

**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)**  
**Consolidated Financial Statements**  
**For the years ended March 2021 and 2020**  
  
**(Expressed in Canadian Dollars)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Braxia Scientific Corp. (formerly Champignon Brands Inc.):

### Opinion

We have audited the consolidated financial statements of Braxia Scientific Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year ended March 31, 2021 and the period from incorporation on September 9, 2019 to March 31, 2020, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, and its financial performance and its cash flows for the year ended March 31, 2021 and the period from incorporation on September 9, 2019 to March 31, 2020 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

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**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC  
July 29, 2021

**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Consolidated Statements of Financial Position****As at March 31, 2021 and 2020**

	Note	March 31, 2021 \$	March 31, 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		11,101,005	3,051,566
GST receivable		113,440	1,930
Prepaid expenses	5	181,454	10,197
		11,395,899	3,063,693
<b>Non-current assets</b>			
Property and equipment	7	50,369	-
Intangible assets	8	1,156,000	-
Goodwill	3, 4, 8	5,887,737	-
<b>Total assets</b>		<b>18,490,005</b>	<b>3,063,693</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable	10	1,975,737	19,075
Accrued liabilities	10	209,170	10,000
Deferred tax liability	3, 18	285,356	-
Deferred revenue		22,650	-
Lease liability	7	8,972	-
Promissory note payable	13	49,967	49,967
		2,551,852	79,042
<b>Non-current liabilities</b>			
CEBA loan payable	12	48,616	-
<b>Total liabilities</b>		<b>2,600,468</b>	<b>-</b>
<b>Shareholders' equity</b>			
Share capital	9	93,980,117	3,247,715
Subscription receivable	9	-	(275,000)
Obligation to issue shares	9	255,500	60,000
Reserves	9	12,407,223	1,877,093
Deficit		(90,753,303)	(1,925,157)
<b>Total shareholders' equity</b>		<b>15,889,537</b>	<b>2,984,651</b>
<b>Total liabilities and shareholders' equity</b>		<b>18,490,005</b>	<b>3,063,693</b>

Nature of operations and going concern (Note 1)

Commitment (Note 15)

Contingency (Note 16)

Events after the reporting period (Note 19)

**Approved on behalf of the Board of Directors on July 29, 2021:***"Dr. Roger S. McIntyre"***Director***"Olga M. Cwiek"***Director****The accompanying notes are an integral part of these consolidated financial statements.**

**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Consolidated Statements of Loss and Comprehensive Loss**

		March 31, 2021 \$	For the period from incorporation on September 9 to March 31, 2020 \$
	Note		
<b>Revenue</b>		1,008,372	-
Cost of sales		(862,706)	-
		145,666	-
<b>Expenses</b>			
Accounting fees		194,120	10,000
Advertising and promotion		1,847,510	4,460
Consulting fees	10	1,378,608	7,500
Depreciation	7	19,796	-
Design fees		112,137	-
Foreign exchange		(164)	-
Office and miscellaneous	10	496,978	4,161
Insurance		219,450	
Professional fees	10	1,257,428	18,167
Research and development		1,978,850	3,776
Salaries	10	142,037	-
Accretion	7, 12	3,263	-
Share-based compensation	9, 10	2,874,857	1,877,093
Website development		162,344	-
<b>Loss from operating expenses</b>		(10,687,214)	(1,925,157)
Write off of GST receivable		(129,025)	
Gain on government grant	12	12,612	-
Discontinued operations	17	(376,302)	-
Listing expense	4	(77,793,883)	-
<b>Loss and comprehensive loss</b>		(88,828,146)	(1,925,157)
Weighted average number of common shares – basic and diluted		157,639,936	15,519
Basic and diluted loss per share		(0.56)	(124.05)

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

**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)**
**Consolidated Statements of Changes in Equity**
**For the year ended March 31, 2021 and for the period from incorporation on September 9, 2019 to March 31, 2020**

	Note	Number of shares #	Share Capital \$	Subscription receivable \$	Obligation to issue shares \$	Reserves \$	Deficit \$	Total shareholders' equity \$
September 9, 2019 (date of incorporation)		-	-	-	-	-	-	-
Common shares issued for cash	9	23,092	3,247,715	(275,000)	-	533,400	-	3,506,115
Obligation to issue shares	9	-	-	-	60,000	-	-	60,000
Warrants issued for services	9	-	-	-	-	1,343,693	-	1,343,693
Net loss		-	-	-	-	-	(1,925,157)	(1,925,157)
March 31, 2020		23,092	3,247,715	(275,000)	60,000	1,877,093	(1,925,157)	2,984,651
Exercise of warrants	9	4,000	1,200,000	-	-	(1,199,996)	-	4
Common shares issued for cash	9	290	145,000	-	(60,000)	-	-	85,000
Share subscription received	9	-	-	275,000	-	-	-	275,000
Acquisition of CRTCE	3, 9	10,455	5,227,500	-	-	-	-	5,227,500
Reverse acquisition transaction								
Equity of Champignon	4	81,299,030	16,410,176	-	-	1,247,938	(16,677,990)	980,124
Elimination of Champignon's equity	4	-	(16,410,176)	-	-	(1,247,938)	16,677,990	(980,124)
Shares acquired from legal subsidiary	4	(37,837)	-	-	-	-	-	-
Issuance of shares pursuant to RTO	4, 9	75,674,000	69,104,176	-	-	-	-	69,104,176
Options and warrants assumed pursuant to RTO	4, 9	-	-	-	-	8,229,831	-	8,229,831
Issuance of finders' shares pursuant to RTO	4, 9	2,000,000	1,700,000	-	-	-	-	1,700,000
Issuance of units pursuant to private placement, net of issuance cost	9	17,647,500	13,192,958	-	-	642,301	-	13,835,259
Exercise of finders' warrants	9	169,682	67,768	-	-	(16,863)	-	50,905
Exercise of warrants	9	500,000	95,000	-	-	-	-	95,000
Obligation to issue shares	9	-	-	-	255,500	-	-	255,500
Share-based compensation	9	-	-	-	-	2,874,857	-	2,874,857
Net loss		-	-	-	-	-	(88,828,146)	(88,828,146)
March 31, 2021		177,290,212	93,980,117	-	255,500	12,407,223	(90,753,303)	15,889,537

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

**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Consolidated Statements of Cash Flows**

	For the year ended March 31, 2021 \$	For the period from incorporation on September 9 to March 31, 2020 \$
<b>Operating activities</b>		
Net loss for the period	(88,828,146)	(1,925,157)
Depreciation	19,796	-
Write off of taxes receivable	129,026	-
Shares issuable for services	222,500	-
Gain on government grant	(12,612)	-
Accretion	3,263	-
Share-based compensation	2,874,857	1,877,093
Discontinued operations	376,302	-
Listing expense	77,793,883	-
Net change in non-cash working capital items	2,365,001	16,948
	<b>(5,056,130)</b>	<b>(31,116)</b>
<b>Financing activities</b>		
Issuance of shares/units for cash, net	13,920,259	2,972,715
Proceeds from the exercise of warrants	145,909	-
Proceeds from the exercise of stock options	33,000	-
Lease payments made	(22,272)	-
Loan payable	60,000	49,967
Share subscriptions received	275,000	60,000
	<b>14,411,896</b>	<b>3,082,682</b>
<b>Investing activities</b>		
Cash acquired on acquisition of CRTCE	33,076	-
Equipment acquired from CRTCE	(21,938)	-
Cash paid on acquisition of CRTCE	(1,500,000)	-
Cash acquired on reverse acquisition	182,535	-
	<b>(1,306,327)</b>	-
Change in cash	8,049,439	3,051,566
Cash, beginning of period	3,051,566	-
Cash, end of year	<b>11,101,005</b>	<b>3,051,566</b>

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

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# Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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### 1. Nature of operations and going concern

Braxia Scientific Corp. (formerly, Champignon Brands Inc.) (the "Company") was incorporated on March 26, 2019, under the laws of the province of British Columbia, Canada. The Company is engaged in the business of formulation and manufacturing of novel ketamine, ketamine derivatives and other psychedelics, and delivery platforms for nutraceutical and psychedelic medicine while being supported by its psychedelic medicine clinic 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 1430 Hurontario St., Mississauga, Ontario L5G 3H4.

Altmed Capital Corp. ("Altmed") was incorporated under the Canada Business Corporations Act on September 9, 2019. Altmed's registered office is located at 1430 Hurontario St., Mississauga, Ontario L5G 3H4. Altmed is in the start-up stage and is involved in the psychedelic industry.

On April 10, 2020 (and as completed on April 30, 2020), Champignon entered into an Amalgamation Agreement (the "Amalgamation Agreement") with Altmed (Note 4). 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 consolidated financial statements (the "financial statements") are a continuation of Altmed, with the net assets (liabilities) of Champignon being consolidated from April 30, 2020, as well as Champignon's operating results from that date forward. The comparative figures are those of Altmed.

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As a company in the startup stage, the Company does not have traditional revenue sources, and historically has relied on share capital financing to cover its research, development and other operating expenditures.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at March 31, 2021, the Company had working capital of \$8,844,047 (March 31, 2020 - \$2,984,651), however, the Company has yet to achieve profitable operations, has accumulated losses of \$90,753,303 (March 31, 2020 - \$1,925,157) 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 financial statements, it could be necessary to restate the Company's assets and liabilities on a liquidation basis.

In March 2020, the World Health Organization declared coronavirus, specifically identified as "COVID-19" a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise capital or conduct development activities. There are travel restrictions and health and safety concerns in all areas in which the Company operates that may prohibit or delay certain operating activities from proceeding.



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## Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)

### Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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#### 2. Significant accounting policies

##### Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Reporting Interpretation Committee ("IFRIC") for the period presented.

These 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 consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

These consolidated financial statements were approved by the board of directors on July 29, 2021.

##### Basis of consolidation

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

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

A subsidiary is an entity controlled by the Company and is included in the 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 consolidated financial statements account for Braxia as a controlled entity requiring consolidation from the date of the RTO (Notes 1 and 4), 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 consolidated financial statements.

##### Share-based payments

Braxia grants stock options to buy common shares of the Company to Directors, Officers, employees and certain consultants. The Board of Directors grants such options for periods of up to five (5) years, with vesting periods determined at its sole discretion and at prices equal to the discounted market price, as calculated pursuant to the policies of the CSE, or such other minimum price as may be required by the CSE.

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**2. Significant accounting policies (continued)****Leases**

The Company adopted IFRS 16 - Leases on September 9, 2019. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

**Equipment**

Equipment is measured at cost less accumulated depreciation and impairment losses. Equipment not available for use is not subject to depreciation. Depreciation is recognized on a straight-line basis over a term of five years.

An asset's residual value, useful life and depreciation method is reviewed at each reporting period and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent costs that meet the asset recognition criteria are capitalized, while costs incurred that do not extend the economic useful life of an asset are considered repairs and maintenance, which are accounted for as an expense recognized during the period. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

**Inventory**

Inventory is valued at the lower of cost and net realizable value with cost based upon the weighted average method of inventory costing. The realizable value of finished goods is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods inventory is based on landed cost, which includes all costs incurred to bring inventory to the Company including product, conversion and packaging costs. If the Company determines the estimated net realizable value of the inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

**Intangible assets**

Intangible assets are stated at cost less accumulated amortization. The Company capitalizes direct costs that are directly attributable to the acquisition or development of its website. The Company capitalizes direct costs incurred during the application and infrastructure development and graphical design development stages of its website development projects. All website costs incurred during the preliminary project stage, including planning and research, are expensed as incurred, as well as any costs incurred for content development and costs incurred once development is complete.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the remaining amortization periods or methods, as appropriate, and are treated as changes in accounting estimates.

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**2. Significant accounting policies (continued)**

Intangible assets are amortized over the following methods and periods:

Type	Amortization method
Website	Straight-line basis over 10 years
License	Not depreciated

**Business combinations**

A business combination is a transaction in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed to profit or loss. Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

During the measurement period (one year from the date of acquisition), the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon conclusion of the measurement period, any subsequent adjustments are recorded in the consolidated statement of loss and comprehensive loss.

**Goodwill**

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

**Impairment of intangible assets and goodwill**

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

**2. Significant accounting policies (continued)****Impairment of intangible assets and goodwill (continued)**

Goodwill and indefinite life intangible assets are tested annually for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on a fair value less costs of disposal. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

**Research and development expenditures**

Expenditures on research activities are recognized as an expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

**Revenue recognition**

The Company adopted all requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 utilizes a methodical framework for entities to follow to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The IFRS 15 model contains the following five-step contract-based analysis of transactions guiding revenue recognition:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

The Company derives revenues from the sale of tea products, the resale of Auralite minerals, and providing health services. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

The sale of tea products and Auralite minerals is recognized when the products are shipped, or the products delivered, respectively, and when all significant contractual obligations have been satisfied. There is no unfulfilled obligation that could affect the customer's acceptance of the products after delivering the product. Revenue is shown net of returns

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## **Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)**

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

**For the year ended March 31, 2021**

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#### **2. Significant accounting policies (continued)**

##### **Revenue recognition (continue)**

and discounts. This operation was discontinued during the year ended March 31, 2021 (Note 17).

In respect of the operations of CRTCE (Note 3) it derives revenue from providing ketamine infusion treatments to patients. Initial treatments consist of four separate treatments over a two-week period. Revenues are recognized when each treatment is completed and payment is received or receivable upon rendering of treatments. Payments received prior to patients receiving treatments is recorded as deferred revenue.

##### **Earnings (loss) per share**

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive.

##### **Discontinued operations**

A discontinued operation is a component of the Company's business, with operations and cash flows that are distinguishable from those of the rest of the Company, and which represents a separate major line of business or geographical area of operations, and which is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively for resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the major line of business or geographical operation meets the criteria to be classified as assets held for sale or distribution. When an operation is classified as a discontinued operation, IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, requires that the comparative statements of comprehensive income (loss) are re-presented as if the operation was discontinued from the start of the comparative year. As a result, the Company's discontinued operations are excluded from the profit (loss) from continuing operations and are presented as an amount, net of tax, as profit (loss) from discontinued operations in the consolidated statements of comprehensive income (loss). Furthermore, the Company has made the accounting policy choice to present net cash flows related to its discontinued operations in the notes to the consolidated financial statements.

##### **Income taxes**

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

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## Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)

### Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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#### 2. Significant accounting policies (continued)

##### Use of estimates and critical judgments

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and judgments. Those areas requiring the use of management estimates and judgments include:

##### Estimates:

The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

##### Judgments:

- (i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- (ii) Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. Estimates are made as to the fair value of assets and liabilities acquired. The determination of these fair values involves a variety of assumptions. The Company measures all the assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred and the services are received. The excess of the aggregate of the consideration paid to obtain control over the net identifiable assets acquired and the liabilities assumed (net assets) in an asset acquisition, is recognized as a listing expense as of the acquisition date. The fair value of common shares issued as consideration paid based on a concurrent private placement is considered a significant judgment.
- (iii) Under IFRS, an impairment charge is required for both goodwill and other indefinite lived assets when the carrying amount exceeds the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use. The Company's approach in determining the recoverable amount utilizes a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgments are applied in determining the level of cash-generating unit we identify for impairment testing and the criteria we use to determine which assets should be aggregated. A difference in testing levels could affect whether an impairment is recorded and the extent of impairment loss. Changes in the Company's business activities or structure may also result in changes to the level of testing in future periods.

#### 3. Business combination

On April 10, 2020 (and as amended and completed on April 29, 2020), Altmed entered into a Share Purchase Agreement (the "Share Purchase Agreement") with Canadian Rapid Treatment Center of Excellence Inc. ("CRTCE"), a ketamine clinic licensed by the College of Physicians and Surgeons in Ontario, Canada. Pursuant to the terms of the Share Purchase Agreement, Altmed paid \$1,500,000 in cash consideration and issued a total of 10,455 common shares with an aggregate fair value of \$5,227,500 (\$500 per share) (Note 9). This acquisition has been accounted for as a business combination as CRTCE met the definition of a business under IFRS 3, *Business Combinations* ("IFRS 3").

In accordance with IFRS 3, the equity consideration on transfer was measured at fair value on the date of acquisition, which is the date control was obtained.

The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**3. Business combination (continued)**

	April 29, 2020
Net assets of CRTCE acquired:	\$
Cash	33,076
Receivables	507
Right-of-use asset	21,194
Intangible asset – License (Note 8)	1,156,000
Equipment (Note 7)	20,911
Accounts payable and accrued liabilities	(84,903)
Deferred income tax liability	(285,356)
Lease liability	(21,666)
Net assets acquired	839,763
Consideration paid on business combination:	
Common shares (fair value of 10,455 common shares \$500 per share)	5,227,500
Cash consideration	1,500,000
Total consideration paid	6,727,500
Allocation of excess consideration over the fair value of net assets acquired:	
Goodwill (Note 8)	5,887,737

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

**4. Reverse acquisition**

As described in Note 1, on April 30, 2020, Champignon and Altmed completed the Transaction which constituted a RTO.

The Transaction resulted in the shareholders of Altmed obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entities.

The Transaction constitutes an RTO of Champignon by Altmed and has been accounted for as a RTO. Champignon qualified as a business under the definitions of IFRS 3, and the Transaction was treated as an issuance of common shares by Altmed for the net assets of Champignon as well as Champignon's public listing, with Altmed as the continuing entity. Goodwill was recorded with respect to the Transaction, reflecting management's estimate of the fair value of Champignon's artisanal mushroom infused beverage business. The excess of consideration over the fair value of net assets acquired has been recorded as a listing expense, consistent with the guidance of IFRS 2.

For accounting purposes, Altmed is treated as the accounting parent company (legal subsidiary) and Champignon as the accounting subsidiary (legal parent) in these consolidated financial statements. As Altmed was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. Champignon's results of operations have been included from April 30, 2020 onwards.

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the effective acquisition date:

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**4. Reverse acquisition (continued)**

	April 30, 2020
Net assets of Champignon Brands Inc. acquired:	\$
Cash	182,535
Receivables	207,922
Inventory	107,891
Prepaid expenses	839,154
Equipment (Note 7)	6,853
Intangible assets – Website (Note 8)	108,929
Accounts payable and accrued liabilities	(465,619)
Lease liability	(7,541)
Net assets acquired	980,124
Consideration paid on RTO:	
Common shares (fair value of 81,299,030 common shares \$0.85 per share)	69,104,176
Options and warrants assumed at RTO (Note 9)	8,229,831
Finder's common shares (fair value of 2,000,000 common shares at \$0.85 per share)	1,700,000
Total consideration paid	79,034,007
Goodwill (Note 17)	260,000
Allocation of excess consideration over the fair value of net assets acquired:	
Listing expense	77,793,883

The Transaction was measured at the fair value of the shares options and warrants that Altmed would have had to issue to the shareholders of Champignon, to give the shareholders of Champignon the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Altmed acquiring Champignon.

A shareholder and contracted consultant to Champignon was also a shareholder of Altmed and was issued 6,018,000 common shares of Champignon on the closing of the RTO.

37,837 shares of Altmed were acquired by Champignon as part of the RTO.

**5. Prepaid expenses**

Prepaid expenses consist of the following:

	March 31, 2021	March 31, 2020
	\$	\$
Insurance and others	98,197	10,197
Marketing services	83,257	-
Total	181,454	10,197

**6. Inventory**

Finished goods consists of Auralite minerals and tea products purchased with the purpose of reselling. During the year ended March 31, 2021, the Company wrote-off \$34,850 of inventory on hand and included the balance in discontinued operations (Note 17).



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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**7. Property and equipment**

Cost	Right-of-use assets \$	Equipment \$	Total \$
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions (Notes 3 and 4)	28,047	42,118	70,165
March 31, 2021	28,047	42,118	70,165
Accumulated depreciation			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Depreciation	(19,075)	(721)	(19,796)
March 31, 2021	(19,705)	(721)	(19,796)
Net book value			
March 31, 2020	-	-	-
March 31, 2021	8,972	41,397	50,369

Lease liabilities

A reconciliation of the carrying amount of the lease liabilities as at March 31, 2021 and for the period then ended is as follows:

	Total \$
September 9, 2019 (date of incorporation) and March 31, 2020	-
Additions (Note 3 and 4)	29,207
Accretion	2,037
Lease payments	(22,272)
March 31, 2021	8,972

As at March 31, 2021, 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.

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**8. Intangible assets and goodwill**Intangible assets:

	Website \$	License \$	Total \$
Cost			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions (Note 3 and 4)	108,929	1,156,000	1,264,929
Discontinued operations (Note 17)	(108,929)	-	(108,929)
March 31, 2021	-	1,156,000	1,156,000
Accumulated amortization			
September 9, 2019 (date of incorporation) and March 31, 2020	-	-	-
Additions	6,000	-	-
Discontinued operations	(6,000)	-	-
March 31, 2021	-	-	-
Net book value			
As at March 31, 2020	-	-	-
As at March 31, 2021	-	1,156,000	1,156,000

As at March 31, 2021, intangible assets consist of the Company's fully licensed health care facility in Mississauga, Canada. The intangible asset is an indefinite life asset. As at March 31, 2021, the Company recorded impairment of \$Nil on the Company's license.

Goodwill:

Management has identified one CGU which represents the lowest level within the Company at which goodwill is monitored for internal management purposes, Braxia Scientific Corp. For the purpose of the goodwill impairment testing, goodwill arising on the acquisition of CRTCE has been allocated to the Braxia Scientific Corp. CGU.

	Total \$
Goodwill:	
September 9, 2019 (date of incorporation) and March 31, 2020	-
Addition (Note 3)	5,887,737
March 31, 2021	5,887,737

For the purposes of testing impairment, the recoverable amount of each CGU comprising goodwill was based on the fair values less cost of disposal. As at March 31, 2021, the Company recorded impairment of \$Nil.

**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 share capital during the year ended March 31, 2021:**

On April 3, 2020, Altmed issued 4,000 common shares pursuant to warrant exercises for gross proceeds of \$4. In connection with the warrants exercised, the original fair value of \$1,199,996 was reversed from reserves and credited to share capital.

On April 6, 2020, Altmed issued 290 common shares for gross proceeds of \$145,000 (\$500 per share). Of the total proceeds, \$60,000 received as at March 31, 2020 was applied towards the private placement completed.

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**9. Share capital (continued)**

On April 29, 2020, Altmed issued a total of 10,455 common shares pursuant to the Share Purchase Agreement with CRTCE (Note 3) with a total fair value of \$5,227,500 (\$500 per share).

On April 30, 2020, Altmed completed the RTO with Champignon and 75,674,000 Champignon's common shares with a fair value of \$69,104,176 were issued to the Altmed shareholders and 2,000,000 Champignon's common shares were issued as finder's fees at the fair value of \$1,700,000 (Notes 1 and 4).

On June 11, 2020, the Company completed a private placement whereby a total of 17,647,500 units (the "Units") were issued at a price of \$0.85 per Unit for gross proceeds of \$15,000,375. Each Unit consists of one common share and one half of one warrant (total warrants attached 8,823,750), with each whole warrant being exercisable at a price of \$1.15 for a period expiring on June 11, 2022. No value was allocated to the warrant component of the Units. In connection with the Unit offering completed, the Company paid finders' fees of \$1,165,116 and issued a total of 1,235,326 finders' warrants (the "Unit Finders' Warrants") for a fair value of \$642,301. The Unit Finders' Warrants are exercisable into Units of the Company at an exercise price of \$0.85 and an expiration date of June 11, 2022. The fair value of the Unit Finders' Warrants was estimated at \$642,301 using the Black-Scholes option pricing model with the following assumptions: expected life – 1.7 years; expected volatility – 100%; dividend yield – \$0; and risk-free rate – 0.25%.

During the year ended March 31, 2021, the Company issued 169,682 common shares on the exercise of finders' warrants for gross proceeds of \$50,905. In connection with the finders' warrants exercised, the original fair value of \$16,863 was reversed from reserves and credited to share capital.

During the year ended March 31, 2021, the Company issued 500,000 common shares on the exercise of warrants for gross proceeds of \$95,000.

As at March 31, 2021, the Company has recorded an obligation to issue shares in an amount of \$255,500 pursuant to proceeds received on the exercise of 150,000 stock options (\$33,000) and a consulting agreement (\$222,500) (Note 15).

**Transactions for the issue of share capital during the period from September 9, 2019 (date of incorporation) to March 31, 2020:**

On September 9, 2019, Altmed issued 10,001 common shares for gross proceeds of \$10 (\$0.0001 per share).

On October 15, 2019, Altmed issued 5,000 common shares for gross proceeds of \$5 (\$0.0001 per share).

On December 7, 2019, Altmed issued 1,322 common shares for gross proceeds of \$396,600 (\$300 per share).

On February 28, 2020, Altmed issued 782 common shares for gross proceeds of \$391,000 (\$500 per share).

On March 11, 2020, Altmed issued 2,667 common shares for gross proceeds of \$800,100 (\$300 per share). These shares were issued with a discount of \$200 per share in comparison with the most recent financing completed on February 28, 2020, as well as other financings that had completed in March 2020, all of which were at a price of \$500 per share. As a result, Altmed recognized \$533,400 as share-based compensation for the period ended March 31, 2020. Altmed also recorded a share subscription receivable in the amount of \$250,000 in connection with this financing, which was received in full during the period ended September 30, 2020.

On March 12, 2020, Altmed issued 2,110 common shares for gross proceeds of \$1,055,000 (\$500 per share).

On March 16, 2020, Altmed issued 470 common shares for gross proceeds of \$235,000 (\$500 per share).

On March 20, 2020, Altmed issued 740 common shares for gross proceeds of \$370,000 (\$500 per share). Altmed also recorded a share subscription receivable in the amount of \$25,000 in connection with this financing, which was received in full during the period ended September 30, 2020.

As at March 31, 2020, Altmed had recorded an obligation to issue shares in an amount of \$60,000 pursuant to proceeds received for a financing that completed subsequent to March 31, 2020.

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**9. Share capital (continued)****Escrowed shares**

As at March 31, 2021, there are 15,915,001 shares and 1,800,000 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 March 31, 2021 and 2020, and changes during the periods then ended is as follows:

	Year ended March 31, 2021		Period from September 9, 2019 (date of incorporation) to March 31, 2020	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Outstanding options, beginning of year	-	-	-	-
Assumed on RTO (Note 4)	7,800,000	0.32	-	-
Granted	3,900,000	1.02	-	-
Exercised	(150,000)	0.22	-	-
Forfeited	(3,150,000)	0.38	-	-
Options outstanding, end of year	8,400,000	0.62	-	-

As at March 31, 2021 the Company had options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Weighted average remaining life (years)	Expiry date
3,100,000	3,100,000	0.22	0.34	March 2, 2022
800,000	800,000	0.35	0.09	March 25, 2022
600,000	600,000	0.495	0.07	March 30, 2022
3,750,000	3,750,000	0.99	1.84	May 11, 2025
150,000	150,000	1.69	0.02	June 1, 2022
8,400,000	8,400,000	0.56		

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**9. Share capital (continued)**

The options assumed in connection with the RTO (Note 4) were outstanding and exercisable in Champignon immediately prior to completion of the Transaction. The fair valued of \$4,868,532 assigned to the options assumed was determined using the Black-Scholes option pricing model with the following assumptions: share price of \$0.85, exercise price of \$0.22 to \$0.50, risk-free rate of 0.29%, expected volatility of 100%, and expected life of 1.84 to 1.92 years.

On May 18, 2020, the Company granted stock options to an Officer and a consultant to purchase an aggregate of 3,750,000 common shares at an exercise price of \$0.99 per common share for up to five years. The options vested upon grant. The grant date fair value of the options was measured at \$2,742,595 using the Black-Scholes option pricing model.

On June 1, 2020, the Company granted stock options to a consultant to purchase an aggregate of 150,000 common shares at an exercise price of \$1.69 per common share for up to two years. 75,000 options vested upon grant and 75,000 options vested on December 1, 2020. The grant date fair value of the 150,000 options vested was measured at \$132,262 using the Black-Scholes option pricing model.

For the year ended March 31, 2021, the assumptions for estimating the fair value of the options were as follows:

	Weighted average assumptions
Exercise price	\$0.99 - \$1.69
Stock price	\$0.99 - \$1.69
Expected volatility	100%
Risk-free rate	0.26%-0.33%
Expected life	4.89

**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 March 31, 2021 and 2020, and changes during the periods then ended is as follows:

	Year ended March 31, 2021		Period from September 9, 2019 (date of incorporation) to March 31, 2020	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Outstanding warrants, beginning of year	5,050	104	-	-
Issued	-	-	5,050	104
Exercised	(4,000)	0.001	-	-
Cancelled	(1,050)	500	-	-
Assumed on RTO (Note 4)	4,216,472	0.06	-	-
Issued – replacement warrants	2,100,000	0.25	-	-
Issued – unit warrants	8,823,750	1.15	-	-
Issued – Finders' Unit Warrants	1,235,326	0.85	-	-
Exercised	(669,682)	0.22	-	-
Warrants outstanding, end of year	15,705,866	0.75	5,050	104

The Company issued 2,000 replacement warrants for every 1 Atimed warrant for a total of 2,100,000 replacement warrants as part of the RTO.

The warrants assumed in connection with the RTO (Note 4) were outstanding and exercisable in Champignon immediately prior to completion of the Transaction. The fair valued of \$3,361,299 assigned to the warrants assumed was determined using the Black-Scholes option pricing model with the following assumptions: share price of \$0.85, exercise price of \$0.10 to \$0.30, risk-free rate of 0.29%, expected volatility of 100%, and expected life of 1.31 to 4.03 years.

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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

As at March 31, 2021 the Company had warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Weighted average remaining life (years)
450,000	450,000	0.15	0.39
3,000,000	3,000,000	0.005	3.11
296,790	296,790	0.30	0.89
1,235,326	1,235,326	0.85	0.89
8,823,750	8,823,750	1.15	0.89
1,900,000	1,900,000	0.25	0.89
15,705,866	15,705,866	0.75	

**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 year ended March 31, 2021 was based on the loss of \$88,828,146 and a weighted average number of common shares outstanding of 157,639,956. 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 fair value of 3,750,000 stock options granted to an Officer of the Company and the Vice President of Operations of the Company's subsidiary during the year ended March 31, 2021 totaled \$2,742,595 (Note 9).

The aggregate value of other transactions with related parties during the years ended March 31, 2021 is as follows:

	March 31, 2021 \$
Consulting fees	482,854
Salaries	237,468
Professional fees	304,525
Rent	18,645
Products purchased from a pharmacy owned by the Vice President of Operations of the Company's subsidiary	132,555
	1,176,047

The Company has also identified a significant shareholder and contracted consultant of the Company (the "Consultant") as a related party for reporting purposes as the Consultant exerted significant influence over the Company. The Consultant was also a shareholder of Altmed and was issued common shares of Champignon on the closing of the RTO (Note 4). In addition, the consultant was paid consulting fees of \$60,000 during the year ended March 31, 2021.

For the year ended March 31, 2021, \$109,327 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.

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## Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)

### Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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#### 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 year ended March 31, 2021.

##### 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.

##### **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.

##### **(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 March 31, 2021, the Company did not have any financial instruments subject to interest rate risk.

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**11. Financial risk management (continued)****Financial instruments – risk (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 March 31, 2021, the Company had current assets of \$11,395,899 to cover short term obligations of \$2,551,853.

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**

On During the year ended March 31, 2021, the Company received an aggregate \$60,000 from Canada Emergency Business Account ("CEBA").

The interest free loans of \$60,000 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 on government loan of \$12,612. During the year ended March 31, 2021, the Company recorded accretion expense of \$1,228 (2020 - \$Nil).

	Total \$
Balance, March 31, 2020	-
CEBA loan addition	60,000
Gain on government debt	(12,612)
Accretion	1,228
Balance, March 31, 2021	48,616
Less current portion	-
Non-current portion of loan payable	48,616

**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.

**14. Segmented information**Operating segment information:

As at March 31, 2021, the Company operates in one reportable segment, the Health segment, and in one geographic region, being Canada.

**15. Commitment**

On May 15, 2020, Altmed entered into an Independent Contractor Agreement (the "IC Agreement") with an arm's length consultant that carries a term of 2 years, expiring on May 15, 2022. The IC Agreement can be terminated for any reason, by either party, on six months' prior written notice.

Pursuant to the terms of the IC Agreement, the consultant will be paid \$15,000 per month (plus sales tax) plus be reimbursed for any disbursements incurred. Further, the IC Agreement requires the Company to issue a total of 250,000 common shares on or after June 11, 2020 for services previously provided (the "Share Commitment"). As at March 31, 2021, the Company has recorded the value of the Share Commitment at \$222,500 (\$0.89 per share) (Note 9).



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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**16. Contingency**

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 is 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 is seeking an unspecified monetary amount of damages for the proposed class. The Company intends to vigorously defend the claim. The likelihood of outcome of the case or any monetary considerations is not known at this time.

**17. Discontinued operations**

On April 30, 2020, the Company completed a RTO with Champignon (Note 4). Champignon operated a tea business which was terminated to focus on the Company's health segment. Accordingly, the comparative consolidated statement of comprehensive loss has been re-presented separately between continuing and discontinued operations. The Company has made an accounting policy choice to present details of net cash flows from discontinued operations in this note to the consolidated statements. Unless otherwise specified, all other notes to the consolidated financial statements do not include amounts from discontinued operations.

Financial information relating to the discontinued operations for the period is set out below.

The results of the the Company's tea business presented as loss for the year from discontinued operations in the consolidated statements of comprehensive are as follows:

	\$
Revenue	(100,316)
Cost of goods sold	78,839
Gross margin	(21,477)
Other	(6,000)
Goodwill impairment (Note 4)	260,000
Inventory impairment (Note 6)	34,850
Website impairment (Note 8)	108,929
Total expenses	397,779
Total loss from discontinued operations	376,302

The net cash flows used in the discontinued operations to the date of disposal are as follows:

	\$
Net cash used in operating activities	137,779
Net cash used in investing activities	-
Net cash used in financing activities	-
Cash flows from discontinued operations	137,779

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**18. Income tax**

A reconciliation of income taxes at the statutory rate with the reported taxes is as follows:

	<b>March 31, 2021</b>	<b>For the period from September 9, 2019 (date of incorporation) to March 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Loss before income taxes	(88,828,146)	(1,925,157)
Statutory rate	27.00%	27.00%
Expected income tax recovery	(23,983,599)	(519,792)
Deductible issuance costs	(314,581)	-
Non-deductibles expenses	21,785,709	506,815
Increase in unrecognized deferred taxes	2,512,471	12,977
Deferred income tax recovery	-	-

Details of unrecognized deferred tax assets are as follows:

	<b>March 31, 2021</b>	<b>March 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Deferred income tax assets:		
Share issuance costs	251,665	-
Non-capital losses carried forward	2,273,783	12,977
Total deferred income tax assets	2,525,448	12,977
Less: unrecognized deferred tax assets	(2,525,448)	(12,977)
Deferred income tax assets	-	-

The non-capital losses totaling \$8,421,418, expiring from 2040 to 2041, may be carried forward to apply against future years income tax for Canadian purposes. This amount will expire in 2040. Tax attributes are subject to revision, and potential adjustment by tax authorities.

The Company also recognized a deferred tax liability of \$285,356 for the temporal differences of the license acquired from CRTCE acquisition (Note 3).

**19. Events after the reporting period**

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 year end 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.

Effective April 22, 2021, the British Columbia Securities Commission and the Ontario Securities Commission (the "Commissions") revoked their cease trade order against the Company. In conjunction with this, the Canadian Securities Exchange accepted the Company's Listing Statement which was filed April 15, 2021 and trading in the shares of the Company recommenced. The Company's shares were originally cease traded by the Commissions for content deficiency in the Company's material change report dated April 30, 2020 and failure to provide periodic disclosure for the interim period ended June 30, 2020.

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**Braxia Scientific Corp. (Formerly, Champignon Brands Inc.)****Notes to the Consolidated Financial Statements****For the year ended March 31, 2021**

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**19. Events after the reporting period (continued)**

In addition to the revocation of the cease trade order, effective April 12, 2021, the Company received voluntary contributions of capital from existing shareholders, resulting in the cancellation of 9,780,000 Common Shares.

On May 28, 2021, the Company issued 9,750,000 options to purchase Common Shares in the Company at a price of \$0.395 per share to certain members of management, the board and consultants providing services to the Company. The exercise price is the closing trading price of the Company's shares on the Canadian Securities Exchange on May 28, 2021. The options have a five-year term expiring on May 28, 2026. Subject to certain accelerating vesting provisions, one third of the options will vest immediately, one third will vest after 12 months, and remaining one-third will vest 18 months after the date of grant.

In April and May of 2021, 868,302 shares in the Company were issued on the exercise of both warrants and options. Additionally, included in the 868,302 shares issued were 250,000 shares issued to an independent contractor pursuant to a \$125,000 debt settlement.