# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
# Washington, D.C. 20549

# Form 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2022

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period from ______________ to_______________

Commission file number: 000-56074

# BIOTRICITY INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Nevada** | **30-0983531** |
| State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**203 Redwood Shores Parkway, Suite 600**
**Redwood City, California 94065**
(Address of principal executive offices)

(650) 832-1626
(Registrant's Telephone Number, Including Area Code)

Indicate by check whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act).

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☒ |
| Emerging growth company ☐ | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.001 per share | BTCY | The NASDAQ Stock Market LLC |

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 51,047,864 shares of Common Stock, $0.001 par value, at February 14, 2023. As at that same date, the Company also has 1,466,718 Exchangeable Shares outstanding that convert directly into common shares, which when combined with its Common Stock produce an amount equivalent to 52,514,582 outstanding voting securities.

**BIOTRICITY INC.**

## PART 1
## FINANCIAL INFORMATION

**Item 1 – Condensed Consolidated Financial Statements**

**BIOTRICITY INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**AS AT DECEMBER 31, 2022 (unaudited) AND MARCH 31, 2022 (audited)**
**(Expressed in US Dollars)**

| | As at December 31, 2022 | As at March 31, 2022 |
|---|---|---|
| | $ | $ |
| **CURRENT ASSETS** | | |
| Cash | **451,421** | 12,066,929 |
| Accounts receivable, net | **1,975,403** | 2,006,678 |
| Inventory | **1,931,894** | 842,924 |
| Deposits and other receivables | **435,657** | 406,280 |
| **Total current assets** | **4,794,375** | 15,322,811 |
| | | |
| Deposits [Note 10] | **85,000** | 85,000 |
| Long-term accounts receivable | **72,074** | - |
| Property and equipment [Note 11] | **22,994** | 27,459 |
| Operating right-of-use lease asset [Note 10] | **1,672,653** | 1,242,700 |
| **TOTAL ASSETS** | **6,647,096** | 16,677,970 |
| | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities [Note 4] | **3,490,426** | 2,595,747 |
| Convertible promissory notes and short-term loans [Note 5] | **3,125,637** | 1,540,000 |
| Derivative liabilities [Note 8] | **351,719** | 520,747 |
| Operating lease current liability [Note 10] | **322,882** | 210,320 |
| **Total current liabilities** | **7,290,664** | 4,866,814 |
| | | |
| Federally guaranteed loans [Note 7] | **870,800** | 870,800 |
| Term loan [Note 6] | **11,764,642** | 11,612,672 |
| Derivative liabilities [Note 8] | **741,675** | 352,402 |
| Operating lease liability [Note 10] | **1,461,022** | 1,120,018 |
| **TOTAL LIABILITIES** | **22,128,803** | 18,822,706 |
| | | |
| **STOCKHOLDERS' DEFICIENCY** | | |
| Preferred stock, $0.001 par value, 10,000,000 authorized as at December 31, 2022 and March 31, 2022, respectively, 1 share issued and outstanding as at December 31, 2022 and March 31, 2022, respectively [Note 9] | **1** | 1 |
| Series A preferred stock, $0.001 par value, 20,000 authorized as at December 31, 2022 and March 31, 2022, respectively, 6,305 and 7,201 preferred shares issued and outstanding as at December 31, 2022 and as at March 31, 2022, respectively [Note 9] | **6** | 7 |
| | | |
| Common stock, $0.001 par value, 125,000,000 authorized as at December 31, 2022 and March 31, 2022, respectively. Issued and outstanding common shares: 50,775,354 and 49,810,322 as at December 31, 2022 and March 31, 2022, respectively, and exchangeable shares of 1,466,718 and 1,466,718 outstanding as at December 31, 2022 and March 31, 2022, respectively [Note 9] | **52,242** | 51,277 |
| Shares to be issued 23,723 and 123,817 shares of common stock as at December 31, 2022 and March 31, 2022, respectively [Note 9] | **24,999** | 102,299 |
| Additional paid-in-capital | **92,297,390** | 91,507,478 |
| Accumulated other comprehensive loss | **(142,958)** | (768,656) |
| Accumulated deficit | **(107,713,387)** | (93,037,142) |
| **Total stockholders' deficiency** | **(15,481,707)** | (2,144,736) |
| **TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY** | **6,647,096** | 16,677,970 |

*See accompanying notes to unaudited condensed consolidated interim financial statements*

**BIOTRICITY INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
**FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022 AND 2021 (unaudited)**
**(Expressed in US Dollars)**

| | **3 Months Ended December 31, 2022 $** | 3 Months Ended December 31, 2021 $ | **9 Months Ended December 31, 2022 $** | 9 Months Ended December 31, 2021 $ |
|---|---|---|---|---|
| **REVENUE** | **2,459,181** | 1,930,108 | **6,896,622** | 5,501,527 |
| | | | | |
| Cost of Revenue | **1,057,215** | 1,105,271 | **2,989,290** | 2,372,011 |
| **NET REVENUE** | **1,401,966** | 824,837 | **3,907,332** | 3,129,516 |
| | | | | |
| **EXPENSES** | | | | |
| General and administrative expenses [Notes 5, 6, 9 and 10] | **4,777,366** | 4,659,638 | **14,542,230** | 13,921,024 |
| Research and development expenses | **876,460** | 900,499 | **2,526,550** | 2,115,134 |
| **TOTAL OPERATING EXPENSES** | **5,653,826** | 5,560,137 | **17,068,780** | 16,036,158 |
| **LOSS FROM OPERATIONS** | **(4,251,860)** | (4,735,300) | **(13,161,448)** | (12,906,642) |
| | | | | |
| Other (expense) income [Note 3, 5] | **(119,880)** | 40,512 | **(116,989)** | 54,558 |
| Gain (loss) upon convertible notes conversion and repayment [Note 5 and 9 (d)] | **5,391** | (305,246) | **(85,537)** | (1,155,643) |
| Accretion and amortization expenses [Note 6] | **(51,061)** | (1,334,842) | **(151,970)** | (8,834,728) |
| Change in fair value of derivative liabilities [Note 8] | **(99,705)** | (774,773) | **(469,971)** | (676,182) |
| **NET LOSS BEFORE INCOME TAXES** | **(4,517,115)** | (7,109,649) | **(13,985,915)** | (23,518,637) |
| | | | | |
| Income taxes | **—** | — | **—** | — |
| **NET LOSS BEFORE DIVIDENDS** | **(4,517,115)** | (7,109,649) | **(13,985,915)** | (23,518,637) |
| | | | | |
| Adjustment: Preferred Stock Dividends | **(230,374)** | (233,222) | **(690,330)** | (719,086) |
| **NET LOSS ATTRIBUTABLE TO COMMON STOCKLHOLDERS** | **(4,747,489)** | (7,342,871) | **(14,676,245)** | (24,237,723) |
| | | | | |
| Translation adjustment | **(72,823)** | (20,064) | **625,698** | (1,841) |
| | | | | |
| **COMPREHENSIVE LOSS** | **(4,820,312)** | (7,362,935) | **(14,050,547)** | (24,239,564) |
| | | | | |
| **LOSS PER SHARE, BASIC AND DILUTED** | **(0.091)** | (0.149) | **(0.283)** | (0.554) |
| | | | | |
| **WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING** | **52,142,669** | 49,168,264 | **51,814,972** | 43,747,569 |

*See accompanying notes to unaudited condensed consolidated interim financial statements*

**BIOTRICITY INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIENCY**
**FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022 AND 2021 (unaudited)**
**(Expressed in US Dollars)**

| | Preferred stock | | Common stock and exchangeable common shares | | Shares to be Issued | | Additional paid in capital | Accumulated other comprehensive (loss) income | Accumulated deficit | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | $ | Shares | $ | Shares | $ | $ | $ | $ | $ |
| **Balance, September 30, 2022 (unaudited)** | **6,802** | **8** | **51,897,963** | **51,898** | **23,723** | **24,999** | **92,335,492** | **(70,135)** | **(102,965,898)** | **(10,623,636)** |
| Conversion of convertible notes into common shares [Note 9] | - | - | **238,846** | **239** | - | - | **211,363** | - | - | **211,602** |
| Preferred stock purchased back via cash [Note 8] | **(497)** | **(1)** | - | - | - | - | **(431,128)** | - | - | **(431,129)** |
| Issuance of shares for services [Note 9] | - | - | **105,263** | **105** | - | - | **112,526** | - | - | **112,631** |
| Issuance of warrants for services [Note 9] | - | - | - | - | - | - | **77,780** | - | - | **77,780** |
| Exchange of warrants for promissory notes | - | - | - | - | - | - | **(71,768)** | - | - | **(71,768)** |
| Stock based compensation - ESOP [Note 9] | - | - | - | - | - | - | **63,125** | - | - | **63,125** |
| Translation adjustment | - | - | - | - | - | - | - | **(72,823)** | - | **(72,823)** |
| Net loss before dividends for the period | - | - | - | - | - | - | - | - | **(4,517,115)** | **(4,517,115)** |
| Preferred stock dividends | - | - | - | - | - | - | - | - | **(230,374)** | **(230,374)** |
| **Balance, December 31, 2022 (unaudited)** | **6,305** | **7** | **52,242,072** | **52,242** | **23,723** | **24,999** | **92,297,390** | **(142,958)** | **(107,713,387)** | **(15,481,707)** |

| | Preferred stock | | Common stock and exchangeable common shares | | Shares to be Issued | | Additional paid in capital | Accumulated other comprehensive (loss) income | Accumulated deficit | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | $ | Shares | $ | Shares | $ | $ | $ | $ | $ |
| **Balance, March 31, 2022 (audited)** | **7,201** | **8** | **51,277,040** | **51,277** | **123,817** | **102,299** | **91,507,478** | **(768,656)** | **(93,037,142)** | **(2,144,736)** |
| Conversion of convertible notes into common shares [Note 9] | - | - | **761,038** | **761** | - | - | **843,161** | - | - | **843,922** |
| Preferred stock purchased back via cash [Note 8] | **(896)** | **(1)** | - | - | - | - | **(777,174)** | - | - | **(777,175)** |
| Issuance of shares for services [Note 9] | - | - | **132,202** | **132** | - | - | **150,286** | - | - | **150,418** |
| Exercise of warrants for cash [Note 9] | - | - | **71,792** | **72** | **(100,094)** | **(77,300)** | **47,228** | - | - | **(30,000)** |
| Issuance of warrants for services [Note 9] | - | - | - | - | - | - | **232,526** | - | - | **232,526** |
| Exchange of warrants for promissory notes | - | - | - | - | - | - | **(71,768)** | - | - | **(71,768)** |
| Stock based compensation - ESOP [Note 9] | - | - | - | - | - | - | **365,653** | - | - | **365,653** |
| Translation adjustment | - | - | - | - | - | - | - | **625,698** | - | **625,698** |
| Net loss before dividends for the period | - | - | - | - | - | - | - | - | **(13,985,915)** | **(13,985,915)** |
| Preferred stock dividends | - | - | - | - | - | - | - | - | **(690,330)** | **(690,330)** |
| **Balance, December 31, 2022 (unaudited)** | **6,305** | **7** | **52,242,072** | **52,242** | **23,723** | **24,999** | **92,297,390** | **(142,958)** | **(107,713,387)** | **(15,481,707)** |

| | Preferred stock | | Common stock and exchangeable common shares | | Shares to be Issued | | Additional paid in capital | Accumulated other comprehensive (loss) income | Accumulated deficit | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | $ | Shares | $ | Shares | $ | $ | $ | $ | $ |
| **Balance, September 30, 2021 (unaudited)** | **8,146** | **9** | **48,876,312** | **48,876** | **1,014,303** | **3,130,926** | **84,893,876** | **(615,963)** | **(79,712,541)** | **7,745,183** |
| Conversion of convertible notes into common shares | - | - | 207,516 | 208 | - | - | 875,105 | - | - | 875,313 |
| Issuance of additional shares to convertible note holders | - | - | 37,820 | 38 | - | - | 153,133 | - | - | 153,171 |
| Conversion of preferred shares into common shares | (715) | (1) | - | - | 288,756 | 1,198,914 | (715,000) | - | - | 483,913 |
| Preferred stock purchased back via cash | (230) | - | - | - | - | - | (230,000) | - | - | (230,000) |
| Issuance of shares for services | - | - | 131,522 | 132 | (81,522) | (255,979) | 398,348 | - | - | 142,501 |
| Exercise of warrants for cash | - | - | 42,500 | 43 | 11,792 | 12,500 | 26,608 | - | - | 39,151 |
| Issuance of warrants for services | - | - | - | - | - | - | 371,763 | - | - | 371,763 |
| Stock based compensation - ESOP | - | - | - | - | - | - | 100,650 | - | - | 100,650 |
| Cashless exercise of warrants | - | - | 361,190 | 361 | - | - | - | - | - | 361 |
| Translation adjustment | - | - | - | - | - | - | - | (20,064) | | (20,064) |
| Net loss before dividends for the period | - | - | - | - | - | - | - | - | (7,109,649) | (7,109,649) |
| Preferred stock dividends | - | - | - | - | - | - | - | - | (233,222) | (233,222) |
| **Balance, December 31, 2021 (unaudited)** | **7,201** | **8** | **49,656,860** | **49,657** | **1,233,329** | **4,086,361** | **85,874,483** | **(636,027)** | **(87,055,411)** | **2,319,071** |

| | Preferred stock | | Common stock and exchangeable common shares | | Shares to be Issued | | Additional paid in capital | Accumulated other comprehensive (loss) income | Accumulated deficit | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | $ | Shares | $ | Shares | $ | $ | $ | $ | $ |
| **Balance, March 31, 2021 (audited)** | **8,046** | **9** | **39,014,942** | **39,015** | **268,402** | **280,960** | **56,298,726** | **(634,186)** | **(62,817,688)** | **(6,833,164)** |
| Issuance of common shares for private placement | - | - | 69,252 | 69 | - | - | 249,931 | - | - | 250,000 |
| Issuance of preferred shares for private placement investors | 100 | - | - | - | - | - | 100,000 | - | - | 100,000 |
| Issuance of additional shares to convertible note holders | - | - | 37,820 | 38 | - | - | 153,133 | - | - | 153,171 |
| Issuance of shares from uplisting | - | - | 5,382,331 | 5,382 | - | - | 14,540,423 | - | - | 14,545,805 |
| Conversion of convertible notes into common shares | - | - | 4,056,204 | 4,056 | 602,059 | 2,528,987 | 12,992,240 | - | - | 15,525,283 |
| Conversion of preferred shares into common shares | (715) | (1) | - | - | 288,756 | 1,198,914 | (715,000) | - | - | 483,913 |
| Preferred stock purchased back via cash | (230) | - | - | - | - | - | (230,000) | - | - | (230,000) |
| Issuance of shares for services | - | - | 313,188 | 313 | - | - | 966,779 | - | - | 967,092 |
| Exercise of warrants for cash | - | - | 336,753 | 337 | 73,112 | 77,500 | 441,127 | - | - | 518,964 |
| Issuance of warrants for services | - | - | - | - | - | - | 668,013 | - | - | 668,013 |
| Derivative liabilities adjustment pursuant to issuance of preferred Shares | - | - | - | - | - | - | (17,084) | - | - | (17,084) |
| Stock based compensation - ESOP | - | - | - | - | - | - | 426,280 | - | - | 426,280 |
| Cashless exercise of warrants | - | - | 446,370 | 446 | 1,000 | - | (85) | - | - | 361 |
| Translation adjustment | - | - | - | - | - | - | - | (1,841) | - | (1,841) |
| Net loss before dividends for the period | - | - | - | - | - | - | - | - | (23,518,637) | (23,518,637) |
| Preferred stock dividends | - | - | - | - | - | - | - | - | (719,086) | (719,086) |
| **Balance, December 31, 2021 (unaudited)** | **7,201** | **8** | **49,656,860** | **49,657** | **1,233,329** | **4,086,361** | **85,874,483** | **(636,027)** | **(87,055,411)** | **2,319,071** |

*See accompanying notes to unaudited condensed consolidated interim financial statements*

**BIOTRICITY INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2022 AND 2021 (UNAUDITED)**
**(Expressed in US Dollars)**

| | Nine Months Ended December 31, 2022 $ | Nine Months Ended December 31, 2021 $ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss before dividends | (13,985,915) | (23,518,637) |
| ***Adjustments to reconcile net loss to net cash used in operations:*** | | |
| Stock based compensation | 365,653 | 426,280 |
| Issuance of shares for services | 150,418 | 967,092 |
| Issuance of warrants for services | 232,526 | 469,300 |
| Accretion and amortization expenses | 151,970 | 8,834,728 |
| Change in fair value of derivative liabilities | 469,971 | 676,182 |
| Loss upon convertible promissory notes and preferred stock conversions, net | 85,537 | 1,116,339 |
| Loss on debt and warrant modification | 126,158 | - |
| Property and equipment depreciation | 4,465 | 819 |
| ***Changes in operating assets and liabilities:*** | | |
| Accounts receivable, net | (40,799) | (420,592) |
| Inventory | (1,088,970) | (87,341) |
| Deposits and other receivables | (71,877) | (176,958) |
| Accounts payable and accrued liabilities | 1,931,196 | 1,304,505 |
| **Net cash used in operating activities** | (11,669,667) | (10,408,283) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Property and equipment | - | (29,766) |
| **Net cash used in investing activities** | - | (29,766) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Issuance of common shares | - | 250,000 |
| Issuance of preferred shares | - | 100,000 |
| Redemption of preferred shares | (895,556) | (230,000) |
| Exercise of warrants for cash | 12,500 | 518,964 |
| Federally guaranteed loans | - | 499,900 |
| Repayment of convertible debentures and notes | (61,238) | (1,660,220) |
| Proceeds from short term loan and promissory notes, net | 1,889,144 | 11,756,563 |
| Issuance of shares from uplisting | - | 14,545,805 |
| Preferred Stock Dividend | (940,731) | (767,962) |
| **Net cash provided by financing activities** | 4,119 | 25,013,050 |
| Effect of foreign currency translation | 50,040 | 13,783 |
| Net (decrease) increase in cash during the period | (11,665,548) | 14,575,001 |
| Cash, beginning of period | 12,066,929 | 2,201,562 |
| **Cash, end of period** | 451,421 | 16,790,346 |

*See accompanying notes to unaudited condensed consolidated interim financial statements*

## 1. NATURE OF OPERATIONS

Biotricity Inc. (formerly MetaSolutions, Inc.) (the "Company" or "Biotricity") was incorporated under the laws of the State of Nevada on August 29, 2012. iMedical Innovations Inc. ("iMedical") was incorporated on July 3, 2014 under the laws of the Province of Ontario, Canada and became a wholly-owned subsidiary of Biotricity through reverse take-over on February 2, 2016.

Both the Company and iMedical are engaged in research and development activities within the remote monitoring segment of preventative care. They are focused on a realizable healthcare business model that has an existing market and commercialization pathway. As such, its efforts to date have been devoted to building and commercializing an ecosystem of technologies that enable access to this market.

## 2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") for interim financial information and the Securities and Exchange Commission ("SEC") instructions to Form 10-Q and Article 8 of SEC Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements and should be read in conjunction with Biotricity's audited consolidated financial statements for the years ended March 31, 2022 and 2021 and their accompanying notes.

The accompanying unaudited condensed consolidated financial statements are expressed in United States dollars ("USD"). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations for the interim periods presented have been reflected herein. Operating results for the interim periods presented herein are not necessarily indicative of the results that may be expected for the year ending March 31, 2023. The Company's fiscal year-end is March 31.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant intercompany accounts and transactions have been eliminated.

Certain prior year amounts related to general and administrative expenses and other (expense) income line items on the condensed consolidated statements of operations and comprehensive loss have been reclassified to conform to the current year's presentation.

### Liquidity and Basis of Presentation

The Company is in the early stages of commercializing its first product and is concurrently in development mode, operating a research and development program in order to develop, obtain regulatory clearance for, and commercialize other proposed products. The Company has incurred recurring losses from operations, and as at December 31, 2022, had an accumulated deficit of $107,713,387 and a working capital deficiency of $2,496,289. Management anticipates the Company will continue on its revenue growth trajectory and improve its liquidity through continued business development and after additional equity or debt capitalization of the Company. On August 30, 2021, the Company completed an underwritten public offering of its common stock that concurrently facilitated its listing on the Nasdaq Capital Market. Prior to listing on the Nasdaq Capital Market, the Company had also filed a shelf Registration Statement on Form S-3 (No. 333-255544) with the Securities and Exchange Commission on April 27, 2021, which was declared effective on May 4, 2021. This may help facilitate better transactional preparedness when the Company seeks to issue equity or debt to potential investors, since it continues to allow the Company to offer its shares to investors only by means of a prospectus, including a prospectus supplement, which forms part of an effective registration statement. As such, the Company has developed and continues to pursue sources of funding that management believes will be sufficient to support the Company's operating plan and alleviate any substantial doubt as to its ability to meet its obligations at least for a period of one year from the date of these condensed consolidated financial statements. During the fiscal quarter ended June 30, 2021, the Company raised $499,900 through government EIDL loan. In addition, during the fiscal quarter ended September 30, 2021, the Company raised total net proceeds of $14,545,805 through the underwritten public offering that was concurrent with its listing onto the Nasdaq Capital Markets. Furthermore, during the fiscal quarter ended December 31, 2021, the Company raised an additional net proceeds of $11,756,563 through a term loan transaction (Note 6). During the fiscal quarter ended December 31, 2022, the Company raised short-term loans and promissory notes with net proceeds of $1,889,144 from various lenders.

As we proceed with the commercialization of the Bioflux, Biotres, and Biocare product development, we expect to continue to devote significant resources on capital expenditures, as well as research and development costs and operations, marketing and sales expenditures.

Based on the above facts and assumptions, we believe our existing cash, along with anticipated near-term equity financings, will be sufficient to meet our needs for the next twelve months from the filing date of this report. However, we will need to seek additional debt or equity capital to respond to business opportunities and challenges, including our ongoing operating expenses, protecting our intellectual property, developing or acquiring new lines of business and enhancing our operating infrastructure. The terms of our future financings may be dilutive to, or otherwise adversely affect, holders of our common stock. We may also seek additional funds through arrangements with collaborators or other third parties. There can be no assurance we will be able to raise this additional capital on acceptable terms, or at all. If we are unable to obtain additional funding on a timely basis, we may be required to modify our operating plan and otherwise curtail or slow the pace of development and commercialization of our proposed product lines.

In December 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China and spread globally, causing significant disruption to the global and US economy. On March 20, 2020, the Company announced the precautionary measures taken as well as announcing the business impact related to the coronavirus (COVID-19) pandemic. Though its operations have since returned to a normal state, the extent to which the COVID-19 pandemic will continue to affect the economy and the Company's operations remains unclear and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of any future ongoing COVID-19 outbreaks, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in an extended period of continued business disruption, reduced patient traffic and reduced operations. The measures taken to date may continue to impact the Company's fiscal year 2023 business and potentially beyond. Management expects that all of its business segments, across all of its geographies, may be impacted to some degree, but the significance of the full long-term impact of the COVID-19 outbreak on the Company's business and the duration for which it may have an impact cannot be determined at this time.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Revenue Recognition*

The Company adopted Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("ASC 606") on April 1, 2018. In accordance with ASC 606, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services by applying the core principles – 1) identify the contract with a customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to performance obligations in the contract, and 5) recognize revenue as performance obligations are satisfied.

(Expressed in US dollars)

Both the Bioflux mobile cardiac telemetry device, and the Biotres device are wearable devices. The cardiac data that the devices monitor and collect is curated and analyzed by the Company's proprietary algorithms and then securely communicated to a remote monitoring facility for electronic reporting and conveyance to the patient's prescribing physician or other certified cardiac medical professional. Revenues earned are comprised of device sales revenues and technology fee revenues (technology as a service). The devices, together with their licensed software, are available for sale to the medical center or physician, who is responsible for the delivery of clinical diagnosis and therapy. The remote monitoring, data collection and reporting services performed by the technology culminate in a patient study that is generally billable when it is complete and is issued to the physician. In order to recognize revenue, management considers whether or not the following criteria are met: persuasive evidence of a commercial arrangement exists, and delivery has occurred or services have been rendered. For sales of devices, which are invoiced directly, additional revenue recognition criteria include that the price is fixed and determinable and collectability is reasonably assured; for device sales contracts with terms of more than one year, the Company recognizes any significant financing component as revenue over the contractual period using the effective interest method, and the associated interest income is reflected accordingly on the statement of operations and included in other income; for revenue that is earned based on customer usage of the proprietary software to render a patient's cardiac study, the Company recognizes revenue when the study ends based on a fixed billing rate. Costs associated with providing the services are recorded as the service is provided regardless of whether or when revenue is recognized.

The Company may also earn service-related revenue from contracts with other counterparties with which it consults. This contract work is separate and distinct from services provided to clinical customers, but may be with a reseller or other counterparties that are working to establish their operations in foreign jurisdictions or ancillary products or market segments in which the Company has expertise and may eventually conduct business.

The Company recognized the following forms of revenue for the three and nine months ended December 31, 2022 and 2021:

| | For Three Months Ended December 31, 2022 $ | For Three Months Ended December 31, 2021 $ | For Nine Months Ended December 31, 2022 $ | For Nine Months Ended December 31, 2021 $ |
|---|---|---|---|---|
| Technology fee sales | 2,253,187 | 1,413,790 | 6,240,042 | 4,365,292 |
| Device sales | 205,994 | 266,318 | 656,580 | 886,235 |
| Service-related and other revenue | - | 250,000 | - | 250,000 |
| Revenue | 2,459,181 | 1,930,108 | 6,896,622 | 5,501,527 |

*Inventory*

Inventory is stated at the lower of cost and market value, cost being determined on a weighted average cost basis. Market value of our inventory, which is all purchased finished goods, is determined based on its estimated net realizable value, which is generally the selling price less normally predictable costs of disposal and transportation. The Company records write-downs of inventory that is obsolete or in excess of anticipated demand or market value based on consideration of product lifecycle stage, technology trends, product development plans and assumptions about future demand and market conditions. Actual demand may differ from forecasted demand, and such differences may have a material effect on recorded inventory values. Inventory write-downs are charged to cost of revenue and establish a new cost basis for the inventory.

*Significant accounting estimates and assumptions*

The preparation of the condensed consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. The estimates and related assumptions are based on previous experiences and other factors considered reasonable under the circumstances, the results of which form the basis for making the assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounts that require estimates as the basis for determining the stated amounts include share-based compensation, impairment analysis and fair value of warrants, structured notes, convertible debt and conversion liabilities.

- Fair value of stock options

  The Company measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of such instruments, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the Black-Scholes option pricing model, including the expected life of the instrument, risk-free rate, volatility, and dividend yield.

- Fair value of warrants

  In determining the fair value of the warrant issued for services and issue pursuant to financing transactions, the Company used the Black-Scholes option pricing model with the following assumptions: volatility rate, risk-free rate, and the remaining expected life of the warrants that are classified under equity.

- Fair value of derivative liabilities

  In determining the fair values of the derivative liabilities from the conversion and redemption features, the Company used valuation models with the following assumptions: dividend yields, volatility, risk-free rate and the remaining expected life. Changes in those assumptions and inputs could in turn impact the fair value of the derivative liabilities and can have a material impact on the reported loss and comprehensive loss for the applicable reporting period.

- Functional currency

  Determining the appropriate functional currencies for entities in the Company requires analysis of various factors, including the currencies and country-specific factors that mainly influence labor, materials, and other operating expenses.

- Useful life of property and equipment

  The Company employs significant estimates to determine the estimated useful lives of property and equipment, considering industry trends such as technological advancements, past experience, expected use and review of asset useful lives. The Company makes estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires considering industry trends and company-specific factors. The Company reviews depreciation methods, useful lives and residual values annually or when circumstances change and adjusts its depreciation methods and assumptions prospectively.

- Provisions

  Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

- Contingencies

  Contingencies can be either possible assets or possible liabilities arising from past events, which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

- Inventory obsolescence

  Inventories are stated at the lower of cost and market value. Market value of our inventory, which is all purchased finished goods, is determined based on its estimated net realizable value, which is generally the selling price less normally predictable costs of disposal and transportation. The Company estimates net realizable value as the amount at which inventories are expected to be sold, taking into consideration fluctuations in retail prices less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices.

- Income and other taxes

  The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses.

  When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences. Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the condensed consolidated balance sheets, a charge or credit to income tax expense included as part of net income (loss) and may result in cash payments or receipts. Judgment includes consideration of the Company's future cash requirements in its tax jurisdictions. All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital, or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

- Incremental borrowing rate for lease

  The determination of the Company's lease obligation and right-of-use asset depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's condensed consolidated financial statements.

*Earnings (Loss) Per Share*

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 260-10 which provides for calculation of "basic" and "diluted" earnings per share. Basic loss per share of common stock is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted earnings or loss per share of common stock is computed similarly to basic earnings or loss per share except the weighted average shares outstanding are increased to include additional shares from the assumed exercise of any common stock equivalents, if dilutive. The Company's warrants, options, convertible promissory notes, convertible preferred stock, shares to be issued and restricted stock awards while outstanding are considered common stock equivalents for this purpose. Diluted earnings is computed utilizing the treasury method for the warrants, stock options, shares to be issued and restricted stock awards. Diluted earnings with respect to the convertible promissory notes and convertible preferred stock utilizing the if-converted method was not applicable during the periods presented as no conditions required for conversion had occurred. No incremental common stock equivalents were included in calculating diluted loss per share because such inclusion would be anti-dilutive given the net loss reported for the periods presented.

*Cash*

Cash includes cash on hand and balances with banks.

*Foreign Currency Translation*

The functional currency of the Company's Canadian-based subsidiary is the Canadian dollar and the US-based parent is the U.S. dollar. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All exchange gains or losses arising from translation of these foreign currency transactions are included in net income (loss) for the year. In translating the financial statements of the Company's Canadian subsidiaries from their functional currency into the Company's reporting currency of United States dollars, condensed consolidated balance sheet accounts are translated using the closing exchange rate in effect at the balance sheet date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in accumulated other comprehensive loss in stockholders' deficiency. The Company has not, to the date of these condensed consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

*Accounts Receivable*

Accounts receivable consists of amounts due to the Company from medical facilities, which receive reimbursement from institutions and third-party government and commercial payors and their related patients, as a result of the Company's normal business activities. Accounts receivable is reported on the condensed consolidated balance sheets net of an estimated allowance for doubtful accounts. The Company establishes an allowance for doubtful accounts for estimated uncollectible receivables based on historical experience, assessment of specific risk, review of outstanding invoices, and various assumptions and estimates that are believed to be reasonable under the circumstances, and recognizes the provision as a component of selling, general and administrative expenses. Uncollectible accounts are written off against the allowance after appropriate collection efforts have been exhausted and when it is deemed that a balance is uncollectible.

(Expressed in US dollars)

*Fair Value of Financial Instruments*

ASC 820 defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

● Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.

● Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.

● Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash, accounts receivable, deposits and other receivables, convertible promissory notes and short term loans, federally-guaranteed loans, term loans and accounts payable and accrued liabilities. The Company's cash and derivative liabilities, which are carried at fair values, are classified as a Level 1 and Level 3, respectively. The Company's bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

*Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives as follow:

| | |
|---|---|
| Office equipment | 5 years |
| Leasehold improvement | 5 years |

*Impairment for Long-Lived Assets*

The Company applies the provisions of ASC Topic 360, Property, Plant, and Equipment, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets, including right-of-use assets, used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review at December 31, 2022 and 2021, the Company believes there was no impairment of its long-lived assets.

*Leases*

The Company is the lessee in a lease contract when the Company obtains the right to use the asset. Operating leases are included in the line items right-of-use asset, lease obligation, current, and lease obligation, long-term in the condensed consolidated balance sheet.

Right-of-use ("ROU") asset represents the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligations to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on the condensed consolidated balance sheet and are expensed on a straight-line basis over the lease term in the condensed consolidated statement of operations. The Company determines the lease term by agreement with lessor. As the Company's lease does not provide implicit interest rate, the Company uses the Company's incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Refer to Note 10 for further discussion.

*Income Taxes*

The Company accounts for income taxes in accordance with ASC 740. The Company provides for Federal, State and Provincial income taxes payable, as well as for those deferred because of the timing differences between reporting income and expenses for financial statement purposes versus tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable or settled. The effect of a change in tax rates is recognized as income or expense in the period of the change. A valuation allowance is established, when necessary, to reduce deferred income tax assets to the amount that is more likely than not to be realized.

*Research and Development*

Research and development costs, which relate primarily to product and software development, are charged to operations as incurred. Under certain research and development arrangements with third parties, the Company may be required to make payments that are contingent on the achievement of specific developmental, regulatory and/or commercial milestones. Before a product receives regulatory approval, milestone payments made to third parties are expensed when the milestone is achieved**.** Milestone payments made to third parties after regulatory approval is received are capitalized and amortized over the estimated useful life of the approved product.

*Stock Based Compensation*

The Company accounts for share-based payments in accordance with the provision of ASC 718, which requires that all share-based payments issued to acquire goods or services, including grants of employee stock options, be recognized in the condensed consolidated statements of operations and comprehensive loss based on their fair values, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Compensation expense related to share-based awards is recognized over the requisite service period, which is generally the vesting period.

The Company accounts for stock based compensation awards issued to non-employees for services, as prescribed by ASC 718-10, at either the fair value of the services rendered or the instruments issued in exchange for such services, whichever is more readily determinable, using the guidelines in ASC 505-50. The Company issues compensatory shares for services including, but not limited to, executive, management, accounting, operations, corporate communication, financial and administrative consulting services.

*Convertible Notes Payable and Derivative Instruments*

The Company has adopted the provisions of ASU 2017-11 to account for the down round features of warrants issued with private placements effective as of April 1, 2017. In doing so, warrants with a down round feature previously treated as derivative liabilities in the condensed consolidated balance sheet and measured at fair value are henceforth treated as equity, with no adjustment for changes in fair value at each reporting period. Previously, the Company accounted for conversion options embedded in convertible notes in accordance with ASC 815. ASC 815 generally requires companies to bifurcate conversion options embedded in convertible notes from their host instruments and to account for them as free-standing derivative financial instruments. ASC 815 provides for an exception to this rule when convertible notes, as host instruments, are deemed to be conventional, as defined by ASC 815-40. The Company accounts for convertible notes deemed conventional and conversion options embedded in non-conventional convertible notes which qualify as equity under ASC 815, in accordance with the provisions of ASC 470-20, which provides guidance on accounting for convertible securities with beneficial conversion features. Accordingly, the Company records, as a discount to convertible notes, the intrinsic value of such conversion options based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

*Preferred Shares Extinguishments*

The Company accounted for preferred stock redemptions and conversions in accordance to ASU-260-10-S99. For preferred stock redemptions and conversion, the difference between the fair value of consideration transferred to the holders of the preferred stock and the carrying amount of the preferred stock is accounted as deemed dividend distribution and subtracted from net loss.

*Recently Issued Accounting Pronouncements*

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments.” This pronouncement, along with subsequent ASUs issued to clarify provisions of ASU 2016-13, changes the impairment model for most financial assets and will require the use of an “expected loss” model for instruments measured at amortized cost. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. In developing the estimate for lifetime expected credit loss, entities must incorporate historical experience, current conditions, and reasonable and supportable forecasts. This pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019. On November 19, 2019, the FASB issued ASU No. 2019-10, Financial Instruments—Credit Losses (Topic 326), finalized various effective date delays for private companies, not-for-profit organizations, and certain smaller reporting companies applying the credit losses (CECL), the revised effective for fiscal years beginning after December 15, 2022.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. There is no significant impact from adopting ASU 2019-12 on the Company’s financial condition, results of operations, and cash flows.

In April 2021, The FASB issued ASU 2021-04 to codify the final consensus reached by the Emerging Issues Task Force (EITF) on how an issuer should account for modifications made to equity-classified written call options (hereafter referred to as a warrant to purchase the issuer’s common stock). The guidance in the ASU requires the issuer to treat a modification of an equity-classified warrant that does not cause the warrant to become liability-classified as an exchange of the original warrant for a new warrant. This guidance applies whether the modification is structured as an amendment to the terms and conditions of the warrant or as termination of the original warrant and issuance of a new warrant. The Company adopted this guidance for the fiscal year beginning April 1, 2022. There is no significant impact from adopting ASU 2021-04 on the Company’s financial condition, results of operations, and cash flows.

(Expressed in US dollars)

The Company continue to evaluate the impact of the new accounting pronouncement, including enhanced disclosure requirements, on our business processes, controls and systems.

## 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | As at December 31, 2022 $ | As at March 31, 2022 $ |
|---|---|---|
| Accounts payable and deferred revenue | 2,383,657 | 1,159,477 |
| Accrued liabilities | 1,106,769 | 1,436,270 |
| Accounts payable and accrued liabilities | 3,490,426 | 2,595,747 |

Accounts payable as at December 31, 2022 included $203,525 current account with a shareholder and executive (March 31, 2022: $2,851 due to shareholder and executive) of the Company, primarily as a result of that individual's role as an employee. These amounts are unsecured, non-interest bearing and payable on demand.

## 5. CONVERTIBLE NOTES AND SHORT-TERM LOANS

| | Total $ |
|---|---|
| ***Balance at March 31, 2022*** | 1,540,000 |
| Conversion to common shares (Note 9) | (555,600) |
| Redemption of convertible notes | (53,250) |
| Convertible note extinguishment | (500,000) |
| New issuance of convertible note, net of discounts | 556,864 |
| New issuance of short-term loan and promissory notes, net of discounts | 2,156,480 |
| Repayment of short-term loans | (20,264) |
| Amortization of discounts | 1,407 |
| ***Balance at December 31, 2022*** | 3,125,637 |

Interest expense on the above debt instruments was $69,930 and $126,574 for the three and nine months ended December 31, 2022, respectively, and $77,791 and $828,769 for the three and nine months ended December 31, 2021, respectively.

***Series A Convertible Promissory Notes:***

During the year ended March 31, 2021, the Company issued $11,275,500 (face value) in two series of convertible promissory notes (the "Series A Notes") sold under subscription agreements to accredited investors. The Notes mature one year from the final closing date of the offering and accrue interest at 12% per annum.

For first series of Series A Notes, commencing six months following the Issuance Date, and at any time thereafter (provided the Holder has not received notice of the Company's intent to prepay the note), at the sole election of the Holder, any amount of the outstanding principal and accrued interest of this note (the "Outstanding Balance") could be converted into that number of shares of Common Stock equal to: (i) the Outstanding Balance divided by (ii) 75% of the volume weighted average price of the Common Stock for the 5 trading days prior to the Conversion Date (the conversion price).

For the first series of Series A Notes, the notes would automatically convert into common stock (in each case, subject to the trading volume of the Company's common stock being a minimum of $500,000 for each trading day in the 20 consecutive trading days immediately preceding the conversion date), upon the earlier to occur of (i) the Company's common stock being listed on a national securities exchange, in which event the conversion price would be equal to 75% of the volume weighted average price of the common stock for the 20 trading days prior to the conversion date, or (ii) upon the closing of the Company's next equity round of financing for gross proceeds of greater than $5,000,000, in which event the conversion price would be equal to 75% of the price per share of the common stock (or of the conversion price in the event of the sale of securities convertible into common stock) sold in such financing. The Company could, at its discretion redeem the notes for 115% of their face value plus accrued interest.

For second series of Series A Notes, the notes could be converted into shares of common stock, at the option of the holder, commencing six months from issuance, at a conversion price equal to the lower of $4.00 per share or 75% of the volume weighted average price of the common stock for the five trading days prior to the conversion date

For the second series of Series A Notes, the notes would automatically convert into common stock (in each case, subject to the trading volume of the Company's common stock being a minimum of $500,000 for each trading day in the 20 consecutive trading days immediately preceding the conversion date), upon the earlier to occur of (i) the Company's common stock being listed on a national securities exchange, in which event the conversion price would be equal to the lower of $4.00 per share or 75% of the volume weighted average price of the common stock for the 20 trading days prior to the conversion date, or (ii) upon the closing of the Company's next equity round of financing for gross proceeds of greater than $5,000,000, in which event the conversion price would be equal to the lower of $4.00 per share or 75% of the price per share of the common stock (or of the conversion price in the event of the sale of securities convertible into common stock) sold in such financing. The Company could, at its discretion redeem the notes for 115% of their face value plus accrued interest.

The Company was obligated to issue warrants that accompany the convertible notes and provide 50% warrant coverage. The warrants have a 3-year term from date of issuance and an exercise price that is 120% of the 20-day volume weighted average price of the Company's common shares at the time final closing.

The Company was obligated to pay the placement agent of the first series of Series A Notes a 12% cash fee for $8,925,550 (face value) of the notes and 2.5% cash fee and other sundry expenses for the remaining $2,350,000 (face value) of the notes.

Net proceeds to the Company from Series A Notes issuance up to March 31, 2021 amounted to $10,135,690 after payment of the relevant financing related fees.

The Company was also obligated to issue warrants to the placement agent that have a 10-year term and cover 12% of funds raised for $8,925,550 (face value) of the notes (first series) and 2.5% of funds raised for the remaining $2,350,000 (face value) of notes (second series), with an exercise price that is 120% of the 20-day volume weighted average price of the Company's common shares at the time final closing. On final closing, which occurred on January 8, 2021, the warrants' exercise price was struck at $1.06 per share.

Prior to January 8, 2021 (final closing date), the Company determined that the conversion and redemption features, investor warrants and placement agent warrants contained in those Notes represented a single compound derivative liability that meets the requirements for liability classification under ASC 815. The Company accounted for these obligations by determining the fair value of the related derivative liabilities associated with the embedded conversion and redemption features, as well as investor warrants and placement agent warrants.

Subsequently, the exercise price of all warrants was concluded and locked to $1.06 as of January 8, 2021. Since the exercise price was no longer a variable, the Company concluded that the noteholder and placement agent warrants should no longer be accounted for as a derivative liability in accordance with ASC 815 guidelines related to equity indexation and classification. The derivative liabilities related to those warrants were therefore marked to market as of January 8, 2021 and then transferred to equity (collectively, "End of warrants derivative treatment"). Therefore, the remaining derivative liabilities only related to the conversion and redemption features of the convertible notes.

For the Series A Notes, The Company recognized debt issuance costs in the amount of $2,301,854 and treated these as a deduction from the convertible note liabilities directly, as a contra-liability, and amortized the debt issuance cost over the term of the Notes. The Company also recognized initial debt discount in the amount of $8,088,003 and accreted the interest over the remaining lives of those Notes. The debt issuance costs were fully amortized as of March 31, 2022.

As at March 31, 2022, $700,000 of Series A Notes remained unconverted and outstanding, which was equal to the face value of the relevant convertible notes. There was no conversion of Series A Notes during the nine months ended December 31, 2022.

On December 30, 2022, the Company exchanged $500,000 of Series A Notes along with its outstanding interest accrual of $121,500 into a new convertible note with the same note holder. The new convertible note has principal of $621,500, stated interest rate of 12%, as well as option to convert outstanding principal and accrued interest at the conversion price, calculated at 75% multiplied by the average of the three lowest closing prices during the previous ten trading days prior to the receipt of the conversion notice. The new convertible note matures on December 30, 2023. The Company had concluded that this exchange transaction is an extinguishment of the original convertible note. Therefore, the Company recorded the new convertible note at fair value, which was its face value of $621,500 net of a discount of $64,636. The difference between the fair value of the original convertible note immediately prior to the extinguishment and the fair value of the new convertible note is $64,636. This amount was recorded as a gain upon debt extinguishment and was included in other income on the income statement. In addition, the Company had assessed fair value of the derivative liability associated with the conversion option on the original note immediately before the modification, as well as the fair value of the derivative liability associated with the new convertible note. The difference $14,083 was recognized as other expense [Note 8].

As of December 31, 2022, the Company recorded $50,400 of interest accruals for the Series A Notes. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

***Series B Convertible Notes***

In addition, during the year ended March 31, 2021, the Company also issued $1,312,500 (face value) of convertible promissory notes ("Series B Notes") to various accredited investors.

Commencing six months following the issuance date, and at any time thereafter, subject to the Company's Conversion Buyout clause, at the sole election of the holder, any amount of the outstanding principal and accrued interest of the note (the "outstanding balance") could be converted into that number of shares of Common Stock equal to: (i) the outstanding balance divided by (ii) the Conversion Price. Partial conversions of the note shall have the effect of lowering the outstanding principal amount of the note. The holder may exercise such conversion right by providing written notice to the Company of such exercise in a form reasonably acceptable to the Company (a "conversion notice"). Conversion price means (subject in all cases to proportionate adjustment for stock splits, stock dividends, and similar transactions), seventy-five percent (75%) multiplied by the average of the three (3) lowest closing prices during the previous ten (10) trading days prior to the receipt of the conversion notice.

The Series B Notes will automatically convert into common stock upon a merger, consolidation, exchange of shares, recapitalization, reorganization, as a result of which the Company's common stock shall be changed into another class or classes of stock of the Company or another entity, or in the case of the sale of all or substantially all of the assets of the Company other than a complete liquidation of the Company. Within the first 180 days after the issuance date, the Company may, at its discretion redeem the notes for 115% of their face value plus accrued interest. The Company is obligated to issue warrants that accompany the convertible notes and provide 50% warrant coverage. The warrants have a 3-year term from date of issuance and an exercise price that is $1.06 per share for 100,000 warrant shares and $1.5 per share for 212,500 warrant shares.

Net proceeds to the Company from convertible note issuances to March 31, 2021 amounted to $1,240,000 after the original issuance discount as well as payment of the financing related fees. The Company determined that the conversion and redemption features contained in the Series B Notes represented a single compound derivative liability that meets the requirements for liability classification under ASC 815. The Company accounted for these obligations by determining the fair value of the related derivative liability associated with the embedded conversion and redemption features.

The Company recognized debt issuance costs in the amount of $10,000 and treated these as a deduction from the convertible note liabilities directly, as a contra-liability, and amortized the debt issuance cost over the term of the Series B Notes. The Company recognized initial debt discount in the amount of $1,312,500 and accreted the interest over the remaining lives of those notes. The debt issuance costs were fully amortized as of March 31, 2022.

As at March 31, 2022, $840,000 of Series B Notes remained unconverted and outstanding, which was equal to the face value of the relevant convertible notes.

During the three and nine months ended December 31, 2022, $153,600 and $555,600 (face value) of Series B Notes were converted into 238,846 and 746,957 common shares (Note 9 d).

During the three and nine months ended December 31, 2022, $53,250 (face value) of Series B Notes were redeemed by cash payment of $61,238. The redemption price was determined in accordance to the Series B note agreement, where the Company has an option to redeem the note at 115% of its principal value instead of converting the note upon receipt of a conversion notice. The difference between the redemption cash payment and the book value of the note redeemed, including the derivative liability associated to the note, was $9,991, and was recognized as a gain upon convertible note repayment.

As of December 31, 2022, the Company recorded accrued interest in the amount of $82,509 related to the Series B Notes. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

In total, as at December 31, 2022, the Company had issued $200,000 and $231,150 for Series A and Series B notes, respectively, that remained outstanding beyond their contractual maturity date. These continued to accrue interest, and no repayment demands were received from noteholders, notwithstanding the fact that these noteholders have continued to convert portions of these notes subsequently, and it is management's expectation that all of these notes will eventually convert. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

***Other Short-term loans and Promissory Notes***

During the three months ended December 31, 2022, the Company entered into a short-term bridge loan agreement with a collateralized merchant finance company that advanced gross proceeds of $400,000, prior to the deduction of issuance costs in the amount of $9,999. The issuance costs were recognized as a debt discount and amortized via the effective interest method. The term of the finance agreement is 40 weeks. The Company is required to make weekly payments of $13,995 ($560,000 in the aggregate). As of December 31, 2022, the amount of principal outstanding was $380,500. The remaining unamortized issuance cost discount was $9,392.

The Company has an option to repay the loan earlier to receive a discount on total repayment. If the Company repays within 30 days, the total repayment is $512,000. If the Company repays within 60 days, the total repayment is $520,000. If the Company repays within 90 days, the total repayment is $528,000. During the three months ended December 31, 2022, the Company also entered into a short term collateralized bridge loan agreement with a finance company that advanced gross proceeds of $800,000, prior to the deduction of issuance costs in the amount of $32,000. The issuance costs were recognized as a debt discount and amortized via the effective interest method. The term of this second agreement is 40 weeks. The Company is required to make weekly payments of $29,556 ($14,999 for the first four weeks, and $1,120,000 in the aggregate). As of December 31, 2022, the amount of principal and interest outstanding under this agreement was $799,236 and the remaining unamortized issuance cost discount was $31,200. The Company has an option to repay the loan earlier and receive a discount on total repayment. The total repayment amount becomes $920,000 if repaid within 30 days, $944,000 if repaid within 60 days, $968,000 if repaid within 90 days, $1,000,000 if repaid within 120 days, and $1,088,000 if repaid within 150 days.

In December 2022, the Company entered into a promissory note agreement with an individual investor that resulted in gross proceeds of $600,000 (the "Principal Amount"). The note has a fixed rate of interest at 25% per annum payable monthly on the first day of every month. This promissory note matures on December 15, 2023, when the Principal Amount is due. The note has various default provisions which would, if triggered, result in the acceleration of the Principal Amount plus any accrued and unpaid interest. The note also has a 3% early payment penalty provision. As of December 31, 2022, the amount of principal outstanding on the note was $600,000, and accrued interest outstanding on the note was $6,575. Also in December 2022, the Company received a short-term loan in the amount of $150,000 from an individual investor. There was no interest or issuance cost associated with the latter loan, which was repaid in January 2023.

On December 30, 2022, the Company extinguished 306,604 warrants (Note 9f) that were originally issued to Series A Convertible Note holders, and replaced these warrants with a new promissory note issued to the same warrant holder. The new promissory note has principal balance of $270,000, stated interest of zero, and matures on June 30, 2023. The Company is obligated to repay 50% of the principal balance on March 31, 2023, and the rest of the promissory notes on the maturity date. The fair value of this new promissory note was $248,479 as of the issuance date, which was calculated using a discount rate that was comparable to other loan issuance at the same time as well as the market bond rates at the time of the promissory note issuance. The difference between the fair value of the new note and its principal balance was $21,521, and was recognized as a discount, and will be amortized via effective interest rate method. The Company compared the fair value of the extinguished warrants immediately prior to extinguishment against the fair value of the new promissory note issued. The difference between these fair values is $176,711, and was recognized as other expense on the income statement. As of December 31, 2022, the amount of principal outstanding on the new note was $270,000, and the remaining unamortized discount was $21,521.

## 6. TERM LOAN AND CREDIT AGREEMENT

*Term Loan*

On December 21, 2021, the Company entered into a Credit Agreement ("Credit Agreement") with SWK Funding LLC ("Lender'), wherein the Company has borrowed $12,000,000, with a maturity date of December 21, 2026. The principal will accrue interest at the LIBOR Rate plus 10.5% per annum (subject to adjustment as set forth in the Credit Agreement). Interest payments are due on each February, May, August and November commencing February 15, 2022. Pursuant to the Credit Agreement, the Company will be required to make interest only payments for the first 24 months (which may be extended to 36 months under prescribed circumstances), after which payments will include principal amortization that accommodates a 40% balloon principal payment at maturity. Prepayment of amounts owing under the Credit Agreement are allowed under prescribed circumstances. Pursuant to the Credit Agreement the Company is subject to an Origination Fee in the amount of $120,000. Upon Termination of the Credit Agreement, the Company shall pay an Exit Fee of $600,000.

As part of the loan transaction, the Company paid legal and professional costs directly in connection to the debt financing in the amount of $50,000 in cash.

Total costs directly in connection to the debt financing in the amount of $193,437 (professional fee $48,484; lender's origination fee, due diligence fee, and other expenses in the amount of $144,953) was deduced from the gross proceeds in the amount of $12,000,000.

The Company also repaid $1,574,068 of existing short-term loan and promissory notes and relevant accrued interests by using the proceeds from the loan.

Total costs directly in connection to the loan and fair value of warrants was in the amount of $1,042,149. And such costs were accounted as debt discount, and amortized using the effective interest method. The amortization of such debt discount was included in the accretion and amortization expenses. For the three and nine months ended December 31, 2022, the amortization of debt discount expense was $51,061 and $151,970 respectively.

Total interest expense on the term loan for the three and nine months ended December 31, 2022 was $335,242 and $1,054,166, respectively (three and nine months ended December 31, 2022: $38,333 and $38,333).

On December 31, 2022, the Company was not in compliance with certain covenants of the term loan, for which it sought and received relief from the term loan lender.

The Company and Lender also entered into a Guarantee and Collateral Agreement (“Collateral Agreement”) wherein the Company agreed to secure the Credit Agreement with all of the Company’s assets. The Company and Lender also entered into an Intellectual Property Security Agreement dated December 21, 2021 (the “IP Security Agreement”) wherein the Credit Agreement is also secured by the Company’s right title and interest in the Company’s Intellectual Property.

In connection with the Credit Agreement, the Company issued 57,536 warrants to the Lender, which were fair-valued at $198,713 (Note 9). The warrants are accounted as a deduction from liability as well as a credit into additional paid-in capital, and amortized using the effective interest method.

## 7. FEDERALLY GUARANTEED LOANS

### Economic Injury Disaster Loan (“EIDL”)

In April 2020, the Company received $370,900 from the U.S. Small Business Administration (SBA) under the captioned program. The loan has a term of 30 years and an interest rate of 3.75% per annum, without the requirement for payment in its first 12 months. The Company may prepay the loan without penalty at will.

In May 2021, the Company received an additional $499,900 from the SBA under the same terms.

As at December 31, 2022, the Company recorded accrued interest of $60,520 for the EIDL loan (December 31, 2021: $36,181).

Interest expense on the above loan was $8,231 and $24,602 for the three and nine months ended December 31, 2022, respectively, and $8,231 and $36,181 for the three and nine months ended December 31, 2021, respectively.

### Payment Protection Program (“PPP”) Loan

In May 2020, Biotricity received loan proceeds of $1,200,000 (the “PPP Loan”) under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) administered by the U.S. Small Business Administration (“SBA”). The Company met the criteria for the loan forgiveness and applied for the loan forgiveness in March 2021. For the year ended March 31, 2021, the Company recognized the loan forgiveness as a reduction to payroll expense in the amount of $1,156,453 and a reduction to the rent expense of $43,547. The loan forgiveness was granted by the SBA in May 2021. As at December 31, 2022, the balance of outstanding PPP loan is NIL (March 31, 2022: NIL).

## 8. DERIVATIVE LIABILITIES

On December 19, 2019 and January 9, 2020, the Company issued 7,830 Series A preferred shares; 6,000 of these were issued for cash proceeds of $6,000,000 and 1,830 of these were issued on conversion of $1,830,000 of promissory notes that had previously been issued for cash proceeds in October 2019.

(Expressed in US dollars)

On May 22, 2020, another 215 Series A preferred shares were issued as a result of a combined transaction that included the conversion of $100,000 in promissory notes and $15,000 in accrued interest for 115 preferred shares, as well as a purchase of 100 preferred shares for cash proceeds of $100,000.

During the three months ended September 30, 2021, an additional 100 Series A preferred shares were issued for cash proceeds of $100,000 (Note 9 d).

During the three months ended December 31, 2021, the Company redeemed $230,000 preferred shares through cash. The total amount of the preferred shares redeemed and derivative liabilities derecognized was $225,919. The difference of redemption value of $230,000 and the carrying value of preferred shares on the day of redemption was $4,081 was recognized as a deemed dividend distribution.

In addition, during the three months ended December 31, 2021, the Company converted $715,000 preferred shares into 288,756 common shares. The difference between the total amount of the preferred shares converted, derivative liabilities derecognized and unpaid interests at the time of conversion ($1,076,513), and the fair value of the common shares converted ($1,226,406) was $149,893 and was recognized as deemed dividend distribution.

During the three months ended June 30, 2022, the Company redeemed $328,904 preferred shares through cash. The total amount of the preferred shares redeemed and derivative liabilities derecognized was $296,032. The difference of redemption value of $328,904 and the carrying value of preferred shares on the day of redemption was $32,872 and was recognized as a deemed dividend distribution

During the three months ended September 30, 2022, the Company redeemed $69,852 preferred shares through cash. The total amount of the preferred shares redeemed and derivative liabilities derecognized was $65,062. The difference of redemption value of $69,852 and the carrying value of preferred shares on the day of redemption was $4,790 and was recognized as a deemed dividend distribution.

During the three months ended December 31, 2022, the Company redeemed $496,800 preferred shares through cash. The total amount of the preferred shares redeemed and derivative liabilities derecognized was $469,116. The difference of redemption value of $496,800 and the carrying value of preferred shares on the day of redemption was $27,684 and was recognized as a deemed dividend distribution.

The Company analyzed the compound features of variable conversion and redemption embedded in the preferred shares instrument, for potential derivative accounting treatment on the basis of ASC 820 (Fair Value in Financial Instruments), ASC 815 (Accounting for Derivative Instruments and Hedging Activities), Emerging Issues Task Force ("EITF") Issue No. 00–19 and EITF 07–05, and determined that the embedded derivatives should be bundled and valued as a single, compound embedded derivative, bifurcated from the underlying equity instrument, treated as a derivative liability, and measured at fair value.

| | **Fiscal Year 2023**<br>**$** | **Fiscal Year 2022**<br>**$** |
|---|---|---|
| **Derivative liabilities as at March 31, 2022 and 2021** | 352,402 | 410,042 |
| Change in fair value of derivatives during the period | 195,521 | (203,525) |
| Reduction due to preferred shares redeemed | (10,605) | - |
| **Derivative liabilities as at June 30, 2022 and 2021** | 537,318 | 206,517 |
| New issuance | - | 17,084 |
| Change in fair value of derivatives during the period | 168,762 | (101,173) |
| Reduction due to preferred shares redeemed | (4,444) | - |
| **Derivative liabilities as at September 30, 2022 and 2021** | 701,636 | 121,828 |
| Change in fair value of derivatives during the period | 78,026 | 644,774 |
| Reduction due to preferred shares redeemed | (37,987) | (479,791) |
| **Derivative liabilities as at December 31, 2022 and 2021** | **741,675** | **286,811** |

(Expressed in US dollars)

The lattice methodology was used to value the derivative components, using the following assumptions:

| | **December 2022** |
|---|---|
| Dividend yield (%) | 12 |
| Risk-free rate for term (%) | 4.18 – 4.36 |
| Volatility (%) | 92.7 – 93.6 |
| Remaining terms (Years) | 1.00 to 2.50 |
| Stock price ($ per share) | 0.45 to 0.72 |

In addition, the Company recorded derivative liabilities related to the conversion and redemption features of the convertible notes, as well as warrants that were issued in connection with the convertible notes, during the year ended March 31, 2021 (Note 5). As the warrant exercise price became final and locked, the derivative liabilities related to those warrants were marked to market and transferred to equity (Note 5). Any noteholder and placement agent warrants that were issued after the finalization of exercise price was accounted for as equity.

| | **Fiscal Year 2023 $** | **Fiscal Year 2022 $** |
|---|---|---|
| ***Balance at March 31, 2022 and 2021*** | **520,747** | **3,633,856** |
| Conversion to common shares | (104,118) | (403,108) |
| Change in fair value of derivative liabilities | 2,703 | 502,508 |
| ***Balance at June 30, 2022 and 2021*** | 419,332 | 3,733,256 |
| Conversion to common shares | (35,274) | (2,744,711) |
| Change in fair value of derivative | 3,280 | (295,801) |
| ***Balance at September 30, 2022 and 2021*** | 387,338 | 692,744 |
| Convertible note modification | 14,083 | - |
| Convertible note redemption | (17,979) | - |
| Conversion to common shares | (53,402) | (250,738) |
| Change in fair value of derivative | 21,679 | 129,999 |
| ***Balance at December 31, 2022 and 2021*** | **351,719** | **572,005** |

The monte-carlo methodology was used to value the convertible note derivative components, using the following assumptions:

| | **December 2022** |
|---|---|
| Risk-free rate for term (%) | 3.74 - 4.37 |
| Volatility (%) | 90.4 - 99.6 |
| Remaining terms (Years) | 0.50 - 0.75 |
| Stock price ($ per share) | 0.50 - 1.00 |

## 9. STOCKHOLDERS’ EQUITY (DEFICIENCY)

### *a) Authorized stock*

As at December 31, 2022, the Company is authorized to issue 125,000,000 (March 31, 2022 – 125,000,000) shares of common stock ($0.001 par value) and 10,000,000 (March 31, 2022 – 10,000,000) shares of preferred stock ($0.001 par value), 20,000 of which are designated shares of Series A preferred stock ($0.001 par value) as of December 31, 2022 and March 31, 2022.

At December 31, 2022, common shares and shares directly exchangeable into equivalent common shares that were issued and outstanding totaled 52,242,072 (March 31, 2022 – 51,277,040); these were comprised of 50,775,354 (March 31, 2022 – 49,810,322) shares of common stock and 1,466,718 (March 31, 2022 – 1,466,718) exchangeable shares. There is currently one share of the Special Voting Preferred Stock issued and outstanding, held by one holder of record, which is the Trustee in accordance with the terms of the Trust Agreement. The Company has also issued a Series A preferred stock, $0.001 par value; 20,000 shares have been designated as authorized (as at December 31, 2022 and March 31, 2022); 6,305 Series A preferred shares were issued and outstanding as at December 31, 2022 (March 31, 2022: 7,201).

***b) Exchange Agreement***

On February 2, 2016, the Company was formed through reverse-take-over:

- The Company issued approximately 1.197 shares of its common stock in exchange for each common share of iMedical held by the iMedical shareholders who in general terms, are not residents of Canada (for the purposes of the Income Tax Act (Canada). Accordingly, the Company issued 13,376,947 shares;
- Shareholders of iMedical who in general terms, are Canadian residents (for the purposes of the Income Tax Act (Canada)) received approximately 1.197 Exchangeable Shares in the capital of Exchangeco in exchange for each common share of iMedical held. Accordingly, the Company issued 9,123,031 Exchangeable Shares;
- Each outstanding option to purchase common shares in iMedical (whether vested or unvested) was exchanged, without any further action or consideration on the part of the holder of such option, for approximately 1.197 economically equivalent replacement options with an inverse adjustment to the exercise price of the replacement option to reflect the exchange ratio of approximately 1.197:1;
- Each outstanding warrant to purchase common shares in iMedical was adjusted, in accordance with the terms thereof, such that it entitles the holder to receive approximately 1.197 shares of the common stock of the Company for each warrant, with an inverse adjustment to the exercise price of the warrants to reflect the exchange ratio of approximately 1.197:1
- Each outstanding advisor warrant to purchase common shares in iMedical was adjusted, in accordance with the terms thereof, such that it entitles the holder to receive approximately 1.197 shares of the common stock of the Company for each advisor warrant, with an inverse adjustment to the exercise price of the Advisor Warrants to reflect the exchange ratio of approximately 1.197:1; and
- The outstanding 11% secured convertible promissory notes of iMedical were adjusted, in accordance with the adjustment provisions thereof, as and from closing, so as to permit the holders to convert (and in some circumstances permit the Company to force the conversion of) the convertible promissory notes into shares of the common stock of the Company at a 25% discount to purchase price per share in Biotricity's next offering.

Issuance of common stock, exchangeable shares and cancellation of shares in connection with the reverse takeover transaction as explained above represents recapitalization of capital retroactively adjusting the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

***c) Series (A) Preferred Stock***

The number of Series A Preferred Stock issued and outstanding as of December 31, 2022 and March 31, 2022 was 6,305 and 7,201, respectively.

The Series A Preferred Stock is junior to the Company's existing undesignated preferred stock, and unless otherwise set forth in the applicable certificate of designations, shall be junior to any future issuance of preferred stock. The purchase price (the "Purchase Price") for the Series A Preferred Stock to date has been $1,000 per share. Except as otherwise expressly required by law, the Series A Preferred Stock does not have voting rights and does not have any liquidation rights.

Preferred Stock Dividends

Dividends shall be paid at the rate of 12% per annum of the amount of the Series A Preferred Stockholder's (the "Holder") Purchase Price. Dividends shall be paid quarterly unless the Holder and the Company mutually agree to accrue and defer any such dividend.

Conversion

The Series A Preferred Stock is convertible into shares of common stock commencing 24 months after the issuance date of the Series A Preferred Stock. Upon which, on a monthly basis, up to 5% of the aggregate amount of the Purchase Price can be converted (subject to adjustment for changes in the Holder's ownership of the underlying Series A Preferred Stock). The conversion price is equal to the greater of $.001 or a 15% discount to the volume-weighted average price ("VWAP") of the Company's common stock five Trading Days immediately prior to the conversion date (the "Conversion Rate). Additionally, subject to certain provisions, the Holder may exchange its Series A Preferred Stock into any common stock financing being conducted by the Company at a 15% discount to the pricing of that financing.

Other Adjustments and Rights

- The Conversion Rate (and shares issuable upon conversion of the Series A Preferred Stock) will be appropriately adjusted to reflect stock splits, stock dividends business combinations and similar recapitalization.

- The Holders shall be entitled to a proportionate share of certain qualifying distributions on the same basis as if they were holders of the Company's common stock on an as converted basis.

Company Redemption

The Company may redeem all or part of the outstanding Series A Preferred Stock after one year from the date of issuance by paying an amount equal to the aggregate Purchase Price paid, adjusted for any reduction in Series A Preferred Stock holdings, multiplied by 110% plus accrued dividends

***d) Share issuances***

***Share issuances during the year ended March 31, 2022***

During the year ended March 31, 2022, the Company issued 4,696,083 common shares (not including 19,263 shares that were part of to be issued shares from prior year conversions) in connection with conversion of convertible notes. The total amounts of debts settled is in amount of $14,522,812 that composed of face value of convertible promissory notes in amount of $10,309,000, carrying amount of conversion and redemption feature derived from notes in amount of $3,398,557 and unpaid interest in amount of $815,255. The fair value of the shares issued was determined based on the market price upon conversion and was in the amount of $15,678,454. The difference between amounts of debts settled and fair value of common shares issued was in the amount of $1,155,642 and was recorded as loss on conversion of convertible promissory notes in statement of operations.

During the year ended March 31, 2022, the Company issued 658,355 common shares in connection with warrant exercises for cash, and 446,370 common shares in connection with cashless warrant exercises (Note 9f). In addition, the Company issued 451,688 common shares for services provided (not including 250,000 that were part of to be issued shares from prior year commitment). The fair value of common shares issued for services provided was $1,414,449. The fair value of common shares was determined based on the fair value on the date of approval of common share issuance.

During the year ended March 31, 2022, the Company issued 69,252 common shares for cash proceeds of $250,000, which were initially received as a promissory note, and paid through the issuance common shares within the same quarter.

During the year ended March 31, 2022, the Company issued 5,382,331 common shares in connection with the equity financing that was concurrent with its listing on the Nasdaq Capital Market, for total net cash proceeds of $14,545,805.

During the year ended March 31, 2022, an additional 100 Series A preferred shares were issued for cash proceeds of $100,000. The Company issued 288,756 common shares as a result of preferred share conversions (Note 8).

During the year ended March 31, 2022, the Company also issued an aggregate of 1,423,260 shares of its common stock to investors as part of the one-for-one exchange of previously issued exchangeable shares into the Company’s Common Stock, which is a non-cash transaction.

***Share issuances during the three months ended June 30, 2022***

During the three months ended June 30, 2022, the Company issued 404,545 common shares in connection with conversion of convertible notes (Note 5). The total amounts of debts settled is in amount of $406,118 that composed of face value of convertible promissory notes in amount of $302,000 (Note 5), carrying amount of conversion and redemption feature derived from notes in amount of $104,118. The fair value of the shares issued and to be issued was determined based on the market price upon conversion and was in the amount of $457,025. The difference, that represented a loss on conversion between amounts of debt settled and fair value of common shares issued, was in the amount of $50,908 and was recorded as loss on conversion of convertible promissory notes in statement of operations.

During the three months ended June 30, 2022, the Company removed 40,094 of previously to be issued shares, in connection with cancellation of warrant exercises from certain warrant holders. In addition, the Company recognized additional 11,792 shares to be issued for warrant exercise request received but not processed as of quarter end. As a result of the cancellation of to be issued shares, $42,500 was reduced from balance of shares to be issued, and the Company increased the balance of the shares to be issued by $12,500 upon the warrants exercise.

During the three months ended June 30, 2022, the Company issued 4,167 common shares for services received, with a fair value of $7,500.

***Share issuances during the three months ended September 30, 2022***

During the three months ended September 30, 2022, the Company issued 117,647 common shares in connection with conversion of convertible notes (Note 5). The total amounts of debts settled is in amount of $135,274 that composed of face value of convertible promissory notes in amount of $100,000 (Note 5), carrying amount of conversion and redemption feature derived from notes in amount of $35,274. The fair value of the shares issued and to be issued was determined based on the market price upon conversion and was in the amount of $175,294. The difference, that represented a loss on conversion, between amounts of debts settled and fair value of common shares issued was in the amount of $40,020 and was recorded as loss on conversion of convertible promissory notes in statement of operations.

During the three months ended September 30, 2022, the Company issued 22,772 common shares for services received, with a fair value of $30,287.

***Share issuances during the three months ended December 31, 2022***

During the three months ended December 31, 2022, the Company issued 238,846 common shares in connection with the conversion of convertible notes (Note 5). The total amounts of debts settled is in amount of $207,002 that composed of face value of convertible promissory notes in amount of $153,600 (Note 5), carrying amount of conversion and redemption feature derived from notes in amount of $53,402. The fair value of the shares issued and to be issued was determined based on the market price upon conversion and was in the amount of $211,602. The difference, that represented a loss on conversion, between amounts of debts settled and fair value of common shares issued was in the amount of $4,600 and was recorded as loss on conversion of convertible promissory notes in condensed consolidated statements of operations and comprehensive loss.

In addition, the Company issued 105,263 common shares for services received with a fair value of $112,631 which was recognized as a general and administrative expense with a corresponding credit to additional paid-in capital.

***e) Shares to be issued***

During the nine months ended December 31, 2022, the Company issued 100,094 shares in satisfaction of its obligation of shares to be issued, and moved $77,300 out of the shares to be issued account into the additional paid in capital account.

***f) Warrant issuances, exercises and other activity***

***Warrant exercises and issuances during the year ended March 31, 2022***

During the year ended March 31, 2022, 658,355 warrants were exercised pursuant to receipt of exercise proceeds of $872,292. 446,370 warrants were exercised pursuant to cashless warrant exercise. In addition, $103,950 warrant exercise proceeds receivable was recorded as part of deposit and other receivables as of March 31, 2022.

During the year ended March 31, 2022, the Company issued 212,594 warrants, including 25,000 as compensation for advisor and consultant services, and 187,594 as compensation to an executive of the Company who was not part of the Company stock options plan. The warrant expenses were fair valued at $541,443, and recognized as general and administrative expenses, with a corresponding credit to additional paid-in capital.

During the year ended March 31, 2022, the Company issued 57,536 share purchase warrants to lenders in connection with the term loan (Note 6). The fair value of these warrants, in the amount of $198,713, was recorded as part of the discount of the loan, with a corresponding credit to additional paid-in capital. The warrants were not considered as derivative instruments. The fair value of these warrants was determined by using the Black Scholes model, based on the following key inputs and assumptions: expiry date December 21, 2028, exercise price $6.26, rate of return 1.40%, and volatility 121.71%.

During the year ended March 31, 2022, the Company issued 373,404 share purchase warrants to underwriter. The warrants were not considered as a derivative instrument and were accounted as additional paid-in capital along with the uplisting transaction. The warrants were fair valued at $900,371. The fair value of these warrants was determined by using Black Scholes model, based on the following key inputs and assumptions: expiry date August 26, 2026, exercise price $3.75, rate of returns 0.77%, and volatility 111.9%.

***Warrant exercises and issuances during the three months ended June 30, 2022***

During the three months ended June 30, 2022, the Company issued 53,827 warrants as compensation to an executive of the Company who was not part of the Company stock options plan. The warrant expenses were fair valued at $77,414, and recognized as general and administrative expenses, with a corresponding credit to additional paid-in capital.

***Warrant exercises and issuances during the three months ended September 30, 2022***

During the three months ended September 30, 2022, the Company issued 118,282 warrants as compensation to an executive of the Company who was not part of the Company stock options plan. The warrant expenses were fair valued at $77,332, and recognized as general and administrative expenses, with a corresponding credit to additional paid-in capital.

(Expressed in US dollars)

***Warrant issuances and exchanges into other securities during the three months ended December 31, 2022***

During the three months ended December 31, 2022, the Company issued 218,785 warrants as compensation to an executive of the Company who was not part of the Company stock options plan. The fair value of the warrants at issuance was $77,780 and was recognized as a general and administrative expense, with a corresponding credit to additional paid-in capital. In addition, the Company added 312,500 warrants to its outstanding warrant schedule in connection with warrants issued to Series B convertible note holders. This has no impact on paid-in capital as the fair value of warrants were already accounted for as part of the original Series B convertible note issuance accounting entries. Lastly, the Company extinguished and exchanged 306,604 warrants for promissory notes [Note 5] that resulted in an adjustment to additional paid-in capital in the amount of $71,768.

Warrant issuances, exercises and expirations or cancellations during the three months ended December 31, 2022 and preceding periods resulted in warrants outstanding at the end of those respective periods as follows:

| | **Broker and Other Warrants** | **Consultant Warrants** | **Warrants Issued on Conversion of Convertible Notes** | **Total** |
|---|---|---|---|---|
| **As at March 31, 2022** | **876,205** | **1,802,316** | **7,211,623** | **9,890,144** |
| Less: Expired/cancelled | - | - | (1,563,980) | (1,563,980) |
| Less: Exercised | - | - | (11,792) | (11,792) |
| Add: Issued | - | 53,827 | - | 53,827 |
| **As at June 30, 2022** | **876,205** | **1,856,143** | **5,635,851** | **8,368,199** |
| Less: Expired/cancelled | (37,134) | (114,583) | - | (151,717) |
| Less: Exercised | - | - | - | - |
| Add: Issued | - | 118,282 | - | 118,282 |
| **As at September 30, 2022** | **839,071** | **1,859,842** | **5,635,851** | **8,334,764** |
| Less: Expired/cancelled | - | (278,000) | - | (278,000) |
| Less: Exercised | - | - | (306,604) | (306,604) |
| Add: Issued | - | 218,785 | - | 531,285 |
| **As at December 31, 2022** | **839,071** | **1,800,627** | **5,329,247** | **7,968,945** |
| Exercise Price | $1.06 to $6.26 | $0.45 to $3.15 | $1.06 to $1.50 | |
| Expiration Date | August 2026 to January 2031 | January 2023 to December 2032 | January 2024 to February 2024 | |

***g) Stock-based compensation***

On February 2, 2016, the Board of Directors of the Company approved the Company's 2016 Equity Incentive Plan (the "Plan"). The purpose of the Plan is to advance the interests of the Company and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Company and by motivating such persons to contribute to the growth and profitability of the Company. The Plan seeks to achieve this purpose by providing for awards in the form of options, stock appreciation rights, restricted stock purchase rights, restricted stock bonuses, restricted stock units, performance shares, performance units and other stock-based awards.

The Plan shall continue in effect until its termination by the board of directors or committee formed by the board; provided, however, that all awards shall be granted, if at all, on or before the day immediately preceding the tenth ($10^{th}$) anniversary of the effective date. The maximum number of shares of stock that may be issued under the Plan shall be equal to 3,750,000 shares; provided that the maximum number of shares of stock that may be issued under the Plan pursuant to awards shall automatically and without any further Company or shareholder approval, increase on January 1 of each year for not more than 10 years from the effective date, so the number of shares that may be issued is an amount no greater than 20% of the Company's outstanding shares of stock and shares of stock underlying any outstanding exchangeable shares as of such January 1; provided further that no such increase shall be effective if it would violate any applicable law or stock exchange rule or regulation, or result in adverse tax consequences to the Company or any participant that would not otherwise result but for the increase.

Based on the 2016 Option Plan, the Company is authorized to issue employee options with a 10-year term. On March 31, 2020, the Company's Board of Directors approved the amendment of certain prior options grants, issued to current employees, previously issued with a 3-year term, such that the respective options issued under these agreements would have their term extended to 10 years. The Company revalued these options using a lattice model with an expected life of 10 years, risk free rates of 0.46% to 0.75%, stock price of $0.974 and expected volatility of 132.2%, in order to recognize the additional expense associated with the longer term and recognized a one-time charge of $1,600,515 in share-based compensation, with a corresponding adjustment to adjusted paid in capital.

During the three months ended June 30, 2022, the Company granted 10,180 of options with a weighted average remaining contractual life of 10 years. The Company recorded stock-based compensation of $149,190 in connection with ESOP 2016 Plan (June 30, 2021 - $155,851), under general and administrative expenses with corresponding credit to additional paid in capital.

During the three months ended September 30, 2022, the Company granted 3,757 of options with a weighted average remaining contractual life of 10 years. The Company recorded stock-based compensation of $153,338 in connection with ESOP 2016 Plan (September 30, 2021 - $169,778), under general and administrative expenses with corresponding credit to additional paid in capital.

During the three months ended December 31, 2022, the Company granted no new options. The Company recorded stock-based compensation of $63,125 in connection with ESOP 2016 Plan (December 31, 2021 - $100,650), under general and administrative expenses with corresponding credit to additional paid in capital.

(Expressed in US dollars)

The following table summarizes the stock option activities of the Company to December 31, 2022:

| | Number of options | Weighted Average exercise price ($) |
|---|---|---|
| **Outstanding as of March 31, 2022** | **7,409,714** | **2.3466** |
| Granted | 10,180 | 1.7700 |
| Exercised | - | - |
| **Outstanding as of June 30, 2022** | **7,419,894** | **2.3458** |
| Granted | 3,757 | 2.2700 |
| **Outstanding as of September 30, 2022** | **7,423,651** | **2.3457** |
| Granted | - | - |
| Expired | (16,733) | 1.3671 |
| Forfeited | (88,084) | 1,9710 |
| Exercised | - | - |
| **Outstanding as of December 31, 2022** | **7,318,834** | **2.3509** |

(Expressed in US dollars)

The fair value of each option granted is estimated at the time of grant using the Black Scholes model using the following assumptions, for each of the respective fiscal year**:**

| | **Fiscal Year 2023** | **Fiscal Year 2022** |
|---|---|---|
| Exercise price ($) | 1.77 – 2.27 | 2.40 – 3.98 |
| Risk free interest rate (%) | 3.00 – 4.06 | 0.34 – 2.32 |
| Expected term (Years) | 5 – 6.5 | 2.0 – 10.0 |
| Expected volatility (%) | 107.7 – 119.5 | 106.6 – 129.9 |
| Expected dividend yield (%) | 0.00 | 0.00 |
| Fair value of option ($) | 0.36 – 1.57 | 1.19 – 3.52 |
| Expected forfeiture (attrition) rate (%) | 0.00 | 0.00 |

## 10. OPERATING LEASE RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has one operating lease primarily for office and administration.

During December 2021, the Company entered into a new lease agreement. The Company paid $85,000 deposit that would be returned at the end of the lease. In December 2022, the Company started a new lease with an additional suite in the same premise as the existing lease.

When measuring the lease obligations, the Company discounted lease payments using its incremental borrowing rate. The weighted-average-rate applied is 11.4%.

| **Right of Use Asset** | $ |
|---|---|
| Balance at March 31, 2022 | 1,242,700 |
| New leases | 685,099 |
| Amortization | (255,146) |
| Balance at December 31, 2022 | 1,672,653 |

| **Lease Liability** | $ |
|---|---|
| Balance at March 31, 2022 | 1,330,338 |
| New leases | 685,099 |
| Repayment and interest accretion | (231,533) |
| Balance at December 31, 2022 | 1,783,904 |
| | |
| Current portion of operating lease liability | 322,882 |
| Noncurrent portion of operating lease liability | 1,461,022 |

The operating lease expense was $53,286 and $264,738 for the three and nine months ended December 31, 2022, respectively. (December 31, 2021: $119,465 and $255,020) was included in the general and administrative expenses.

The following table represents the contractual undiscounted cash flows for lease obligations as at December 31, 2022:

| **Calendar year** | $ |
|---|---|
| 2023 | 505,696 |
| 2024 | 552,293 |
| 2025 | 600,288 |
| 2026 | 565,359 |
| 2027 and beyond | - |
| Total undiscounted lease liability | 2,223,636 |
| Less imputed interest | (439,732) |
| Total | 1,783,904 |

## 11. PROPERTY AND EQUIPMENT

During the year-ended March 31, 2022, the Company purchased leasehold improvements of $12,928 (useful life: 5 years) as well as furniture & fixtures of $16,839 (useful life: 5 years). The Company recognized depreciation expense for these assets in the amount of $1,487 and $4,465 during the three and nine months ended December 31, 2022 (December 31, 2021: $819, $819):

| **Cost** | **Office equipment** | **Leasehold improvement** | **Total** |
|---|---|---|---|
| | **$** | **$** | **$** |
| Balance at March 31, 2022 | 16,839 | 12,928 | 29,767 |
| Additions | - | - | - |
| **Balance at December 31, 2022** | **16,839** | **12,928** | **29,767** |

(Expressed in US dollars)

| **Accumulated depreciation** | **Office equipment** | **Leasehold improvement** | **Total** |
|---|---|---|---|
| | **$** | **$** | **$** |
| Balance at March 31, 2022 | 1,308 | 1,000 | 2,308 |
| Depreciation for Q1 | 842 | 647 | 1,489 |
| Depreciation for Q2 | 842 | 647 | 1,489 |
| Depreciation for Q3 | 841 | 646 | 1,487 |
| **Balance at December 31, 2022** | **3,833** | **2,940** | **6,773** |
| | | | |
| **Net book value** | | | |
| Balance at March 31, 2022 | 15,531 | 11,928 | 27,459 |
| **Balance at December 31, 2022** | 13,006 | 9,988 | **22,994** |

**12. CONTINGENCIES**

There are no unrecognized claims against the Company that were assessed as significant, which were outstanding as at December 31, 2022 and, consequently, no additional provision for such has been recognized in the condensed consolidated financial statements during the three and nine months then ended.

**13. SUBSEQUENT EVENTS**

The Company's management has evaluated subsequent events up to February 14, 2023, the date the condensed consolidated financial statements were issued, pursuant to the requirements of ASC 855, and has determined the following material subsequent events:

On January 23, 2023, the Company issued a new convertible note to an individual in the amount of $2,000,000 ("principal amount"). This note bears interest with a fixed rate of 10% for its entire 18-month term, paid in advance through the issuance of common stock. On January 23, the company issued 270,270 shares to this individual in payment of this interest, using a share price of $0.74 per share, which is a strike price equal to the lowest Company stock price on the note issuance date. The note maybe repaid in cash, or via conversion of note principal, subject to mutual consent of the Company and the note holder, at 15% discount to the stock's VWAP on the conversion date. In addition, the note holder has the option to convert, after a qualified financing through the earlier of the prepayment date or maturity date, all of the outstanding principal and accrued interest thereon, based upon a conversion price equal to a 20% discount to the lessor of (i) the actual price per new round of stock based on qualified financing, (ii) if there be no qualified financing as of the maturity date, by mutual consent and election of the Company and the note holder, at 15% discount to average VWAP for ten consecutive trading days immediately prior to the maturity date.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*Cautionary Note Regarding Forward-Looking Statements*

*Except for historical information contained herein, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Important assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements, include but are not limited to: (a) any fluctuations in sales and operating results; (b) risks associated with international operations; (c) regulatory, competitive and contractual risks; (d) development risks; (e) the ability to achieve strategic initiatives, including but not limited to the ability to achieve sales growth across the business segments through a combination of enhanced sales force, new products, and customer service; (f) competition in the Company's existing and potential future product lines of business; (g) the Company's ability to obtain financing on acceptable terms if and when needed; (h) uncertainty as to the Company's future profitability; (i) uncertainty as to the future profitability of acquired businesses or product lines; and (j) uncertainty as to any future expansion of the Company. Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements and the failure of such assumptions to be realized as well as other factors may also cause actual results to differ materially from those projected. The Company assumes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements, except as may be required under applicable law. Past results are no guaranty of future performance. Any such forward-looking statements speak only as of the dates they are made. When used in this Report, the words "believes," "anticipates," "expects," "estimates," "plans," "intends," "will" and similar expressions are intended to identify forward-looking statements.*

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and footnotes thereto included in this Quarterly Report on Form 10-Q (the "Financial Statements").

**Company Overview**

Biotricity Inc. (the "Company", "Biotricity", "we", "us", "our") is a medical technology company focused on biometric data monitoring solutions. Our aim is to deliver innovative, remote monitoring solutions to the medical, healthcare, and consumer markets, with a focus on diagnostic and post-diagnostic solutions for lifestyle and chronic illnesses. We approach the diagnostic side of remote patient monitoring by applying innovation within existing business models where reimbursement is established. We believe this approach reduces the risk associated with traditional medical device development and accelerates the path to revenue. In post-diagnostic markets, we intend to apply medical grade biometrics to enable consumers to self-manage, thereby driving patient compliance and reducing healthcare costs. We intend to first focus on a segment of the diagnostic mobile cardiac telemetry market, otherwise known as MCT, while providing our chosen markets with the capability to also perform other cardiac studies.

We developed our FDA-cleared Bioflux® MCT technology, comprised of a monitoring device and software components, which we made available to the market under limited release on April 6, 2018, in order to assess, establish and develop sales processes and market dynamics. The fiscal year ended March 31, 2021 marked the Company's first year of expanded commercialization efforts, focused on sales growth and expansion. We have expanded our sales efforts to 20 states, with intention to expand further and compete in the broader US market using an insourcing business model. Our technology has a large potential total addressable market, which can include hospitals, clinics and physicians' offices, as well as other Independent Diagnostic Testing Facilities ("IDTFs)". We believe our solution's insourcing model, which empowers physicians with state-of-the-art technology and charges technology service fees for its use, has the benefit of a reduced operating overhead for the Company, and enables a more efficient market penetration and distribution strategy.

We are a technology company focused on earning utilization-based recurring technology fee revenue. The Company's ability to grow this type of revenue is predicated on the size and quality of its sales force and their ability to penetrate the market and place devices with clinically focused, repeat users of its cardiac study technology. The Company plans to grow its sales force in order to address new markets and achieve sales penetration in the markets currently served.

Full market release of the Bioflux MCT device for commercialization launched in April 2019, after receiving its second and final required FDA clearance. To commence commercialization, we ordered device inventory from our FDA-approved manufacturer and hired a small, captive sales force, with deep experience in cardiac technology sales; we expanded on our limited market release, which identified potential anchor clients who could be early adopters of our technology. By increasing our sales force and geographic footprint, we had launched sales in 31 U.S. states by December 31, 2022.

On January 24, 2022 the Company announced that it has received the 510(k) FDA clearance of its Biotres patch solution, which is a novel product in the field of Holter monitoring. This three-lead technology can provide connected Holter monitoring that is designed to produce more accurate arrythmia detection than is typical of competing remote patient monitoring solutions. It is also foundational, since already developed improvements to this technology will follow which are not known by the Company to be currently available in the market, for clinical and consumer patch solution applications.

During 2021, the Company also announced that it received a 510(k) clearance from the FDA for its Bioflux Software II System, engineered to improve workflows and reduce estimated analysis time from 5 minutes to 30 seconds. ECG monitoring requires significant human oversight to review and interpret incoming patient data to discern actionable events for clinical intervention, highlighting the necessity of driving operational efficiency. This improvement in analysis time reduces operational costs and allows the company to continue to focus on excellent customer service and industry-leading response times to physicians and their at-risk patients. Additionally, these advances mean we can focus our resources on high-level operations and sales.

The Company has also developed or is developing several other ancillary technologies, which will require application for further FDA clearances, which the Company anticipates applying for within the next to twelve months. Among these are:

- advanced ECG analysis software that can analyze and synthesize patient ECG monitoring data with the purpose of distilling it down to the important information that requires clinical intervention, while reducing the amount of human intervention necessary in the process;

- the Bioflux® 2.0, which is the next generation of our award winning Bioflux®

During 2021 and the early part of 2022, the Company has also commercially launched its Bioheart technology, which is a consumer technology whose development was forged out of prior the development of the clinical technologies that are already part of the Company's technology ecosystem, the BioSphere. In October 2022, the Company launched its Biocare Cardiac Disease Management Solution, after successfully piloting this technology in two facilities that provide cardiac care to more than 60,000 patients. This technology and other consumer technologies and applications such as the Biokit and Biocare have been developed to allow the Company to transform and use its strong cardiac footprint to expand into remote chronic care management solutions that will be part of the BioSphere. The technology puts actionable data into the hands of physicians in order to assist them in making effective treatment decisions quickly. In recognition of its product development, in November 2022, the Company's Bioheart received recognition as one of Time Magazine's Best Inventions of 2022.

The COVID-19 pandemic has highlighted the importance of telemedicine and remote patient monitoring technologies. During the nine months ended December 31, 2021, the Company has continued to develop a telemedicine platform, with capabilities of real-time streaming of medical devices. Telemedicine offers patients the ability to communicate directly with their health care providers without the need of leaving their home. The introduction of a telemedicine solution is intended to align with the Company's Bioflux product and facilitate remote visits and remote prescriptions for cardiac diagnostics, but it will also serve as a means of establishing referral and other synergies across the network of doctors and patients that use the technologies we are building within the Biotricity ecosystem. The intention is to continue to provide improved care to patients that may otherwise elect not to go to medical facilities and continue to provide economic benefits and costs savings to healthcare service providers and payers that reimburse. The Company's goal is to position itself as an all-in-one cardiac diagnostic and disease management solution. The Company continue continues to grow its data set of billions of patient heartbeats, allowing it to further develop its predictive capabilities relative to atrial fibrillation and arrythmias.

The Company identified the importance of recent developments in accelerating its path to profitability, including the launch of important new products identified, which have a ready market through cross-selling to existing large customer clinics, and large new distribution partnerships that allow the Company to sell into large hospital networks. Additionally, in September 2022, the Company was awarded a NIH Grant from the National Heart, Blood, and Lung Institute for AI-Enabled real-time monitoring, and predictive analytics for stroke due to chronic kidney failure. This is a significant achievement that broadens our technology platform's disease space demographic. The grant will focus on Bioflux-AI, as an innovative system for real-time monitoring and prediction of stroke episodes in chronic kidney disease patients.

**Results of Operations**

During the three and nine months ended December 31, 2022, the Company earned combined device sales and technology fee income totaling $2.5 million and $6.9 million. This represents a 27% and a 25% increase from the corresponding comparable periods in fiscal 2021, respectively. Revenue growth has improved from recent prior reporting periods, which were affected by the impacted of COVID on customer clinic operations and closures across the US, including the Omicron variant which afflicted many of the US states that the Company operates in, and impeded the ability of company sales professionals to engage in certain in-person sales meetings with their customers.

During the three months and nine months ended December 31, 2022, we incurred a net loss (prior to the adjustment for preferred stock dividends) of $4.5 million and $14.0 million, respectively, as well as a comprehensive loss of approximately $4.8 million and $14.1 million, respectively. During the three months and nine months ended December 31, 2021, we incurred a net loss (prior to the adjustment for preferred stock dividends) of $7.1 million and $23.5 million, respectively, as well as a comprehensive loss of approximately $7.4 million and $24.2 million, respectively. This resulted in a net loss per common share of $0.091 and $0.283 per share for the three months and nine months ended December 31, 2022, respectively (2021: $0.149 and $0.554).

For the three months and nine months ended December 31, 2022, Biotricity's net loss included one-time expenses related to convertible note conversions, one-time expenses related to deb extinguishments, as well as one-time fair value adjustments on derivative liabilities. Normalized loss per common share, adjusted for these one-time expenses, are illustrated in the EBITDA and Adjusted EBITDA section below.

During the three months ended December 31, 2022, the Company successfully signed agreements with two leading US medical device distributors and one Group Purchasing Organization ("GPO") as major components of its market strategy to large medical networks and hospitals. Given an established ecosystem of state-of-the-art remote cardiac solutions, and newly established large distribution relationships, management anticipates increased demand for cardiac services in the coming quarters. This expectation is reflected in management's decision to increase its inventory build and continue to focus on identifying and acquiring professional sales talent required to support continuous improvement in the growth trajectory of the Company's revenues.

***Three and Nine Months Ended December 31, 2022***

Operating Revenues and Expenses

*Revenue and cost of revenue*

Total revenue for the three months ended December 31, 2022 was $2.5 million and $6.9 million, respectively, compared to $1.9 million and $5.5 million for the comparable periods in the prior year, respectively. During the three and nine months ended December 31, 2022, the Company experienced a gross margin of 57% and 57%, respectively. The gross margin during the comparable prior year periods was 43% and 57%, respectively. The change in gross margin form the prior year was the result of increase of technology fee sales as a percentage of total sales, which has higher gross margins as compared to device sales. Management expects that the cost of devices sold, as well as cellular and other costs associated with technology fees, will become lower as a percentage of revenues as business sales volumes expand, which it anticipates will improve and moderate gross margins.

*Operating Expenses*

Total operating expenses for the three and nine months ended December 31, 2022 were $5.7 million and $17.1 million, respectively, compared to $5.6 million and $16.0 million for the corresponding prior year periods, respectively, as further described below.

*General and administrative expenses*

Our general and administrative expenses for the three and nine months ended December 31, 2022 was $4.8 million and $14.5 million, respectively, compared to $4.7 million and $13.9 million for the corresponding prior year periods, respectively. The increase in general and administrative expenses during the nine month period ended December 31, 2022 was a result of expansion of sales force and marketing initiatives during the first half of fiscal 2023. General and administrative expenses during the three month period ended December 31 decreased as compared to prior year, as a result of increased monitoring of spending efficiency.

*Research and development expenses*

During the three and nine months ended December 31, 2022, we incurred research and development expenses of $0.9 million and $2.5 million, respectively, compared to $0.9 million and $2.1 million for the corresponding prior year periods, respectively. The change in research and development activity was directly related to the timing of development activities associated with the new technologies for our ecosystem and product enhancements.

*Other (expense) income, and loss upon convertible promissory notes conversion*

During the three and nine months ended December 31, 2022, we recognized $119,880 and $116,989 in net other expense, respectively, as compared to net other income of $40,512 and $54,558, in the corresponding prior year periods, respectively. The change in net other expense is a result of loss upon debt extinguishments during current year.

In addition, during the three and nine months ended December 31, 2022, we recorded a gain of $5,391 and a loss of $85,537 upon the conversion of our convertible promissory notes, respectively, as compared to an expense $0.3 million and $1.2 million, respectively, during the comparable prior year periods. The decrease of loss upon conversion is a result of decreased volumes of conversions during fiscal 2023 as compared to prior year.

*Accretion and amortization expenses*

During the three and nine months ended December 31, 2022, we incurred accretion and amortization expense related to debt financing of $51,061 and $151,970, respectively, compared to $1.3 million and $8.8 million during the comparable prior year periods, respectively. The decreases from the prior year comparative periods were as a result of full amortization during the quarter ending March 31, 2022 for the debt discount related to Series A and Series B convertible notes. Therefore, there was no amortization of Series A and Series B convertible notes debt discount during the three and nine months ended December 31, 2022. The remaining amortization in the three and nine months ended December 31. 2022 related to the amortization of debt discount related to the Company’s term loan.

*Change in fair value of derivative liabilities*

During the three and nine months ended December 31, 2022, the Company recognized a loss of $0.1 million and $0.5 million, respectively, related to the change in fair value of derivative liabilities associated with preferred shares and convertible notes. The Company recognized a loss of $0.8 million and $0.7 million during the comparable prior year periods, respectively.

*EBITDA and Adjusted EBITDA*

Earnings before interest, taxes, depreciation and amortization expenses (EBITDA) and Adjusted EBITDA, which are presented below, are non-generally accepted accounting principles (non-GAAP) measures that we believe are useful to management, investors and other users of our financial information in evaluating operating profitability. EBITDA is calculated by adding back interest, taxes, depreciation and amortization expenses to net income.

Adjusted EBITDA is calculated by excluding from EBITDA the effect of the following non-operational items: equity in earnings and losses of unconsolidated businesses and other income and expense, net, as well as the effect of special items that related to one-time, non-recurring expenditures. We believe that this measure is useful to management, investors and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. Further, the exclusion of non-operational items and special items enables comparability to prior period performance and trend analysis. See notes in the table below for additional information regarding special items.

It is management's intent to provide non-GAAP financial information to enhance the understanding of Biotricity's GAAP financial information, and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. We believe that providing these non-GAAP measures in addition to the GAAP measures allows management, investors and other users of our financial information to more fully and accurately assess business performance. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be directly comparable to that of other companies.

**EBITDA and Adjusted EBITDA**

| | **3 months ended December 31, 2022** | **3 months ended December 31, 2021** | **9 months ended December 31, 2022** | **9 months ended December 31, 2021** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Net loss attributable to common stockholders | (4,747,489) | (7,342,871) | (14,676,245) | (24,237,723) |
| Add: | | | | |
| Provision for income taxes | - | - | - | - |
| Interest expense | 413,402 | 124,354 | 1,205,342 | 903,282 |
| Depreciation expense | 1,487 | 819 | 4,465 | 819 |
| **EBITDA** | (4,332,598) | (7,217,698) | (13,446,438) | (23,333,622) |
| | | | | |
| **Add (Less)** | | | | |
| Accretion expense related to convertible note conversion (1) | - | 259,754 | - | 4,485,143 |
| Other (income) expense related to convertible note conversion (2) | (5,391) | 305,246 | 85,537 | 1,155,643 |
| Fair value change on derivative liabilities (3) | 99,705 | 774,773 | 469,971 | 676,172 |
| Uplisting transaction expense (4) | - | - | - | 946,763 |
| Other expense related to debt extinguishment (5) | 126,158 | | 126,158 | |
| **Adjusted EBITDA** | (4,112,126) | (5,877,924) | (12,784,772) | (16,069,900) |
| | | | | |
| Weighted average number of common shares outstanding | 52,142,669 | 49,168,264 | 51,814,972 | 43,747,569 |
| | | | | |
| **Adjusted Loss per Share, Basic and Diluted** | **(0.079)** | **(0.120)** | **(0.247)** | **(0.367)** |

(1) This relates to one-time recognition of accretion expenses relate to the remaining debt discount balances on notes that were converted.
(2) This relates to one-time recognition of expenses reflecting the difference between the book value of the convertible note and relevant unamortized discounts, and the fair value of shares that the notes were converted into.

(3) Fair value changes on derivative liabilities corresponds to changes in the underlying stock value and thus does not reflect our day to day operations
(4) Professional fees related to Company's uplisting from OTC market to Nasdaq
(5) This relates to one-time recognition of loss on debt extinguishment

*Translation Adjustment*

Translation adjustment for the three and nine months ended December 31, 2022 was a translation adjustment loss of $72,824 and a gain of $0.6 million. The company recognized a translation adjustment loss of $20,064 and $1,841 in the corresponding prior year periods, respectively. This translation adjustment represents gains and losses that result from the translation of currency in the financial statements from our functional currency of Canadian dollars to the reporting currency in U.S. dollars over the course of the reporting period.

**Liquidity and Capital Resources**

The Company is in commercialization mode, while continuing to pursue the development of its next generation MCT product as well as new products that are being developed.

We generally require cash to:

- purchase devices that will be placed in the field for pilot projects and to produce revenue,
- launch sales initiatives,
- fund our operations and working capital requirements,
- develop and execute our product development and market introduction plans,
- fund research and development efforts, and
- pay any expense obligations as they come due.

The Company is in the early stages of commercializing its products. It is concurrently in development mode, operating a research and development program in order to develop an ecosystem of medical technologies, and, where required or deemed advisable, obtain regulatory approvals for, and commercialize other proposed products. The Company launched its first commercial sales program as part of a limited market release, during the year ended March 31, 2019, using an experienced professional in-house sales team. A full market release ensued during the year ended March 31, 2020. Management anticipates the Company will continue on its revenue growth trajectory and improve its liquidity through continued business development and after additional equity or debt capitalization of the Company. The Company has incurred recurring losses from operations, and as at December 31, 2022, has an accumulated deficit of $107.7 million. On August 30, 2021 the Company completed an underwritten public offering of its common stock that concurrently facilitated its listing on the Nasdaq Capital Market. On December 31, 2022, the Company has a working capital deficit of $2.5 million (March 31, 2022 – working capital surplus of $10.5 million). Prior to listing on the Nasdaq Capital Market, the Company had also filed a shelf Registration Statement on Form S-3 (No. 333-255544) with the Securities and Exchange Commission on April 27, 2021, which was declared effective on May 4, 2021. This facilitates better transactional preparedness when the Company seeks to issue equity or debt to potential investors, since it continues to allow the Company to offer its shares to investors only by means of a prospectus, including a prospectus supplement, which forms part of an effective registration statement. As such, the Company has developed and continues to pursue sources of funding that management believes will be sufficient to support the Company's operating plan and alleviate any substantial doubt as to its ability to meet its obligations at least for a period of one year from the date of these condensed consolidated financial statements. During the fiscal year ended March 31, 2021, the Company closed a number of private placements offering of convertible notes, which have raised net cash proceeds of $11,375,690 (face value $12,525,500). As of December 31, 2021, $11,048,000 face value of convertible notes issued during last fiscal year was converted into common shares. During fiscal quarter ended June 30, 2021, the Company raised an additional $499,900 through government EIDL loan, and $250,000 through short term loans. During the fiscal quarter ended Sept 30, 2021, the Company raised total net proceeds of $14,545,805 through the underwritten public offering that was concurrent with its listing onto the Nasdaq Capital Markets. During the fiscal quarter ended December 31, 2021, the Company raised additional net proceeds of $11,756,563 through a term loan transaction (Note 6) and made repayment of the previously issued promissory notes and short-term loan. In connection with this loan, the Company and Lender also entered into a Guarantee and Collateral Agreement wherein the Company agreed to secure the Credit Agreement with all of the Company's assets. The Company and Lender also entered into an Intellectual Property Security Agreement dated December 21, 2021 wherein the Credit Agreement is also secured by the Company's right title and interest in the Company's Intellectual Property. During the fiscal quarter ended December 31, 2022, the Company raised short-term loans and promissory notes with net proceeds of 1,889,144 from various lenders.

As we proceed with the commercialization of the Bioflux, Biotres and Biocare products and continue their development, we expect to continue to devote significant resources on capital expenditures, as well as research and development costs and operations, marketing and sales expenditures.

We expect to require additional funds to further develop our business plan, including the continuous commercialization and expansion of the technologies that will form part of its BioSphere eco-system. Based on the current known facts and assumptions, we believe our existing cash and cash equivalents, access to funding sources, along with anticipated near-term debt and equity financings, will be sufficient to meet our needs for the next twelve months from the filing date of this report. We intend to seek and opportunistically acquire additional debt or equity capital to respond to business opportunities and challenges, including our ongoing operating expenses, protecting our intellectual property, developing or acquiring new lines of business and enhancing our operating infrastructure. The terms of our future financings may be dilutive to, or otherwise adversely affect, holders of our common stock. We may also seek additional funds through arrangements with collaborators or other third parties. There can be no assurance we will be able to raise this additional capital on acceptable terms, or at all. If we are unable to obtain additional funding on a timely basis, we may be required to modify our operating plan and otherwise curtail or slow the pace of development and commercialization of our proposed product lines.

**Net Cash Used in Operating Activities**

During the nine months ended December 31, 2022, we used cash in operating activities of $11.7 million compared to $10.4 million for the corresponding period of the prior year. These activities involved expenditures for sales, business development, as well as marketing and operating activities, and continued research and product development.

**Net Cash Used in Investing Activities**

Net cash used by investing activities was $Nil for the nine months ended December 31, 2022. During the nine months ended December 31, 2021, net cash used by investing activities was attributed to the purchase of property and equipment of $29,766.

**Net Cash Provided by Financing Activities**

Net cash provided by financing activities was $4,119 for the nine months ended December 31, 2022, compared to $25.0 million cash provided by financing activities for the nine months ended December 31, 2021.

**Critical Accounting Policies**

The unaudited condensed consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and are expressed in United States Dollars. Significant accounting policies are summarized below:

*Revenue Recognition*

The Company adopted Accounting Standards Codification Topic 606, “Revenue from Contracts with Customers” (“ASC 606”) on April 1, 2018. In accordance with ASC 606, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services by applying the core principles – 1) identify the contract with a customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to performance obligations in the contract, and 5) recognize revenue as performance obligations are satisfied.

Both the Bioflux mobile cardiac telemetry device, and the Biotres device are wearable devices. The cardiac data that the devices monitor and collect is curated and analyzed by the Company's proprietary algorithms and then securely communicated to a remote monitoring facility for electronic reporting and conveyance to the patient's prescribing physician or other certified cardiac medical professional. Revenues earned are comprised of device sales revenues and technology fee revenues (technology as a service). The devices, together with their licensed software, are available for sale to the medical center or physician, who is responsible for the delivery of clinical diagnosis and therapy. The remote monitoring, data collection and reporting services performed by the technology culminate in a patient study that is generally billable when it is complete and is issued to the physician. In order to recognize revenue, management considers whether or not the following criteria are met: persuasive evidence of a commercial arrangement exists, and delivery has occurred or services have been rendered. For sales of devices, which are invoiced directly, additional revenue recognition criteria include that the price is fixed and determinable and collectability is reasonably assured; for device sales contracts with terms of more than one year, the Company recognizes any significant financing component as revenue over the contractual period using the effective interest method, and the associated interest income is reflected accordingly on the statement of operations and included in other income; for revenue that is earned based on customer usage of the proprietary software to render a patient's cardiac study, the Company recognizes revenue when the study ends based on a fixed billing rate. Costs associated with providing the services are recorded as the service is provided regardless of whether or when revenue is recognized.

The Company may also earn service-related revenue from contracts with other counterparties with which it consults. This contract work is separate and distinct from services provided to clinical customers, but may be with a reseller or other counterparties that are working to establish their operations in foreign jurisdictions or ancillary products or market segments in which the Company has expertise and may eventually conduct business.

The Company recognized the following forms of revenue for the three and nine months ended December 31, 2022 and 2021:

| | **For Three Months Ended December 31, 2022 $** | **For Three Months Ended December 31, 2021 $** | **For Nine Months Ended December 31, 2022 $** | **For Nine Months Ended December 31, 2021 $** |
|---|---|---|---|---|
| Technology fee sales | 2,253,187 | 1,413,790 | 6,240,042 | 4,365,292 |
| Device sales | 205,994 | 266,318 | 656,580 | 886,235 |
| Service-related and other revenue | | 250,000 | | 250,000 |
| | 2,459,181 | 1,930,108 | 6,896,622 | 5,501,527 |

*Inventory*

Inventory is stated at the lower of cost and market value, cost being determined on a weighted average cost basis. Market value of our inventory, which is all purchased finished goods, is determined based on its estimated net realizable value, which is generally the selling price less normally predictable costs of disposal and transportation. The Company records write-downs of inventory that is obsolete or in excess of anticipated demand or market value based on consideration of product lifecycle stage, technology trends, product development plans and assumptions about future demand and market conditions. Actual demand may differ from forecasted demand, and such differences may have a material effect on recorded inventory values. Inventory write-downs are charged to cost of revenue and establish a new cost basis for the inventory.

*Significant accounting estimates and assumptions*

The preparation of the condensed consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. The estimates and related assumptions are based on previous experiences and other factors considered reasonable under the circumstances, the results of which form the basis for making the assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounts that require estimates as the basis for determining the stated amounts include share-based compensation, impairment analysis and fair value of warrants, structured notes, convertible debt and conversion liabilities.

- Fair value of stock options

  The Company measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of such instruments, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the Black-Scholes option pricing model, including the expected life of the instrument, risk-free rate, volatility, and dividend yield.

- Fair value of warrants

  In determining the fair value of the warrant issued for services and issue pursuant to financing transactions, the Company used the Black-Scholes option pricing model with the following assumptions: volatility rate, risk-free rate, and the remaining expected life of the warrants that are classified under equity.

- Fair value of derivative liabilities

  In determining the fair values of the derivative liabilities from the conversion and redemption features, the Company used valuation models with the following assumptions: dividend yields, volatility, risk-free rate and the remaining expected life. Changes in those assumptions and inputs could in turn impact the fair value of the derivative liabilities and can have a material impact on the reported loss and comprehensive loss for the applicable reporting period.

- Functional currency

  Determining the appropriate functional currencies for entities in the Company requires analysis of various factors, including the currencies and country-specific factors that mainly influence labor, materials, and other operating expenses.

- Useful life of property and equipment

  The Company employs significant estimates to determine the estimated useful lives of property and equipment, considering industry trends such as technological advancements, past experience, expected use and review of asset useful lives. The Company makes estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires considering industry trends and company-specific factors. The Company reviews depreciation methods, useful lives and residual values annually or when circumstances change and adjusts its depreciation methods and assumptions prospectively

- Provisions

  Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

- Contingencies

  Contingencies can be either possible assets or possible liabilities arising from past events, which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

- Inventory obsolescence

  Inventories are stated at the lower of cost and market value. Market value of our inventory, which is all purchased finished goods, is determined based on its estimated net realizable value, which is generally the selling price less normally predictable costs of disposal and transportation. The Company estimates net realizable value as the amount at which inventories are expected to be sold, taking into consideration fluctuations in retail prices less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices.

- Income and other taxes

  The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses.

  When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences. Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the condensed consolidated balance sheets, a charge or credit to income tax expense included as part of net income (loss) and may result in cash payments or receipts. Judgment includes consideration of the Company's future cash requirements in its tax jurisdictions. All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital, or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

- Incremental borrowing rate for lease

  The determination of the Company's lease obligation and right-of-use asset depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's condensed consolidated financial statements.

*Earnings (Loss) Per Share*

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 260-10 which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti-dilutive. There were no potentially dilutive shares outstanding as at December 31, 2022 and 2021.

*Cash*

Cash includes cash on hand and balances with banks.

*Foreign Currency Translation*

The functional currency of the Company's Canadian-based subsidiary is the Canadian dollar and the US-based parent is the U.S. dollar. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All exchange gains or losses arising from translation of these foreign currency transactions are included in net income (loss) for the year. In translating the financial statements of the Company's Canadian subsidiaries from their functional currency into the Company's reporting currency of United States dollars, balance sheet accounts are translated using the closing exchange rate in effect at the balance sheet date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in accumulated other comprehensive income (loss) in stockholders' equity. The Company has not, to the date of these condensed consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

*Accounts Receivable*

Accounts receivable consists of amounts due to the Company from medical facilities, which receive reimbursement from institutions and third-party government and commercial payors and their related patients, as a result of the Company's normal business activities. Accounts receivable is reported on the balance sheets net of an estimated allowance for doubtful accounts. The Company establishes an allowance for doubtful accounts for estimated uncollectible receivables based on historical experience, assessment of specific risk, review of outstanding invoices, and various assumptions and estimates that are believed to be reasonable under the circumstances, and recognizes the provision as a component of selling, general and administrative expenses. Uncollectible accounts are written off against the allowance after appropriate collection efforts have been exhausted and when it is deemed that a balance is uncollectible.

*Fair Value of Financial Instruments*

ASC 820 defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

● Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.

● Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.

● Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash, accounts receivable, deposits and other receivables, convertible promissory notes and short term loans, federally-guaranteed loans, term loans and accounts payable and accrued liabilities. The Company's cash and derivative liabilities, which are carried at fair values, are classified as a Level 1 and Level 3, respectively. The Company's bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

*Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives as follow:

| | |
|---|---|
| Office equipment | 5 years |
| Leasehold improvement | 5 years |

*Impairment for Long-Lived Assets*

The Company applies the provisions of ASC Topic 360, Property, Plant, and Equipment, which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. ASC 360 requires impairment losses to be recorded on long-lived assets, including right-of-use assets, used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair values are reduced for the cost of disposal. Based on its review at December 31, 2022 and 2021, the Company believes there was no impairment of its long-lived assets.

*Leases*

The Company is the lessee in a lease contract when the Company obtains the right to use the asset. Operating leases are included in the line items right-of-use asset, lease obligation, current, and lease obligation, long-term in the condensed consolidated balance sheet.

Right-of-use ("ROU") asset represents the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligations to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on the condensed consolidated balance sheet and are expensed on a straight-line basis over the lease term in the condensed consolidated statement of operations. The Company determines the lease term by agreement with lessor. As the Company's lease does not provide implicit interest rate, the Company uses the Company's incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. Refer to Note 12 for further discussion.

*Income Taxes*

The Company accounts for income taxes in accordance with ASC 740. The Company provides for Federal, State and Provincial income taxes payable, as well as for those deferred because of the timing differences between reporting income and expenses for financial statement purposes versus tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable or settled. The effect of a change in tax rates is recognized as income or expense in the period of the change. A valuation allowance is established, when necessary, to reduce deferred income tax assets to the amount that is more likely than not to be realized.

*Research and Development*

Research and development costs, which relate primarily to product and software development, are charged to operations as incurred. Under certain research and development arrangements with third parties, the Company may be required to make payments that are contingent on the achievement of specific developmental, regulatory and/or commercial milestones. Before a product receives regulatory approval, milestone payments made to third parties are expensed when the milestone is achieved**.** Milestone payments made to third parties after regulatory approval is received are capitalized and amortized over the estimated useful life of the approved product.

*Stock Based Compensation*

The Company accounts for share-based payments in accordance with the provision of ASC 718, which requires that all share-based payments issued to acquire goods or services, including grants of employee stock options, be recognized in the statement of operations based on their fair values, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Compensation expense related to share-based awards is recognized over the requisite service period, which is generally the vesting period.

The Company accounts for stock based compensation awards issued to non-employees for services, as prescribed by ASC 718-10, at either the fair value of the services rendered or the instruments issued in exchange for such services, whichever is more readily determinable, using the guidelines in ASC 505-50. The Company issues compensatory shares for services including, but not limited to, executive, management, accounting, operations, corporate communication, financial and administrative consulting services.

*Convertible Notes Payable and Derivative Instruments*

The Company has adopted the provisions of ASU 2017-11 to account for the down round features of warrants issued with private placements effective as of April 1, 2017. In doing so, warrants with a down round feature previously treated as derivative liabilities in the condensed consolidated balance sheet and measured at fair value are henceforth treated as equity, with no adjustment for changes in fair value at each reporting period. Previously, the Company accounted for conversion options embedded in convertible notes in accordance with ASC 815. ASC 815 generally requires companies to bifurcate conversion options embedded in convertible notes from their host instruments and to account for them as free-standing derivative financial instruments. ASC 815 provides for an exception to this rule when convertible notes, as host instruments, are deemed to be conventional, as defined by ASC 815-40. The Company accounts for convertible notes deemed conventional and conversion options embedded in non-conventional convertible notes which qualify as equity under ASC 815, in accordance with the provisions of ASC 470-20, which provides guidance on accounting for convertible securities with beneficial conversion features. Accordingly, the Company records, as a discount to convertible notes, the intrinsic value of such conversion options based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

*Preferred Shares Extinguishments*

The Company accounted for preferred stock redemptions and conversions in accordance to ASU-260-10-S99. For preferred stock redemptions and conversion, the difference between the fair value of consideration transferred to the holders of the preferred stock and the carrying amount of the preferred stock is accounted as deemed dividend distribution and subtracted from net income.

*Recently Issued Accounting Pronouncements*

Refer to "Note 3— Summary of Significant Accounting Policies" to our condensed consolidated financial statements included in "Part 1, Item 1 – Condensed Consolidated Financial Statements" in this Report for a discussion of recently issued accounting pronouncements.

**Off-Balance Sheet Arrangements**

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not required for a smaller reporting company.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching the Company's desired disclosure control objectives. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Therefore, even a system which is determined to be effective cannot provide absolute assurance that all control issues have been detected or prevented. Our systems of internal controls are designed to provide reasonable assurance with respect to financial statement preparation and presentation.

At the end of the period being reported upon, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that the material information required to be included in our Securities and Exchange Commission reports is accumulated and communicated to our management, including our principal executive and financial officer, as well as recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms relating to the Company.

**Changes in Internal Controls**

There were no changes in the Company's internal controls over financial reporting that occurred during the three-month period ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II

## OTHER INFORMATION

**Item 1. Legal Proceedings.**

We are not currently a party to any lawsuit or proceeding which, in the opinion of management, is likely to have a material adverse effect on us or our business.

**Item 1A. Risk Factors**

Not required for smaller reporting companies.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

During the period from October 1 to November 15, 2022, the Company issued 238,846 common shares in connection with the conversion of convertible notes in the total amount of $207,002. Also during the same period, the Company issued 105,263 common shares for services rendered. In connection with the foregoing, the Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits**

4.1 Form of Convertible Preferred Note
31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

| | |
|---|---|
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

* Filed herewith.
** Furnished herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 14th day of February 2023.

BIOTRICITY INC.

By: */s/ Waqaas Al-Siddiq*
Name: Waqaas Al-Siddiq
Title: Chief Executive Officer
(principal executive officer)

By: */s/ John Ayanoglou*
Name: John Ayanoglou
Title: Chief Financial Officer
(principal financial and accounting officer)

**Exhibit 4.1**

**THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH, OR PURSUANT TO AN EXEMPTION FROM, THE REQUIREMENTS OF SUCH ACT OR SUCH LAWS.**

**BIOTRICITY INC.**

**CONVERTIBLE PREFERRED NOTE**

**Principal Amount: US$[2,000,000]** **Issue Date: [_____], 2023**

**BIOTRICITY INC.**, a Nevada corporation (the "Company"), for value received, hereby promises to pay to **[XXXXX]** (the "Subscriber(s)") or his permitted assigns or successors (the "Holder(s)"), the principal amount of **[Two Million Dollars]** (US$**[2,000,000]**) (the "Principal Amount"), without demand, on the Maturity Date (as hereinafter defined), together with any accrued and unpaid interest due thereon. This Note shall bear interest at a fixed rate of 10% over its entire 18-month term, in the form of stock with a strike price equal to the lowest price on the Issue Date. Interest shall be computed upon the Issue Date and stock issued within 30 days of the Issue Date. Except as set forth in Section 3.1, payment of all principal due shall be in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time of payment.

This Note is a convertible preferred note referred to in that certain Subscription Agreement dated as of the date hereof (the "Subscription Agreement"), or series of like subscription agreements, among the Company and the Subscriber(s), pursuant to which the Company is seeking to raise an aggregate of up to $2,000,000 (the "Offering").

ARTICLE 1

DEFINITIONS

SECTION 1.1. Definitions. The terms defined in this Article whenever used in this Note shall have the respective meanings hereinafter specified.

"Applicable Laws" means any and all applicable foreign, federal, state and local statutes, laws, regulations, ordinances, policies, and rules or common law (whether now existing or hereafter enacted or promulgated), of any and all governmental authorities, agencies, departments, commissions, boards, courts, or instrumentalities of the United States, any state of the United States, any other nation, or any political subdivision of the United States, any state of the United States or any other nation, and all applicable judicial and administrative, regulatory or judicial decrees, judgments and orders, including common law rules and determinations.

"Common Stock" means the common stock, par value $0.001 per share, of the Company.

"Conversion Shares" means the New Round Stock issued or issuable to the Holder upon a Conversion Date pursuant to Article 3.

"Conversion Date" shall have the meaning set forth in Section 3.1.

"Event of Default" shall have the meaning set forth in Section 6.1.

"Holder" or "Holders" means the person named above or any Person who shall thereafter become a recordholder of this Note in accordance with the terms hereof.

"Issue Date" means the issue date stated above.

"Maturity Date" shall mean the earlier of: (a) the eighteen (18) month anniversary of the date hereof or, if there be more than one closing pursuant to the Offering, the eighteen (18) month anniversary of the last closing date of the Offering.

"New Round Stock" means, in the event of a Qualified Financing, the securities (or units of securities if more than one security are sold as a unit) issued by the Company in the Qualified Financing.

"Note" means this Convertible Preferred Note, as amended, modified or restated.

"Person" means an individual, corporation, partnership, limited liability company, association, trust, joint venture, unincorporated organization or any government, governmental department or agency or political subdivision thereof.

"Qualified Financing" means the next equity or debt round of financing of the Company in whatever form or type, that raises in excess of $5,000,000 gross proceeds.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the Common Stock is not then listed or quoted for trading on a Trading Market and if prices for the Common Stock are then reported on the OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (c) in all other cases, the fair market value of a share of Common Stock as determined by the Board of Directors of the Company in good faith.

## ARTICLE 2

## GENERAL PROVISIONS

SECTION 2.1. Loss, Theft. Destruction of Note. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Note and, in the case of any such loss, theft or destruction, upon receipt of indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Note, the Company will make and deliver, in lieu of such lost, stolen, destroyed or mutilated Note, a new Note of like tenor and unpaid principal amount dated as of the date hereof. This Note shall be held and owned upon the express condition that the provisions of this Section 2.1 are exclusive with respect to the replacement of a mutilated, destroyed, lost or stolen Note and shall preclude any and all other rights and remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement of negotiable instruments or other securities without their surrender.

SECTION 2.2. Prepayment; Redemption. This Note may be prepaid by the Company in whole or in part, after providing fifteen (15) days written notice to the Holder, either in cash or by the mutually consented conversion of the Note and any accrued interest thereon at a 15% discount to the stock's 10-day VWAP.

## ARTICLE 3

## CONVERSION OF NOTE

SECTION 3.1. Conversion.

(a) Optional Conversion Upon Qualified Financing or Maturity. At the option of the Holder at any time subsequent to the consummation of a Qualified Financing (the "Conversion Date") through to the earlier of the Early Payout Date or the Maturity Date, all of the outstanding principal and accrued interest shall convert into New Round Stock based upon a conversion price equal to a 20% discount to the lesser of (i) the actual price per New Round Stock in the Qualified Financing or (ii) if there be no Qualified Financing as of the Maturity Date, by mutual consent and election of the Company and the Holder, at a 15% discount to the average VWAP for ten (10) consecutive Trading Days immediately prior to the Maturity Date.

(b) Upon and as of the Conversion Date, this Note will be cancelled on the books and records of the Company and shall represent the right to receive the Conversion Shares.

SECTION 3.2. Delivery of Securities Upon Conversion.

(a) As soon as is practicable after the Conversion Date, the Company shall deliver to the Holder (i) a certificate or certificates evidencing the Conversion Shares issuable to the Holder and (ii) the Warrants issuable to the Holder. As soon as is practicable after the Warrant Issue Date, the Company shall deliver to the Holder the Warrants issuable to the Holder.

(b) The issuance of certificates for Conversion Shares and Warrants upon conversion or maturity of this Note shall be made without charge to the Holder for any issuance tax in respect thereof or other cost incurred by the Company in connection with such conversion and the related issuance of securities. Upon conversion of this Note, the Company shall take all such actions as are necessary in order to ensure that the Conversion Shares so issued upon such conversion shall be validly issued, fully paid and nonassessable.

SECTION 3.3. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon conversion of this Note. If any conversion of this Note would create a fractional share or a right to acquire a fractional share, the Company shall round to the nearest whole number.

## ARTICLE 4

## STATUS; RESTRICTIONS ON TRANSFER

SECTION 4.1. Status of Note. This Note is a direct, general and unconditional obligation of the Company, and constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms subject, as to enforcement, to bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

SECTION 4.2. Restrictions on Transferability. This Note and any Conversion Shares issued with respect to this Note, have not been registered under the Securities Act, or under any state securities or so-called "blue sky laws," and may not be offered, sold, transferred, hypothecated or otherwise assigned except (a) pursuant to a registration statement with respect to such securities which is effective under the Act or (b) upon receipt from counsel satisfactory to the Company of an opinion, which opinion is satisfactory in form and substance to the Company, to the effect that such securities may be offered, sold, transferred, hypothecated or otherwise assigned (i) pursuant to an available exemption from registration under the Act and (ii) in accordance with all applicable state securities and so-called "blue sky laws." The Holder agrees to be bound by such restrictions on transfer. The Holder further consents that the certificates representing the Conversion Shares that may be issued with respect to this Note may bear a restrictive legend to such effect.

ARTICLE 5

COVENANTS

In addition to the other covenants and agreements of the Company set forth in this Note, the Company covenants and agrees that so long as this Note shall be outstanding:

SECTION 5.1. Payment of Note. The Company will punctually, according to the terms hereof, (a) pay or cause to be paid all amounts due under this Note, (b) reasonably promptly issue the Conversion Shares and the Warrants upon the Conversion Date and (c) reasonably promptly issue the Warrants after the Warrant Issue Date.

SECTION 5.2. Notice of Default. If any one or more events occur which constitute or which, with the giving of notice or the lapse of time or both, would constitute an Event of Default or if the Holder shall demand payment or take any other action permitted upon the occurrence of any such Event of Default, the Company will forthwith give notice to the Holder, specifying the nature and status of the Event of Default or other event or of such demand or action, as the case may be.

SECTION 5.3. Compliance with Laws and Filing Responsibilities. The Company will comply in all material respects with all Applicable Laws, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings. The Company will be responsible for timely filing of all required documents including Form D, and blue sky filings, and will pay for all legal opinions of Company counsel associated with all future sales of the Investor appropriately relying on Rule 144 with respect to the securities sold.

SECTION 5.4. Use of Proceeds. The Company shall use the proceeds of this Note for general working capital.

ARTICLE 6

REMEDIES

SECTION 6.1. Events of Default. "Event of Default" wherever used herein means any one of the following events:

(a) The Company shall fail to issue and deliver the Conversion Shares or Warrants in accordance with Article 3;

(b) Default in the due and punctual payment of the principal of, or any other amount owing in respect of (including Interest), this Note when and as the same shall become due and payable;

(c) Default in the performance or observance of any covenant or agreement of the Company in this Note (other than a covenant or agreement a default in the performance of which is specifically provided for elsewhere in this Section 6.1), and the continuance of such default for a period of ten (10) days after there has been given to the Company by the Holder a written notice specifying such default and requiring it to be remedied;

(d) The entry of a decree or order by a court having jurisdiction adjudging the Company as bankrupt or insolvent; or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Federal Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) calendar days;

(e) The institution by the Company of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors;

(f) The Company seeks the appointment of a statutory manager or proposes in writing or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or any group or class thereof or files a petition for suspension of payments or other relief of debtors or a moratorium or statutory management is agreed or declared in respect of or affecting all or any material part of the indebtedness of the Company; or

(g) It becomes unlawful for the Company to perform or comply with its obligations under this Note.

SECTION 6.2. Effects of Default. If an Event of Default occurs and is continuing, then and in every such case the Holder may declare this Note to be due and payable immediately, by a notice in writing to the Company, and upon any such declaration, the Company shall pay to the Holder the outstanding principal amount of this Note plus all accrued and unpaid interest through the date the Note is paid in full.

SECTION 6.3. Remedies Not Waived. No course of dealing between the Company and the Holder or any delay in exercising any rights hereunder shall operate as a waiver by the Holder. No failure or delay by the Holder in exercising any right, power or privilege under this Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

## ARTICLE 7

## MISCELLANEOUS

SECTION 7.1. Severability. If any provision of this Note shall be held to be invalid or unenforceable, in whole or in part, neither the validity nor the enforceability of the remainder hereof shall in any way be affected.

SECTION 7.2. Notice. Where this Note provides for notice of any event, such notice shall be given (unless otherwise herein expressly provided) in writing and either (i) delivered personally, (ii) sent by certified, registered or express mail, postage prepaid or (iii) sent by facsimile or other electronic transmission, and shall be deemed given when so delivered personally, sent by facsimile or other electronic transmission (confirmed in writing) or mailed. Notices shall be addressed, if to Holder, to its address as provided in the Subscription Agreement or, if to the Company, to its principal office.

SECTION 7.3. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of New York (without giving effect to any conflicts or choice of law provisions that would cause the application of the domestic substantive laws of any other jurisdiction).

SECTION 7.4. Forum. The Holder and the Company hereby agree that any dispute which may arise out of or in connection with this Note shall be adjudicated before a court of competent jurisdiction in the State of New York and they hereby submit to the exclusive jurisdiction of the courts of the County and State of New York, as well as to the jurisdiction of all courts to which an appeal may be taken from such courts, with respect to any action or legal proceeding commenced by either of them and hereby irrevocably waive any objection they now or hereafter may have respecting the venue of any such action or proceeding brought in such a court or respecting the fact that such court is an inconvenient forum.

SECTION 7.5. Headings. The headings of the Articles and Sections of this Note are inserted for convenience only and do not constitute a part of this Note.

SECTION 7.6. Amendments. Any provision of this Note may be amended, modified or waived if and only if the Holder of this Note and the Company has consented in writing to such amendment, modification or waiver of any such provision of this Note.

SECTION 7.7. No Recourse Against Others. The obligations of the Company under this Note are solely obligations of the Company and no officer, employee or stockholder shall be liable for any failure by the Company to pay amounts on this Note when due or perform any other obligation.

SECTION 7.9. Assignment; Binding Effect. This Note may not be assigned by the Company without the prior written consent of the Holder. This Note shall be binding upon and inure to the benefit of both parties hereto and their respective permitted successors and assigns.

SECTION 8.0. Registration Rights. If this Note is converted, shares and warrants underlying the Note will be subject to "piggy-back" registration rights of the Qualified Financing.

IN WITNESS WHEREOF, the Company has caused this Note to be signed by its duly authorized officer on the date hereinabove written.

BIOTRICITY INC.

By: ______________________________

Name: Waqaas Alsiddiq

Title: CEO

**Exhibit 31.1**

**BIOTRICITY INC.**

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Waqaas Al-Siddiq, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Biotricity Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2023

*/s/ Waqaas Al-Siddiq*
Waqaas Al-Siddiq
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**BIOTRICITY INC.**

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Ayanoglou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Biotricity Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2023

*/s/ John Ayanoglou*
John Ayanoglou
(Principal Financial and Accounting Officer)

**Exhibit 32.1**

**BIOTRICITY INC.**

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Biotricity Inc. (the "Company") for the quarterly period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Waqaas Al-Siddiq, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 14, 2023

*/s/ Waqaas Al-Siddiq*
Waqaas Al-Siddiq
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 32.2**

**BIOTRICITY INC.**

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Biotricity Inc. (the "Company") for the quarterly period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Ayanoglou, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 14, 2023

*/s/ John Ayanoglou*
John Ayanoglou
(Principal Financial and Accounting Officer)