

BIOVAXYS

BioVaxys Technology Corp.

**Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023**

(Expressed in Canadian dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of BioVaxys Technology Corp. (the "Company") have been prepared by and are the responsibility of management. These condensed interim financial statements for the three and six months ended April 30, 2023 have not been reviewed or audited by the Company's independent auditors.

BioVaxys Technology Corp.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

| As at | April 30, 2023 | October 31, 2022 |
|---|---------------------|---------------------|
| ASSETS | (unaudited) | |
| CURRENT ASSETS | | |
| Cash | \$ 28,478 | \$ 141,898 |
| Goods and services tax receivable | 72,329 | 45,291 |
| Prepaid expenses | 883,187 | 360,630 |
| Loan receivable, current portion (note 5) | 184,038 | 166,710 |
| | 1,168,032 | 714,529 |
| Intellectual property (note 4) | 1,316,017 | - |
| Loan receivable (note 5) | 168,840 | 151,035 |
| TOTAL ASSETS | \$ 2,652,889 | \$ 865,564 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,321,029 | \$ 1,312,736 |
| Accrued liabilities | 72,091 | 120,899 |
| Due to related parties (note 7) | 362,197 | 205,461 |
| TOTAL LIABILITIES | 1,755,317 | 1,639,096 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (note 8) | 20,868,079 | 17,051,994 |
| Contingent consideration (note 4, 8) | 180,625 | - |
| Reserves (note 8) | 1,899,959 | 1,781,146 |
| Accumulated other comprehensive income | 2,418 | 1,614 |
| Deficit | (22,053,509) | (19,608,286) |
| TOTAL SHAREHOLDERS' EQUITY | 897,572 | (773,532) |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 2,652,889 | \$ 865,564 |

Going concern (note 1)

Subsequent events (note 11)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 29, 2023. They are signed on the Company's behalf by:

/s/ James Passin

Director & Chief Executive Officer

/s/ Anthony Dutton

Director

BioVaxys Technology Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

| | Three months ended April 30, 2023 | Three months ended April 30, 2022 | Six months ended April 30, 2023 | Six months ended April 30, 2022 |
|---|--|--|---------------------------------------|---------------------------------------|
| OPERATING EXPENSES | | | | |
| Advertising and promotion | \$ 13,677 | \$ 51,284 | \$ 13,677 | \$ 51,284 |
| General and administrative (note 7) | 29,955 | 30,668 | 99,619 | 67,307 |
| Investor relations | 235,677 | 29,257 | 444,377 | 131,764 |
| Management and consulting fees (note 7) | 300,473 | 345,023 | 673,067 | 963,366 |
| Professional fees (note 7) | 122,010 | 104,538 | 191,287 | 164,465 |
| Research and development (note 6) | 13,333 | 372,071 | 133,108 | 587,207 |
| Share-based payments (notes 7 and 8) | 46,534 | 88,491 | 111,442 | 252,119 |
| Transfer agent, regulatory and listing fees | 15,729 | 18,674 | 25,568 | 29,137 |
| Travel and accommodation | 5,412 | - | 5,723 | 1,751 |
| | (782,800) | (1,040,006) | (1,697,868) | (2,248,400) |
| OTHER INCOME (LOSS) | | | | |
| Accounts payable write-off | 171,195 | - | 171,195 | - |
| Impairment of intangible assets (note 4) | (947,464) | - | (947,464) | - |
| Foreign exchange gain (loss) | 66,694 | (21,150) | 27,096 | (28,184) |
| Accretion income (note 5) | 3,197 | 3,804 | 6,247 | 7,988 |
| Loss on settlement of debt | - | - | (4,429) | - |
| Total other income (expenses) | (706,378) | (17,346) | (747,355) | (20,196) |
| NET LOSS FOR THE PERIOD | (1,489,178) | (1,057,352) | (2,445,223) | (2,268,596) |
| Other comprehensive loss | | | | |
| Foreign currency translation adjustment | 6,539 | (1,425) | (804) | (1,420) |
| COMPREHENSIVE LOSS | \$(1,482,639) | \$(1,058,777) | \$(2,446,027) | \$(2,270,016) |
| Basic and diluted loss per share | \$ (0.01) | \$ (0.01) | \$ (0.02) | \$ (0.02) |
| Weighted average number of common shares outstanding | 130,492,593 | 96,677,267 | 122,126,803 | 94,425,251 |

BioVaxys Technology Corp.
Condensed Consolidated Interim Statements of Shareholders' Equity
For the six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

| | Number of Shares | Share Capital | Contingent Consideration | Reserves | AOCI | Deficit | Total Shareholders' Equity |
|--|---------------------|----------------------|-----------------------------|---------------------|------------------|------------------------|----------------------------------|
| Balance, October 31, 2021 | 92,186,961 | \$ 14,757,785 | \$ - | \$ 1,422,789 | \$ 18,599 | \$ (8,022,452) | \$ 8,176,721 |
| Shares issued in private placement, net (note 8 (b)) | 5,323,333 | 779,645 | - | - | - | - | 779,645 |
| Shares issued for service (note 8 (b)) | 281,704 | 60,000 | - | - | - | - | 60,000 |
| Share-based payments (note 8 (c)) | - | - | - | 252,119 | - | - | 252,119 |
| Cancellation of stock options (note 8 (c)) | - | - | - | (141,610) | - | 141,610 | - |
| Foreign currency translation adjustment | - | - | - | - | (1,420) | - | (1,420) |
| Net loss for the period | - | - | - | - | - | (2,268,596) | (2,268,596) |
| Balance, April 30, 2022 | 97,791,998 | \$ 15,597,430 | \$ - | \$ 1,533,298 | \$ 17,179 | \$ (10,149,438) | \$ 6,998,469 |
| Balance, October 31, 2022 | 108,812,635 | \$ 17,051,994 | \$ - | \$ 1,781,146 | \$ 1,614 | \$ (19,608,286) | \$ (773,532) |
| Shares issued in private placement (note 8 (b)) | 9,350,000 | 1,092,500 | - | - | - | - | 1,092,500 |
| Share issuance costs (note 8 (b)) | - | (25,400) | - | - | - | - | (25,400) |
| Finders' warrants issued (note 8 (b)) | - | (7,371) | - | 7,371 | - | - | - |
| Shares issued for services (note 8 (b)) | 3,174,422 | 40,000 | - | - | - | - | 40,000 |
| Shares issued on settlement of debt (note 8 (b)) | 750,000 | 120,000 | - | - | - | - | 120,000 |
| Acquisition of TAET Software Corp. (note 4) | 24,500,000 | 2,082,856 | 180,625 | - | - | - | 2,263,481 |
| Exercise of warrants (note 8 (d)) | 1,427,000 | 513,500 | - | - | - | - | 513,500 |
| Share-based payments (note 8 (c)) | - | - | - | 111,442 | - | - | 111,442 |
| Foreign currency translation adjustment | - | - | - | - | 804 | - | 804 |
| Net loss for the period | - | - | - | - | - | (2,445,223) | (2,445,223) |
| Balance, April 30, 2023 | 148,014,057 | \$ 20,868,079 | \$ 180,625 | \$ 1,899,959 | \$ 2,418 | \$ (22,053,509) | \$ 897,572 |

BioVaxys Technology Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

| For the six months ended | April 30, 2023 | April 30, 2022 |
|---|---------------------------|---------------------------|
| OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (2,445,223) | \$ (2,268,596) |
| Non-cash items | | |
| Share-based payments | 111,442 | 252,119 |
| Shares issued for services | 40,000 | 60,000 |
| Impairment of intangible asset | 947,464 | - |
| Accretion income | (6,247) | (7,988) |
| Loss on settlement of debt | 4,429 | - |
| Foreign exchange gain – financial assets | (28,886) | (4,373) |
| Net changes in non-cash working capital items | | |
| Goods and Services Tax receivable | (27,038) | 4,554 |
| Prepaid expenses | (522,672) | (4,252) |
| Accounts payable and accrued liabilities | 740,904 | 639,834 |
| Due to related parties | 156,742 | 38,901 |
| Cash used in operating activities | (1,029,085) | (1,289,801) |
| FINANCING ACTIVITIES | | |
| Proceeds from shares issued in private placement, net | 917,100 | 779,645 |
| Cash provided by financing activities | 917,100 | 779,645 |
| Effect of foreign exchange rate change on cash | (1,435) | 30,611 |
| Net change in cash | (113,420) | (479,545) |
| Cash, beginning of the period | 141,898 | 593,115 |
| Cash, end of the period | \$ 28,478 | \$ 113,570 |

Supplemental disclosure of non-cash activity

| | | |
|--|--------------|-----------|
| Shares issued to acquire intellectual property (IP) (note 4) | \$ 2,082,856 | \$ - |
| Commitment to issue shares to acquire IP (note 4) | \$ 180,625 | \$ - |
| Shares issued on settlement of debt | \$ 120,000 | \$ - |
| Shares issued on exercise of warrants to settle debt | \$ 513,500 | \$ - |
| Shares issued in private placements to settle debt | \$ 150,000 | \$ - |
| Shares issued for services rendered | \$ 40,000 | \$ 60,000 |

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

BioVaxys Technology Corp. (the “Company”) was incorporated on April 25, 2018, pursuant to the provisions of the *Business Corporations Act* of British Columbia. The registered and records office is located at Suite 503, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6.

BioVaxys Technology Corp. is a clinical stage biotechnology company developing viral and oncology vaccine platforms and immuno-diagnostics. The Company’s shares are traded on the Canadian Securities Exchange under the symbol “BIOV” and on the OTCQB under the symbol “BVAXF”.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As of April 30, 2023, the Company had a working capital deficit of \$587,285 (October 31, 2022 – \$924,567) and an accumulated deficit of \$22,053,509 (October 31, 2022 - \$19,608,286). The Company has not generated cash inflows from operations. The Company’s ability to continue as a going concern and realize the carrying value of its assets is dependent on its ability to raise capital through equity and debt financing, the outcome of which cannot be predicted at this time.

These matters indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those of the previous financial year. The condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the years ended October 31, 2022 and 2021, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

(b) Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s annual consolidated financial statements for the years ended October 31, 2022 and 2021.

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

2. BASIS OF PREPARATION (continued)

(c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary. The financial statements of the subsidiary are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

The legal subsidiary of the Company is as follows:

| Name of Subsidiary | Place of Incorporation | Functional Currency | Ownership Interest | |
|--------------------|------------------------|---------------------|--------------------|------------------|
| | | | April 30, 2023 | October 31, 2022 |
| BioVaxys Inc. | USA | US dollar | 100% | 100% |

(d) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. The functional currency of the Company's subsidiary is US dollar.

(e) Significant accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- (i) Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
- (ii) The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

2. BASIS OF PREPARATION (continued)

(e) Significant accounting estimates and judgments (continued)

- (iii) The determination of whether a set of assets acquired, and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of BioVaxys was determined to constitute an asset acquisition.
- (iv) Impairment of intangible assets or cash-generating units (“CGU”) are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s intangible assets.
- (v) Agreements entered into for the acquisition of assets may involve contingent consideration. The estimates involved in assessing the value of the contingent consideration include the expected timing of payments, the expected settlement value, the likelihood of settlement and the probability of the assessed outcomes occurring.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the current and next fiscal financial years:

- (i) Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date the condensed consolidated interim statement of financial position could be impacted.
- (ii) The measurement of share-based payments is determined using the Black Scholes Option Pricing Model. This option pricing model requires the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s annual consolidated financial statements for the fiscal year ended October 31, 2022.

Changes in Significant Accounting Policies and Adoption of a New Accounting Standard

Accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company’s condensed consolidated interim financial statements.

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

4. INTELLECTUAL PROPERTY

On March 13, 2023, the Company acquired TAETSoftware Corp (“TAETCo”). TAETCo is a Vancouver-based clinical studies management company engaged in the development and commercialization of the Trial Adverse Events Tracker technology platform, a proprietary software application which will enable clinical study subjects to record and submit clinical trial Adverse Drug Events reports to study sponsors in real time. In exchange for all of the issued and outstanding shares of TAETCo, the Company issued the TAETCo shareholders 24,500,000 common shares, with an additional 2,500,000 common shares payable upon successful testing of the beta version of the application.

This acquisition did not constitute a business combination as TAETCo did not qualify as a business under IFRS 3 - Business Combinations. As such, this transaction has been accounted for as an acquisition of an asset, being the intellectual property of TAETCo.

The Bonus Shares have been classified as equity under IAS 32.16 as this contingent consideration arrangement would result in the issuance of a fixed number of shares if the target is met. This asset acquisition has therefore been measured as the fair value of the Consideration Shares issued for the transaction based on the closing market price of the Company’s publicly traded shares on the date of the agreement, plus the fair value of the contingent consideration, less the net assets of TAETCo as at the purchase date, as follows:

Fair Value of Acquisition of Intellectual Property

| | Amount | Amount |
|--|---------------|------------------|
| | \$ | \$ |
| Value of Consideration | | |
| Consideration shares: 24,500,000 common shares | | 2,082,500 |
| Bonus shares: 2,500,000 common shares with 85% probability of target being met | | 180,625 |
| Total Value of Consideration | | 2,263,125 |
| | | |
| Less: Net Assets (Liabilities) Acquired | | |
| Bank overdraft | | (5) |
| Due to related parties | | (351) |
| Net assets (liabilities) | | (356) |
| Value of assets acquired | | 2,263,481 |

Subsequent to the year end, The Company sold this intellectual property (see note 11) for consideration with estimated fair value of \$1,316,017. The sale price was used to estimate recoverable amount of the technology at the end of period. The value of the intellectual property has been written down to its recoverable amount, with a \$947,464 impairment expense recognized in the statement of loss and comprehensive loss.

5. LOAN RECEIVABLE

| | April 30, 2023 | October 31, 2022 |
|-----------------------------------|-----------------------|-------------------------|
| Balance, beginning of the period | \$ 317,745 | \$ 316,221 |
| Accretion income | 6,247 | 15,771 |
| Foreign exchange loss | 28,886 | (14,247) |
| Balance, end of the period | 352,878 | 317,745 |
| Loans receivable, current portion | (184,038) | (166,710) |
| Loans receivable | \$ 168,840 | \$ 151,035 |

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

5. LOAN RECEIVABLE (continued)

On April 28, 2021, the Company entered into a binding term sheet (“MSA”) with a vendor located in France for the clinical grade bioproduction and aseptic packaging for its vaccine candidate for ovarian cancer. On June 21, 2021, the Company and the vendor signed a loan agreement, whereby the Company advanced \$369,700 (€250,000) to the vendor to finance the construction of the new specific GMP suite.

The loan can be repaid in whole or in part before September 30, 2025 and bears no interest. Repayment is to be made in four installments of \$83,945 (€62,500) each on the date of September 30 from 2022 to 2025, through offsetting with the future billings from this vendor. However, if the MSA is terminated, the loan will be converted into a promissory note payable within 60 days and will carry interest at the rate of 2% over the prime rate, as published by the *Wall Street Journal*.

The loan receivable was accounted for using the amortized cost method, discounted at an effective interest rate of 5.25% estimated for the vendor. During the three and six months ended April 30, 2023, accretion income of \$3,197 and \$6,247 (2022 - \$3,804 and \$7,988) was recorded in the condensed consolidated interim statements of loss and comprehensive loss.

6. RESEARCH AND DEVELOPMENT

The intangible assets previously held by the Company comprised several patents, licensed patents, patent applications, and the related in-process research and development work (collectively, “IPR&D”). These intangible assets were not amortized, as they were not available for use.

As at October 31, 2022, the Company determined that the intangible assets related to both its Hapten-based Cancer Vaccines Development and COVID Diagnostic and Vaccine Development were fully impaired. As a result, the full carrying amounts of the intangible assets were written off to their recoverable amount of \$nil. A total impairment loss of \$7,396,821 was recorded on the consolidated statement of loss and comprehensive loss during the year ended October 31, 2022.

| | Hapten-based Cancer Vaccines Development | COVID Diagnostic and Vaccine Development | Total |
|---|---|---|--------------|
| Balance as at October 31, 2021 | \$ 5,513,993 | \$ 1,882,828 | \$ 7,396,821 |
| Impairment | (5,513,993) | (1,882,828) | (7,396,821) |
| Balance as at October 31, 2022 and April 30, 2023 | \$ - | \$ - | \$ - |

The Company has continued to carry on these IPR&D projects. The research and development costs incurred on these projects during the three and six months ended April 30, 2023 and 2022 have been expensed on the condensed consolidated interim statements of loss and comprehensive loss.

Hapten-based Cancer Vaccines Development

Thomas Jefferson University License

The Company entered into an exclusive license agreement dated April 25, 2018 with TJU for four US patents (“TJU License”) related to a haptenized cancer vaccine using a single hapten vaccine technology (“Licensed Technology”). Pursuant to the agreement, BioVaxys was granted the exclusive right to use the TJU License to develop, make and sell products worldwide for the term from the agreement date to five years after the expiry of all patents on the Licensed Technology.

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

6. RESEARCH AND DEVELOPMENT (continued)

Under the agreement, the Company is also required to pay to TJU the following payments when achieving the corresponding milestones ("Milestone Payment"):

- US\$25,000 following enrollment of the first patient in a phase 3 clinical trial (or foreign equivalent if outside the US) for a product utilizing the Licensed Technology;
- US\$25,000 following US Food and Drug Administration allowance for a product utilizing the Licensed Technology; and
- US\$100,000 once the Company reaches US\$5,000,000 in net sales of a product utilizing the Licensed Technology.

In addition, the Company is required to pay to TJU a running royalty ("Royalty Payment") based on 2% of net sales of products under the TJU License and 0.25% of net sales of such products during the period after the expiry of the patent.

Among the four patents under the TJU License, two have expired previously and the other two expire in 2023 and 2026, respectively. As at April 30, 2023, the Company has not been required to make any payments towards either Milestone Payment or Royalty Payment.

Bihaptenized Cancer Vaccines Patent

On September 24, 2018, Dr. David Berd, Chief Medical Officer of the Company, filed a patent application for bihaptenized autologous vaccines and the use thereof. The application, together with another application amended from it on October 16, 2018, form the technology platform for "bihaptenized cancer vaccines".

COVID Diagnostic and Vaccine Development

The Company filed the US provisional patent application on October 28, 2020 for a novel diagnostic platform invented by the Company ("Diagnostic Platform"). In April 2021, the Company completed the US Trademark Application, CoviDTH, with foreign filing for the trademark completed in October 2021 for several other countries. As at October 31, 2022, the intangible assets related to this development was fully impaired to \$nil.

7. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management consists of the officers and directors who are responsible for planning, directing and controlling the activities of the Company. The following expenses were incurred by the Company's key management:

| | Three months ended | | Six months ended | |
|-------------------------------------|--------------------|-------------------|-------------------|-------------------|
| | April 30, 2023 | April 30, 2022 | April 30, 2023 | April 30, 2022 |
| | \$ | \$ | \$ | \$ |
| General and administrative expenses | - | 5,513 | - | 7,532 |
| Management and consulting fees | 156,498 | 169,998 | 329,496 | 345,996 |
| Professional fees | - | 10,318 | - | 15,983 |
| Rent | - | - | - | 4,500 |
| Share-based payments | 20,880 | 67,794 | 54,207 | 214,880 |
| | 177,378 | 253,623 | 383,703 | 588,891 |

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

7. RELATED PARTY TRANSACTIONS (continued)

- i. During the three and six months ended April 30, 2023, the Company recognized \$31,500 and \$63,000 (2022 - \$31,500 and \$63,000) in management and directors' fees and \$2,710 and \$9,227 (2022 - \$12,827 and \$50,538) in share-based payments for services provided by the Chief Executive Officer ("CEO") of the Company. As of April 30, 2023, due to related parties balance included \$60,999 (October 31, 2022 - \$32,422) owing to the CEO.
- ii. During the three and six months ended April 30, 2023, the Company recognized \$60,498 and \$120,996 (2022 - \$60,498 and \$120,996) in management fees and \$2,710 and \$9,227 (2022 - \$12,827 and \$50,538) in share-based payments for services provided by the Chief Operating Officer ("COO") and President of the Company. As of April 30, 2023, due to related parties balance included \$177,399 (October 31, 2022 - \$100,830) owing to the COO.
- iii. During the three and six months ended April 30, 2023, the Company expensed \$30,000 and \$60,000 (2022 - \$30,000 and \$60,000) in management fees and \$2,710 and \$9,227 (2022 - \$12,827 and \$50,538) in share-based payments for services provided by the Chief Medical Officer ("CMO") of the Company. As of April 30, 2023, due to related parties balance included \$70,000 (October 31, 2022 - \$30,000) owing to the CMO.
- iv. During the three and six months ended April 30, 2023, the Company expensed \$12,000 and \$30,000 (2022 - \$nil) in management fees and \$5,809 and \$11,618 (2022 - \$nil) in share-based payments for services provided by the former Chief Financial Officer ("CFO") of the Company. As of April 30, 2023, due to related parties balance included \$25,200 (October 31, 2022 - \$6,600) owing to the former CFO of the Company. The former CFO is now a current director of the Company.
- v. During the three and six months ended April 30, 2023, the Company expensed \$21,000 and \$52,500 (2022 - \$21,500 and \$63,000) in management and directors' fees and \$542 and \$1,845 (2022 - \$2,565 and \$10,107) in share-based payments for services provided by a former director of the Company. As of April 30, 2023, due to related parties balance included \$22,500 (October 31, 2022 - \$13,466) owing to the former director.
- vi. During the three and six months ended April 30, 2023, the Company expensed \$1,500 and \$3,000 (2022 - \$nil) in directors' fees and \$6,399 and \$13,063 (2022 - \$17,707) in share-based payments for services provided by a director of the Company. As of April 30, 2022, due to related parties balance included \$6,100 (October 31, 2022 - \$3,100) owing to this director.

As at April 30, 2023, the Company was indebted to the related parties for a total of \$362,197 (October 31, 2022 - \$205,461) for management and consulting fees, professional fees and reimbursable expenses. The amounts are non-interest-bearing and have no terms of repayment.

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value are authorized for issue.

(b) Issued

Share capital activities for the six months ended April 30, 2023:

- (i) The Company issued 1,550,000 units for proceeds of \$155,000 pursuant to a private placement. Each unit is comprised of one common share and one warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.20 per share for two years from the closing date. The Company incurred total finder's fees of \$18,400.

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

8. SHARE CAPITAL (continued)

b) Issued (continued)

- (ii) The Company issued 1,500,000 units valued at \$150,000 pursuant to a private placement. Each unit is comprised of one common share and one warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.20 per share for two years from the closing date. The Company also issued 1,427,000 common shares in connection with the exercise of warrants. The warrants had a total exercise value of \$513,500. The total consideration of \$663,500 from these share issuances was netted against amounts payable of \$629,071, resulting in a \$34,429 loss on settlement of debt.
- (iii) The Company issued 940,000 units for proceeds of \$117,500 pursuant to a private placement. Each unit is comprised of one common share and one warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.20 per share for two years from the closing date. The Company incurred total finder's fees of \$7,000 and issued 56,000 finders warrants with a fair value of \$7,371. Each finder's warrant is exercisable at \$0.20 per share for three years from the closing date, The fair value of the finders' warrants was determined using the Black-Scholes option pricing model with the following weighted average assumptions: a 3-year expected life; share price at grant date of \$0.165; 149.73% volatility; risk-free interest rate of 3.91%; and a dividend yield of 0%.
- (iv) The Company issued 5,360,000 common shares for proceeds of \$670,000 pursuant to a non-brokered private placement.
- (v) The Company issued 272,186 common shares pursuant to a consulting agreement with a director of the Company. The shares were issued in exchange for management services from October 2022 to January 2023 valued at \$40,000.
- (vi) The Company issued 2,902,236 common shares to a vendor in consideration for past services rendered by the Company. These common shares were deemed to have a value of \$nil as both parties agreed to terminate the engagement of the vendor and shares were cancelled subsequent to the period end (note 11).
- (vii) The Company issued 750,000 common shares with a fair value of \$120,000 to settle amounts payable of \$150,000 to a vendor pursuant to a debt settlement agreement. The Company recognized a \$30,000 gain on settlement of debt.
- (viii) Pursuant to the Share Purchase Agreement (note 4), the Company issued 24,500,000 shares with a fair value of \$2,082,856 to the shareholders of TAETCo. Additionally, the Company recognized a contingent consideration, which was fair valued at \$180,625 (note 4).

Share capital activities for the six months ended April 30, 2022:

- (i) The Company issued 281,704 common shares pursuant to a consulting agreement with a director of the Company. The shares were issued in exchange for \$60,000 of consulting fees.
- (ii) The Company issued 5,323,333 units for proceeds of \$798,500 pursuant to a private placement. Each unit is comprised of one common share and one warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.30 per share for three years from the closing date. The Company incurred total finder's fees of \$18,805.

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

8. SHARE CAPITAL (continued)

(c) Stock options

The Company has a stock option plan (the "Plan") that permits the grant of share purchase options of up to 10% of the issued and outstanding common shares of the Company to directors, officers, key employees and consultants. Terms and pricing of options are determined at the date of grant in accordance with the Plan. Stock option transactions and the number of stock options outstanding are summarized below:

| | Number of Options | Weighted Average Exercise Price (\$) |
|--|----------------------|---|
| Balance, October 31, 2021 | 5,234,864 | 0.41 |
| Granted | 5,355,000 | 0.22 |
| Forfeited | (200,000) | 0.35 |
| Expired | (84,864) | 0.01 |
| Cancelled | (350,000) | 0.47 |
| Balance, October 31, 2022 and April 30, 2023 | 9,955,000 | 0.32 |

No stock options were granted during the six months ended April 30, 2023.

On December 31, 2021, the Company granted 2,255,000 stock options to certain directors, officers and consultants with an exercise price of \$0.25 and a maturity date of December 31, 2025. The stock options vest over three years with one-third vesting immediately, one-third vesting on the first anniversary and the remaining one-third vesting on the second anniversary. The fair value of these stock options was determined to \$300,772.

On April 29, 2022, the Company granted 750,000 stock options to a director with an exercise price of \$0.20 and a maturity date of April 29, 2026. The stock options vest over three years with one-third vesting immediately, one-third vesting on the first anniversary and the remaining one-third vesting on the second anniversary. The fair value of these stock options was determined to \$52,905.

The fair value of these stock options issued was determined using the Black-Scholes Option Pricing model. The weighted average assumptions used in calculating the fair value are as follows:

| | April 30, 2022 |
|-------------------------|-----------------------|
| Risk-free interest rate | 1.57% |
| Dividend yield | 0% |
| Expected volatility | 96.46% |
| Expected life (years) | 4 |
| Forfeiture rate | 0% |

During the three and six months ended April 30, 2023, the Company recognized share-based payments of \$64,908 and \$111,442 (2022 - \$163,628 and \$252,119) in equity reserves, which pertains to the options granted to directors, officers and advisors of the Company in the prior fiscal year.

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

8. SHARE CAPITAL (continued)

(c) Stock options (continued)

Additional information regarding stock options outstanding as at April 30, 2023 is as follows:

| Expiry Date | Exercise Price (\$) | Number of Options Issued | Number of Options Exercisable |
|-------------------|---------------------|--------------------------|-------------------------------|
| September 3, 2025 | 0.28 | 100,000 | 100,000 |
| October 20, 2025 | 0.45 | 2,850,000 | 2,850,000 |
| December 31, 2025 | 0.25 | 2,155,000 | 1,436,667 |
| February 12, 2026 | 0.57 | 750,000 | 750,000 |
| April 29, 2026 | 0.20 | 750,000 | 500,000 |
| September 3, 2026 | 0.25 | 1,000,000 | 1,000,000 |
| August 4, 2026 | 0.20 | 850,000 | 283,333 |
| October 4, 2027 | 0.20 | 1,500,000 | 500,000 |
| | | 9,955,000 | 7,420,000 |

As of April 30, 2023, the weighted average remaining life for outstanding stock options was 3.03 years.

(d) Share purchase warrants

Share purchase warrants transactions and the number of share purchase warrants outstanding are summarized below:

| | Number of Warrants | Weighted Average Exercise Price (\$) |
|---------------------------|--------------------|--------------------------------------|
| Balance, October 31, 2021 | 19,540,241 | 0.50 |
| Granted | 8,673,333 | 0.26 |
| Balance, October 31, 2022 | 28,213,574 | 0.43 |
| Granted | 3,990,000 | 0.20 |
| Exercised | (1,427,000) | 0.36 |
| Expired | (10,178,627) | 0.50 |
| Balance, April 30, 2023 | 20,597,947 | 0.35 |

(e) Brokers' warrants

Additional information regarding share purchase warrants outstanding as at April 30, 2023 is as follows:

| Expiry Date | Exercise Price (\$) | Number of Warrants Issued and Exercisable |
|--------------------|---------------------|---|
| January 14, 2024 | 0.50 | 3,812,159 |
| January 28, 2024 | 0.50 | 5,122,455 |
| February 10, 2025 | 0.30 | 1,680,000 |
| February 25, 2025 | 0.30 | 2,643,333 |
| August 25, 2024 | 0.20 | 2,000,000 |
| September 19, 2024 | 0.20 | 1,350,000 |
| November 10, 2024 | 0.20 | 3,050,000 |
| November 28, 2024 | 0.20 | 940,000 |
| | | 20,597,947 |

BioVaxys Technology Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and six months ended April 30, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

8. SHARE CAPITAL (continued)

(e) Brokers' warrants (continued)

Brokers' warrants transactions and the number of brokers' warrants outstanding are summarized below:

| | Number of Brokers' Warrants | Weighted Average Exercise Price (\$) |
|---------------------------|-----------------------------|--------------------------------------|
| Balance, October 31, 2021 | 233,874 | 0.50 |
| Expired | (233,874) | 0.50 |
| Balance, October 31, 2022 | - | - |
| Granted | 56,000 | 0.20 |
| Balance, April 30, 2023 | 56,000 | 0.20 |

Additional information regarding brokers' warrants outstanding as at April 30, 2023, is as follows:

| Expiry Date | Exercise Price (\$) | Number of Warrants Issued and Exercisable |
|-------------------|---------------------|---|
| November 28, 2025 | 0.20 | 56,000 |
| | | 56,000 |

(f) Escrow shares

As at April 30, 2023, 3,509,025 (October 31, 2022 – 7,045,053) shares were subject to escrow conditions, and 3,509,025 shares will be released from escrow every six months until September 30, 2023.

(g) Reserves

The reserve records items recognized as share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

9. FINANCIAL INSTRUMENTS

Fair Value

As at April 30, 2023, the Company's financial instruments consist of cash, loans receivable, accounts payable and due to related parties. The fair values of these financial instruments approximate their carrying values due to their current nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable market data.

9. FINANCIAL INSTRUMENTS (continued)

The Company is exposed in different degrees to a variety of financial instrument related risks:

Foreign Exchange Risk

The Company is exposed to currency fluctuations. From time to time, the Company has US dollar balances in cash and accounts payable and euro dollar balance in loan receivable and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar or euro dollar could have an effect on the Company's profit or loss, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations during the six months ended April 30, 2023.

As at April 30, 2023, the Company had a net foreign currency cash balance of US\$3,911 and accounts payable of US\$348,981. A 10% change in the Canadian dollar versus the US dollar would give rise to a gain/loss of approximately \$47,000, based on the Company's current net exposure. Additionally, the Company had a loan receivable of €250,000 and accounts payable of €7,685. A 10% change in the Canadian dollar versus the euro would give rise to a gain or loss of approximately \$36,000, based on the Company's net exposure. In practice, the actual results may differ from this sensitivity analysis, and the difference may be material. Management considers foreign exchange to be a moderate risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing this instrument with institutions of high credit worthiness. The Company does not have significant exposure to credit risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at April 30, 2023, the Company is not exposed to significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date.

As of April 30, 2023, the Company had cash of \$28,478 (October 31, 2022 - \$141,898), accounts payable of \$1,321,029 (October 31, 2022 - \$1,312,736) and due to related parties of \$362,197 (October 31, 2022 - \$205,461). The Company's accounts payable and accrued liabilities are due within 90 days. Amounts due to related parties are due on demand. The Company addresses its liquidity through debt and equity financing obtained through the sale of common shares and the exercise of warrants and options. There is no assurance that it will be able to do so in the future.

10. CAPITAL MANAGEMENT

The Company includes equity in its definition of capital. The Company's objectives are to preserve its ability to continue its operation to ensure its sustainability and to provide an adequate return to its shareholders, and to ensure sufficient equity financing in a way that maximizes the shareholders' return given the assumed risks of its activities. The Company may issue new shares following approval by the Board of Directors.

The Company's objectives in terms of capital management have not changed during the six months ended April 30, 2023.

The Company is not subject to any external capital requirements as at April 30, 2023 beyond those imposed by the Canadian Securities Exchange.

11. SUBSEQUENT EVENTS

Disposal of Intellectual Property

On May 20, 2023, the Company sold 100% of the common shares of TAETCo to 1402588 BC Ltd (the "Buyer", together the "Parties") in exchange for consideration of 500,000 shares of the Buyer. These shares will then be exchanged into shares in XGC Software Inc (XGC), the sole shareholder of the Buyer, on a 1:1 basis, such that BioVaxys will become a shareholder of XGC. The Parties also agreed that BioVaxys would make the following payments to the Buyer upon achievement of the milestones described below ("Milestone Payments"):

- 500,000 shares of XGC, issuable within 30 days of the first commercial licence sale of the software
- 500,000 shares of XGC, issuable within 30 days of the first achievement of cumulative revenue of USD\$1,000,000 in any one fiscal year
- USD\$500,000 cash payment, payable within 30 days of the filing of any financial statement that shows the first achievement of cumulative revenue of USD\$5,000,000 in any one fiscal year
- USD\$500,000 cash payment, payable within 30 days of the filing of any financial statement that shows the first achievement of cumulative revenue of USD\$10,000,000 in any one fiscal year
- USD\$1,000,000 cash payment, payable within 30 days of the filing of any financial statement that shows the first achievement of cumulative revenue of USD\$5,000,000 in any one fiscal quarter
- USD\$2,000,000 cash payment, payable within 30 days of the filing of any financial statement that shows the first achievement of cumulative revenue of USD\$10,000,000 in any one fiscal quarter

Cancellation of Shares

In June 2023, BioVaxys cancelled the 2,902,236 shares it had previously issued to a vendor for past services rendered. These shares were cancelled as parties mutually agreed to terminate their engagement.