,027,198)
	(1,266,246)	(6,081,575)
<b>Financing activities</b>		
Lease payments made	(64,570)	(18,851)
	(64,570)	(18,851)
<b>Investing activities</b>		
Net cash advanced to joint venture	(13,512)	(2,396)
Dividends received from joint venture	27,000	-
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	-	(95,185)
Purchase of equipment	(10,692)	(775,450)
	2,796	(1,110,008)
Foreign exchange on cash	(5,947)	25,413
Change in cash	(1,333,967)	(7,185,021)
Cash, beginning of year	1,462,311	8,677,614
Cash, end of period	128,344	1,492,593
<b>Supplemental Non-Cash Information:</b>		
Issuance of shares for the acquisition of KetaMD	-	2,229,682
Equity component of convertible debt	-	1,355,022

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

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# **Braxia Scientific Corp.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

**For the nine months ended December 31, 2023 and 2022**

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### **1. Nature of operations and going concern**

Braxia Scientific Corp. (the "Company" or "Braxia") 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.

#### **Going Concern**

As a company in the start-up 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, 2023, the Company had working capital of deficit \$1,806,181 (March 31, 2023 – surplus of \$7,558). The Company has yet to achieve profitable operations, has accumulated cash and non-cash losses of \$118,011,233 since inception and expects to incur further losses in the development of its business.

Existing funds on hand, when combined with operational cash flow would not be sufficient to fund the Company's operations. In addition to seeking alternate sources of financing, which could include the issuance of new public or private equity or debt instruments, or entering into strategic partnerships, the Company has been reviewing all operational costs and has made, and will continue to make, significant costs reductions to the extent possible. Readers are cautioned that there is no assurance that these efforts will result in any guaranteed improvements to cash flow, strategic or financial transactions.

These unaudited condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these unaudited condensed interim consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in these unaudited condensed interim consolidated financial statements. Such adjustments could be material.

#### **Basis of presentation**

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, 2023.

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 February 29, 2024.

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## Braxia Scientific Corp.

### Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended December 31, 2023 and 2022

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#### 2. Significant accounting policies

##### Basis of consolidation

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

Braxia Scientific Corp. ("Braxia")	Legal parent company
Altmed Capital Corp. ("Altmed")	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. Altmed, TLS, AGL and NOVO do not carry on any active business.

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in the preparation of these 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, 2023.

#### 3. Business combination

##### KetaMD Inc.

On August 2, 2022, the Company completed the acquisition of all of the issued and outstanding shares of KetaMD, Inc. ("KetaMD") pursuant to a stock purchase agreement (the "Transaction"). KetaMD was a U.S. based, privately held, 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 shares of KetaMD on the following terms:

- Holders of KetaMD common shares ("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;
- 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;



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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended December 31, 2023 and 2022**

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**3. Business combination (continued)**

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.

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 13).

The Company engaged a third-party valuation specialist to assist in the determination of the purchase price and purchase price allocation. 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 was measured at fair value on the date of acquisition, which is the date control was obtained. The table below summarizes the fair value of the assets acquired and the liabilities assumed at the effective acquisition date of August 2, 2022:

	August 2, 2022
	\$
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 (Note 13)	1,355,022
Fair value of Convertible debentures deemed cancelled Braxia Notes (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
Technology	1,678,994
Accounts payable and accrued liabilities	(539,260)
Loans payable	(136,571)
Identifiable net assets acquired	1,042,048
Goodwill	3,104,463

The results of operations of KetaMD are included in the consolidated financial statements of the Company from August 2, 2022, that date being the date on which the Company's control of KetaMD commenced.

**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"):

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

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended December 31, 2023 and 2022**

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**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.

Prior to the acquisition of KetaMD as described in Note 3, 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. 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 for the six months ended December 31, 2022 of \$292,118 was recorded as a loss on change in fair value of convertible notes receivable.

Upon the acquisition of 100% of KetaMD, the Braxia 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, 2023	March 31, 2023
	\$	\$
Insurance and others	55,627	143,415
Marketing services	-	48,308
Office	-	1,427
Consulting	24,714	34,897
Legal	-	6,741
Deposits	97,364	40,932
Total	177,705	275,720

**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended December 31, 2023 and 2022****6. Property and Equipment**

Cost	Right-of-use assets \$	Leasehold Improvements \$	Equipment \$	Total \$
March 31, 2022	143,984	-	67,328	211,312
Additions	-	598,117	229,130	827,247
March 31, 2023	143,984	598,117	296,458	1,038,559
Foreign exchange	-	-	(5)	(5)
Additions	438,285	10,692	-	448,977
December 31, 2023	582,269	608,809	296,453	1,487,531
Accumulated depreciation				
March 31, 2022	(31,391)	-	(11,574)	(42,965)
Depreciation	(40,125)	(87,942)	(47,965)	(176,032)
March 31, 2023	(71,516)	(87,942)	(59,539)	(218,997)
Depreciation	(62,373)	(96,835)	(44,215)	(203,423)
December 31, 2023	(133,889)	(184,777)	(103,754)	(422,420)
Net book value				
March 31, 2023	72,468	510,175	236,919	819,562
December 31, 2023	448,380	424,032	192,699	1,065,111

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities as at December 31, 2023 and March 31, 2023 and for the periods then ended is as follows:

	Total \$
March 31, 2022	114,540
Additions	-
Accretion	15,152
Lease payments	(27,804)
March 31, 2023	101,888
Additions	438,287
Accretion	52,919
Lease payments	(64,570)
December 31, 2023	528,524
Current portion	(85,631)
Long-term portion	(442,893)

As at December 31, 2023, there were no extension lease 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. On January 24, 2024, the Company received notice from one of its landlords that the Company had defaulted on the terms of its lease due to non-payment and the landlord intended to terminate the lease.

**7. Intangible assets and goodwill**Intangible assets:

As at December 31, 2023 and March 31, 2023, the Company had an intangible asset that consisted of a license for the Company's fully licensed health care facility in Mississauga, Canada which is an indefinite life asset. At December 31, 2023, the Company determined that the license's carrying amount exceeded its recoverable amount, as a result the Company recorded an impairment equal to the excess of the carrying amount over the recoverable amount of \$287,944.

During the year ended March 31, 2023, as part of the acquisition of KetaMD as described in Note 3, the Company acquired KetaMD's telehealth technology. The KetaMD technology has a useful life of 3 years. At December 31, 2023 and March 31, 2023, the Company determined that KetaMD's technology carrying amount exceeded its recoverable amount, as a result the Company recorded an impairment equal to the excess of the carrying amount over the recoverable amount of \$1,463,414.

**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended December 31, 2023 and 2022****7. Intangible assets and goodwill (continued)**

	License \$	Technology \$	Total \$
Cost			
March 31, 2022	1,156,000	-	<b>1,156,000</b>
Additions related to KetaMD	-	1,678,994	<b>1,678,994</b>
Other additions	-	75,341	<b>75,341</b>
March 31, 2023 and December 31, 2023	1,156,000	1,754,335	<b>2,910,335</b>
Accumulated amortization			
March 31, 2022	-	-	-
Additions	-	389,852	<b>389,852</b>
Impairment	287,944	1,463,414	<b>1,751,358</b>
Foreign exchange	-	(98,931)	<b>(98,931)</b>
March 31, 2023 and December 31, 2023	287,944	1,754,335	<b>2,042,279</b>
Net book value			
March 31, 2023	868,056	-	<b>868,056</b>
December 31, 2023	868,056	-	<b>868,056</b>

**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 financial statements.

	\$
Ending balance, March 31, 2022	34,562
Cash repaid	(11,116)
Share of income in Joint Venture	17,411
Ending balance, March 31, 2023	40,857
Cash advanced	13,512
Dividends received	(27,000)
Share of income in Joint Venture	(19,162)
Ending balance, December 31, 2023	8,207

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, 2023 \$	March 31, 2023 \$
Cash and cash equivalents	5,651	23,666
Current financial liabilities	73,993	41,440
Interest expense	5,520	10,892
Total Net Income (Loss)	(36,851)	33,482

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements**  
**For the nine months ended December 31, 2023 and 2022**

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**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, 2023:**

During the period ended December 31, 2023, the Company had no equity transactions.

**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)

**Escrowed shares**

As at December 31, 2023 there were no shares or 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, 2023 and March 31, 2023, and changes during the years then ended is as follows:

	Period ended December 31, 2023		Year ended March 31, 2023	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Outstanding options, beginning of period	14,970,000	0.31	10,500,000	0.61
Granted	-	-	11,220,000	0.08
Forfeited / Cancelled	-	-	(6,750,000)	0.40
Options outstanding, end of period	14,970,000	0.31	14,970,000	0.31

As at December 31, 2023, 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	1.36	May 11, 2025
11,220,000	10,886,667	0.08	3.66	August 29, 2027
14,970,000	14,636,667	0.31		

**Granted during the period ended December 31, 2023:**

There were no stock option grants for the period ended December 31, 2023. The Company recognized \$17,514 (2022 - \$748,531) relating to options granted in previous years.

**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 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 December 31, 2023, the Company recognized \$17,514 (2022 - \$515,013) as share-based compensation for options vested in the period.

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended December 31, 2023 and 2022**

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**9. Share Capital (continued)****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, 2023 and March 31, 2023, and changes during the years then ended is as follows:

	Period Ended December 31, 2023		Year ended March 31, 2023	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
	#	\$	#	\$
Outstanding warrants, beginning of period	58,085,796	0.10	35,100,000	0.11
Issued	-	-	22,985,796	0.07
Warrants outstanding, end of period	58,085,796	0.10	58,085,796	0.10

As at December 31, 2023 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	0.36
32,100,000	32,100,000	0.13	3.03
22,985,796	22,985,796	0.07	2.16
58,085,796	58,085,796	0.10	

**Reserves**

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

**Loss per share**

The calculation of basic and diluted loss per share for the period ended December 31, 2023 was based on the loss of \$1,982,135 and a weighted average number of common shares outstanding of 263,708,939. The calculation of basic and diluted loss per share for the period ended December 31, 2022 was based on the loss of \$5,483,722 and a weighted average number of common shares outstanding of 221,719,747. 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, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Salaries	485,722	797,914
Share-based compensation	17,514	607,228
Rent	16,860	16,860
Products purchased from a pharmacy owned by the Vice President of Operations of the Company's subsidiary	19,848	148,551
	539,944	1,570,553

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended December 31, 2023 and 2022**

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**10. Related party transactions and balances (continued)**

At December 31, 2023, \$224,092 (March 31, 2023 - \$321,396) 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 December 31, 2023.

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 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 loan payable approximates to its face value (Note 12).

At December 31, 2023 and March 31, 2023, the Company did not have financial instruments measured using Level 3 inputs.

**Financial instruments - risk**

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

**(a) Credit risk**

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

The Company has minimal credit risk exposure in respect of receivables, as they primarily consist of refundable credits are due from Canadian Government. The Company is also exposed to credit risk related to the Company's convertible notes receivable. The credit risk related to the convertible notes receivable is considered low as the Company acquired the shares of the borrower and the notes were cancelled (Note 3).

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements**  
**For the nine months ended December 31, 2023 and 2022**

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**11. Financial risk management (continued)****(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, 2023, the Company did not have any financial instruments subject to interest rate risk.

**(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, 2023, the Company had current assets of \$397,074 to cover short term obligations of \$2,203,255.

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 period ended June 30, 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, 2023, \$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, 2022	52,550
Accretion	2,758
Balance, March 31, 2023	55,308
Accretion	2,836
Balance, December 31, 2023	58,144
Less current portion	-
Non-current portion of loan payable	58,144

**13. 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.



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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended December 31, 2023 and 2022**

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**13. 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 which is at the Company's 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.

The convertible debentures matured on December 31, 2023, and on January 15, 2024, \$2,935,714 of the convertible debentures, were mandatorily converted into 19,571,411 common shares at a conversion price of \$0.15 per common share.

	Equity Classified Mandatory Prepayment Feature \$	Equity Classified Conversion Feature \$	Total \$
Balance March 31, 2022	-	-	-
Additions	110,369	1,244,653	<b>1,355,022</b>
March 31, 2023 and December 31, 2023	110,369	1,244,653	<b>1,355,022</b>

**14. Promissory notes 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.

**15. Segment information**Operating segment information:

At December 31, 2023, 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, 2023			
Revenue	483,869	8,576	492,445
Net income (loss)	(889,407)	(17,642)	(907,049)
Three months ended December 31, 2022			
Revenue	458,875	30,098	488,973
Net income (loss)	(1,463,028)	(707,789)	(2,170,817)
Six months ended December 31, 2023			
Revenue	1,686,731	-	1,686,731
Net income (loss)	(1,964,493)	(17,642)	(1,982,135)
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)
As at December 31, 2023			
Total non-current assets	1,939,532	1,842	1,941,374
As at March 31, 2023			
Total non-current assets	1,728,475	-	1,728,475

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**Braxia Scientific Corp.****Notes to the Condensed Interim Consolidated Financial Statements****For the nine months ended December 31, 2023 and 2022**

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**16. Subsequent event**

- a) On January 15, 2024, \$2,935,714 of the convertible debentures described in Note 13 were mandatorily converted into 19,571,411 common shares at a conversion price of \$0.15 per common share.
- b) The Company had been attempting to restructure its existing Toronto lease to reduce costs. The landlord issued a notice of default on January 24, 2024 claiming arrears of rent in the amount of \$149,440.75. The Company was required to remedy the default by January 30, 2024, which it did not. The landlord issued a notice of termination of the lease on January 31, 2024. In addition to the claim for the above mentioned arrears to be paid, in the notice of termination the landlord has claimed all losses and deficiencies sustained by landlord as a result of the default under the lease and the resulting termination including, without limitation, the difference between the aggregate amounts that would have been payable pursuant to the lease over what would have been the unexpired term, less only net amounts, after expenses, actually received by landlord in respect of the premises for the period which would have been the unexpired term of the lease.

The Toronto lease was not an operational clinic at the time of termination.