

MedMira Inc.

Condensed Interim Consolidated Financial Statements
For the nine months ended April 30, 2022 and April 30, 2021
(Unaudited – Prepared by Management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ending April 30, 2022

June 29, 2022

Management's responsibility for financial reporting

The accompanying consolidated financial statements of MedMira Inc. (MedMira or the Company) are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements includes amounts and assumptions based on management's best estimates which have been derived with careful judgement.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to ensure that the financial records are reliable for preparation of the consolidated financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the condensed interim consolidated financial statements and the accompanying management's discussion and analysis. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is a subcommittee of the Board of Directors. It is responsible for oversight of the internal control and financial matters assisting the Company's management and independent auditors to ensure that the integrity of the financial reporting process is maintained.

(signed) *Hermes Chan*
Chief Executive Officer

(signed) *Markus Meile*
Chief Financial Officer

Unaudited consolidated statements of financial position
As at April 30, 2022 and July 31, 2021

In Canadian dollars

	<i>Notes</i>	30-Apr-22	31-Jul-21
		\$	\$
Assets			
<i>Current assets</i>			
Cash		396,142	-
Trade and other receivables		1,199,540	1,250,648
Prepaid expenses		42,431	89,925
Inventories	3	235,422	235,773
Total current assets		<u>1,873,535</u>	<u>1,576,346</u>
<i>Non-current assets</i>			
Property, plant and equipment		2,224,317	2,313,724
Intangible assets		2	2
Total non-current assets		<u>2,224,319</u>	<u>2,313,726</u>
Total assets		<u><u>4,097,854</u></u>	<u><u>3,890,072</u></u>
Liabilities			
<i>Current liabilities</i>			
Bank indebtedness		-	10,113
Current portion of debt	8	6,114,452	9,181,821
Trade accounts payable and accrued liabilities		2,570,200	2,699,743
Salaries and benefits payable		1,767,085	1,733,849
Interest payable		2,098,367	2,280,816
Deferred rent		20,648	35,966
Deferred revenue		618,317	1,198,009
Advance from shareholder		500,000	-
Provision for royalty	10	62,673	144,311
Current portion of lease liabilities	7	149,722	130,000
Total current liabilities		<u>13,901,464</u>	<u>17,414,628</u>
<i>Long term liabilities</i>			
Long term debt	8	40,000	40,000
Lease liability	7	2,049,228	2,159,342
Total long term liabilities		<u>2,089,228</u>	<u>2,199,342</u>
Total liabilities		<u>15,990,692</u>	<u>19,613,970</u>
Equity			
Share capital	4	68,349,720	63,904,090
Warrant reserve	4	753,847	31,961
Equity reserve	4	13,823,881	13,791,920
Accumulated deficit		(94,820,286)	(93,451,869)
Total shareholders' deficiency		<u>(11,892,838)</u>	<u>(15,723,898)</u>
Total liabilities and equity		<u><u>4,097,854</u></u>	<u><u>3,890,072</u></u>

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

Approved on behalf of the Board of Directors

(signed) *Hermes Chan*, Director

(signed) *Steve Cummings*, director

Unaudited consolidated statements of operations and comprehensive loss
For the three and nine months ended April 30, 2022 and April 30, 2021

In Canadian dollars

	<i>Notes</i>	for the three months ended		for the nine months ended	
		30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21
		\$	\$	\$	
Product					
Product sales	4	110,930	64,631	254,276	1,954,017
Product cost of sales		<u>(14,332)</u>	<u>(33,747)</u>	<u>(47,395)</u>	<u>(322,725)</u>
Gross margin on product		<u>96,598</u>	<u>30,884</u>	<u>206,881</u>	<u>1,631,292</u>
Service					
Service sales	4	212,995	19,234	569,295	80,114
Service costs of sales		<u>(212,995)</u>	<u>(14,281)</u>	<u>(569,295)</u>	<u>(75,161)</u>
Gross margin on Service		<u>-</u>	<u>4,953</u>	<u>-</u>	<u>4,953</u>
Operating expenses					
Research and development	12	(36,319)	(82,245)	(70,635)	(216,540)
Sales and marketing		(3,515)	(1,088)	(3,745)	(43,600)
Other direct costs		(184,872)	(252,173)	(629,548)	(773,224)
General and administrative		<u>(167,782)</u>	<u>102,206</u>	<u>(547,488)</u>	<u>(175,392)</u>
Total operating expenses		<u>(392,488)</u>	<u>(233,300)</u>	<u>(1,251,416)</u>	<u>(1,208,756)</u>
Operating loss		<u>(295,890)</u>	<u>(197,463)</u>	<u>(1,044,535)</u>	<u>427,489</u>
Non-operating income (expenses)					
Government Assistance		-	-	64,703	-
Financing		<u>(115,177)</u>	<u>(140,590)</u>	<u>(388,585)</u>	<u>(466,302)</u>
Net (loss) income		<u>(411,067)</u>	<u>(338,053)</u>	<u>(1,368,417)</u>	<u>(38,813)</u>
Basic (loss) earnings per share	7	(0.0006)	(0.0005)	(0.0020)	(0.0001)
Diluted (loss) earnings per share	7	(0.0006)	(0.0005)	(0.0020)	(0.0001)

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

Unaudited consolidated statements of changes in equity
In Canadian dollars

	Notes	Share capital					Accumulated deficit	Shareholders' deficiency
		Common shares	Preferred shares	Warrant reserve	Option reserve	Equity reserve		
Balance at July 31, 2020		63,419,302	2,500	-	10,252	13,781,668	(92,776,072)	(15,562,350)
Net and comprehensive income		-	-	-	-	-	(38,813)	(38,813)
Exercise of stock options		15,000	-	-	(5,126)	5,126	-	15,000
Expiration of stock options		-	-	-	(5,126)	5,126	-	-
Balance at April 30, 2021		63,434,302	2,500	-	-	13,791,920	(92,814,885)	(15,586,163)
Net and comprehensive loss		-	-	-	-	-	(636,984)	(636,984)
Expiration of stock options	4	-	-	-	-	-	-	-
Shares issued for cash	4	468,039	-	31,961	-	-	-	500,000
Exercise of stock options	4	-	-	-	-	-	-	-
Share issuance costs	4	(751)	-	-	-	-	-	(751)
Balance at July 31, 2021		63,901,590	2,500	31,961	-	13,791,920	(93,451,869)	(15,723,898)
Net and comprehensive income		-	-	-	-	-	(1,368,417)	(1,368,417)
Shares issued for cash		911,844	-	753,847	-	-	-	1,665,691
Shares issued for debt		3,564,437	-	-	-	-	-	3,564,437
Share issuance costs	4	(30,651)	-	-	-	-	-	(30,651)
Expired warrants	4	-	-	(31,961)	-	31,961	-	-
Balance at April 30, 2022		68,347,220	2,500	753,847	-	13,823,881	(94,820,286)	(11,892,838)

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

Unaudited consolidated statements of cash flows
For the nine months ended April 30, 2022 and April 30, 2021

In Canadian dollars

	<i>Notes</i>	30-Apr-22 \$	30-Apr-21 \$
Cash from operating activities			
Net loss		(1,368,417)	(38,813)
Adjustments for:			
Depreciation		159,124	155,031
Interest expense on lease liabilities		86,387	91,541
Movements in working capital:			
(Increase)/decrease in trade and other receivables		51,108	(805,059)
(Increase)/decrease in inventories		351	(29,052)
Decrease in prepaid expenses		47,494	6,776
(Increase)/decrease in trade accounts payable and accrued liabilities		(129,532)	235,083
Increase in other current liabilities		(246,169)	503,468
Increase in deferred revenue		(579,705)	(34,616)
Net cash used in operating activities		<u>(1,979,359)</u>	<u>84,359</u>
Cash flow from investing activities		<u>(69,717)</u>	<u>(6,842)</u>
Net cash used in investing activities		<u>(69,717)</u>	<u>(6,842)</u>
Cash flow from financing activities			
Increase in bank indebtedness		(10,113)	-
Share issuance	4	2,111,913	15,000
Share issuance costs	4	(30,651)	-
Decrease in lease obligations	5	(176,779)	(191,090)
Advance from shareholder		500,000	-
Proceeds from borrowings	6	55,847	46,884
Repayment of borrowings	6	(5,000)	(344,979)
Net cash from financing activities		<u>2,445,217</u>	<u>(474,185)</u>
Net increase (decrease) in cash		396,142	(396,668)
Cash at the beginning of the year		-	401,861
Cash at the end of the year		<u>396,142</u>	<u>5,193</u>

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

MedMira Inc.

Notes to the Consolidated Financial Statements

For the nine months ended April 30, 2022 and April 30, 2021

In Canadian dollars

1. Reporting entity

Nature of operations

MedMira Inc. (“MedMira” or “the Company”) is a biotechnology company headquartered in Canada. The address of the Company’s registered office is 155 Chain Lake Drive, Suite 1, Halifax, Nova Scotia, B3S 1B3. MedMira Holding AG owns the majority of MedMira’s shares and is the controlling shareholder. MedMira, through its subsidiaries, is engaged in the business of research, development and manufacturing of rapid diagnostics and technologies. The Company invests in research in order to maintain and expand its position in the global diagnostics market. MedMira’s research is focused on specific areas of the broader diagnostics market, namely the rapid, point-of-care, and *in vitro* sectors.

2. Basis of preparation

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The consolidated financial statements were authorized for issue by the Board of Directors on June 29, 2022.

b. Going-concern

The accompanying consolidated financial statements have been prepared on the basis of IFRS applicable to a going-concern, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. However, certain adverse conditions and events cast significant doubt upon the validity of this assumption.

The Company has incurred losses and negative cash flows from operations on a cumulative basis since inception. For the nine months ended April 30, 2022, the Company realized a net loss of \$1.4 million (April 30, 2021 – net loss of \$38,813), consisting of a net loss from operations of \$1.1 million (April 30, 2021 – net income of \$0.4 million), and other non-operating losses of \$0.3 million (April 30, 2021 - \$0.5 million). Negative cash inflows from operations were \$2.0 million (April 30, 2021 – net inflows of \$0.1 million). As at April 30, 2022, the Company had an accumulated deficit of \$94.8 million (July 31, 2021 - \$93.5 million) and a negative working capital position of \$12.0 million (July 31, 2021 - \$15.8 million). In addition, as at April 30, 2022, \$6.1 million of debt was in default. The Company currently has insufficient cash to fund its operations for the next 12 months. In addition to its ongoing working capital requirements, the Company must secure sufficient funding for its research and development programs for existing commitments, including its current portion of debt of approximately \$6.1 million. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s objectives in managing capital are to ensure it can meet its ongoing working capital requirements. The Company must secure sufficient capital to support its capital requirements for research and development programs, existing commitments, including its current portion of debt of approximately \$6.1 million, as well as growth opportunities.

Management dedicates significant time to pursuing investment alternatives that will fund the Company’s operations and growth opportunities so it can continue as a going concern. Debt arrangements were also ongoing with the Company’s major shareholder and other debt holders. Subsequent to the close of the third quarter of fiscal year 2022,

MedMira Inc.

Notes to the Consolidated Financial Statements

For the nine months ended April 30, 2022 and April 30, 2021

In Canadian dollars

the Company, has generated additional revenues from product sales which support the Company's on-going operating costs and provide funding for its product development activities. Management continues to work closely with its main investor to support any additional cash requirements if needed, nevertheless there is no assurance that this initiative would be successful.

The Company is subject to risks associated with early stage companies, including but not limited to, dependence on key individuals, competition from substitute services and larger companies, and the requirement for the continued successful development and marketing of its products and services. The Company's ability to continue as a going-concern is dependent upon its ability to generate positive cash flow from operations and secure additional financing and the continued support of its lenders and shareholders. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going-concern assumption not appropriate. These adjustments could be material.

c. Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there changes to one or more of the three elements of control listed above. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements.

3. Revenue

The Company derives approximately 86% (April 30, 2021 – 87%) of its revenue from three (April 30, 2021 — three) main customers and, for these customers, assesses the recoverability of each account on a regular basis. During the nine months ended April 30, 2022 customer 1 accounted for 69% of the Company's revenue, customer 2 accounted for 13% of the revenue and customer 3 accounted for 4%.

	for the three months ended		for the nine months ended	
	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21
Product sales	110,930	64,631	254,276	1,954,017
Service sales	212,995	19,234	569,295	80,114
Total revenue	323,925	83,865	823,571	2,034,131

Service sales are generated from research and development work on a contract for Ritec AG. The Company organizes and records revenue based on major geographical territories around the world. The table below provides the geographic breakdown of revenue.

	for the three months ended		for the six months ended	
	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21
			\$	\$
North America	310,673	61,168	803,545	1,764,143
Asia Pacific	-	-	454	8,039
Europe	13,252	22,697	19,572	260,035
Other	-	-	-	1,914
Total revenue	323,925	83,865	823,571	2,034,131

*For the nine months ended April 30, 2022, revenue in North America included sales made in Canada (the Company's country of domicile) of \$13,755 (April 30, 2021 - \$13,380).

4. Inventories

As at April 30, 2022, there were no valuation allowances against inventory (July 31, 2021 - \$nil).

During the nine months ended April 30, 2022, inventory valued at \$45,515 was expensed as product cost of sales (April 30, 2021 - \$301,344), which included write-downs of inventory as a result of net realizable value being lower than cost of \$9,845 (April 30, 2021 - \$25,645). No inventory write-downs recognized in previous years were reversed during the current year.

	30-Apr-22	31-Jul-21
	\$	\$
Raw materials and consumables	186,845	176,031
Work in process	41,230	52,912
Finished goods	7,347	6,830
Total inventories	235,422	235,773

MedMira Inc.

Notes to the Consolidated Financial Statements

For the nine months ended April 30, 2022 and April 30, 2021

In Canadian dollars

5. Capital and other components of equity

a. Authorized

The Company is authorized to issue an unlimited number of Series A preferred shares, non-voting, non-participating, redeemable at the Company's option at \$0.001 per share after March 31, 2010, convertible into an equal number of common shares upon the Company meeting certain milestones. The preferred shares earn no dividends.

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value.

b. Share capital issued

	Number of		Value of		Total share capital \$
	Common shares	Preferred shares	Common shares	Preferred shares	
Balance at July 31, 2021	661,375,816	5,000,000	63,901,590	2,500	63,904,090
Issued for cash	11,487,527		911,844		911,844
Issued to repay debt	24,582,317		3,564,437		3,564,437
Share issuance costs	-	-	(30,651)	-	(30,651)
Balance at April 30, 2022	697,445,660	5,000,000	68,347,220	2,500	68,349,720

The total common shares issued and outstanding includes 4,064,464 common shares held in escrow scheduled to be released when the Company obtains positive operating cash flow.

The Series A preferred shares had a stated capital of \$2,500 at April 30, 2022 (July 31, 2021 - \$2,500).

c. Warrants

	Number of warrants	Warrant reserve \$
Balance at July 31, 2021	2,711,496	31,961
Issued	11,000,000	753,847
Expired	(2,711,496)	(31,961)
Balance at April 30, 2022	11,000,000	753,847

The total warrants outstanding at April 30, 2022 are shown below:

Issued	Number	Exercise price \$	Expiry date
January 17, 2022	11,000,000	0.1500	July 17, 2022

In Canadian dollars

d. Equity Reserve

The change in equity reserve is outlined in the table below:

	Equity Reserve \$
Balance at July 31, 2021	13,791,920
Expired warrants	31,961
Balance at April 30, 2022	13,823,881

6. Loss per share

	For the three months ended		For the six months ended	
	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21
			\$	\$
Net income (loss) attributable to common shareholders	(411,067)	(338,053)	(1,368,417)	(38,813)
Issued common shares	697,445,660	658,664,320	697,445,660	658,422,122
Weighted average number of common shares	697,445,660	658,664,320	676,007,604	658,422,122
Basic earnings (loss) per share	(0.0006)	(0.0005)	(0.0020)	(0.0001)
Diluted earnings (loss) per share	(0.0006)	(0.0005)	(0.0020)	(0.0001)

The diluted weighted average number of common shares outstanding is the same as the basic weighted average number of common shares outstanding for the three months ended April 30, 2022, as the exercise of options would be anti-dilutive.

MedMira Inc.

Notes to the Consolidated Financial Statements

For the nine months ended April 30, 2022 and April 30, 2021

In Canadian dollars

7. Lease liability

	Building
	\$
at July 31, 2021	2,303,653
Interest expense	86,387
Less: Lease payments	<u>(191,090)</u>
at April 30, 2022	2,198,950
Less: Current portion	<u>(149,722)</u>
	<u>2,049,228</u>

The lease liability is based on one lease the company has for the building it is using for operations. The remaining lease term is three years with an option to renew for two additional terms of five years each. The imputed finance costs of the liability was determined based on an incremental borrowing rate of 5%.

8. Loans and borrowings

a. Loans

	<u>30-Apr-22</u>		<u>31-Oct-21</u>	
	Carrying value	Contract value	Carrying value	Contract value
	\$	\$	\$	\$
Short term loans	168,221	168,221	2,276,557	2,276,557
Loan 1	1,054,167	1,054,167	1,054,167	1,054,167
Loan 2	1,300,000	1,300,000	1,300,000	1,300,000
Loan 3	5,064	5,064	207,792	207,792
Loan 4	-	-	550,040	550,040
Loan 5	-	-	206,265	206,265
Canada emergency business account	40,000	40,000	40,000	40,000
ACOA loans	473,610	473,610	473,610	473,610
Nova Scotia government loan 1	3,016,000	3,016,000	3,016,000	3,016,000
Nova Scotia government loan 2	97,390	97,390	97,390	97,390
Total loan principal	<u>6,154,452</u>	<u>6,154,452</u>	<u>9,221,821</u>	<u>9,221,821</u>
Long term portion of principal	40,000		40,000	
Current portion payable of principal	6,114,452		9,181,821	

The required annual principal repayments on loans and borrowings are as follows:

	Repayment required
	\$
Fiscal year 2022	6,114,452
Fiscal year 2023	40,000
Total	<u>6,154,452</u>

MedMira Inc.

Notes to the Consolidated Financial Statements

For the nine months ended April 30, 2022 and April 30, 2021

In Canadian dollars

Short term loans

The Company has one short term loan with related parties. The loans is utilized by the Company for short term working capital requirements. The loan has an interest rate of 5% per year. As of April 30, 2022 the loans are all in default due to non-payment.

Loan 1

Loan established October 31, 2012, bearing 5% interest with monthly interest only payments until November 30, 2013, followed by monthly principal payments and accrued interest for five additional years ending November 30, 2018. The loan is secured by interest on intellectual property and on the step-up technology. The loan was in default on April 30, 2022 due to non-payment of principal and interest and thus has been classified as a current liability.

Loan 2

Loan established July 31, 2012, bearing 5% interest with monthly interest payments were due until April 30, 2016, followed by equal monthly principal payments and accrued interest for four additional years ending July 31, 2020. The loan was in default on April 30, 2022 due to non-payment of principal and interest and thus has been classified as a current liability.

Loan 3

Loan was established on July 31, 2016, bearing 5% interest with the Company's Chief Financial Officer. The loan was renegotiated on January 21, 2017 and is now fully payable on or before October 1, 2019. The loan was in default on April 30, 2022 due to non-payment of principal and interest and thus has been classified as a current liability.

Canada Emergency Business Account (CEBA)

The Company received a loan of CAD\$40,000 from Bank of Montreal which is fully secured by the Government of Canada. This Relief Line of Credit was the governments direct response to support Canadian companies during the COVID-19 situation. This loan carries an interest rate of 0% per annum to be repaid in full by the December 31, 2022. This loan may be extended from January 1, 2023 to December 31, 2025 in which case this loan carries an interest of 5%. If this loan is repaid before April 30, 2022 the Company is entitled to a credit in the amount of 25% equal to \$10,000.

Atlantic Canada Opportunities Agency (ACOA) loans

Loans established on October 31, 2012, bearing no interest with monthly principal payments of \$3,747 until July 31, 2013, followed by monthly principal payments of \$24,234 for five additional years ending July 31, 2018. The loan was renegotiated in July 2014, bearing no interest with a monthly principal payment of \$24,234 in August 2014 followed by 40 monthly principal payments of \$27,800 starting on February 1, 2015 and one monthly principal payment of \$26,975 at the end of the loan. The loan is secured by all present and subsequently acquired personal property, excepting consumer goods. The loan was in default on April 30, 2022 due to non-payment of principal and interest and thus has been classified as a current liability.

Nova Scotia government loan 1

The loan was established in August 2015, bearing interest based on the Province of Nova Scotia's five year cost of funds, plus five hundred basis points. Monthly interest payments are due until August 31, 2018. Starting on September 1, 2016, thirteen monthly principal payments of \$120,000 are due followed by ten monthly principal payments of \$135,000 starting on October 1, 2017 and one monthly principal payment of \$106,000 on August 1, 2018. The loan is

In Canadian dollars

secured by first interest on intellectual property and on the Maple Bio sensor technology. The Province of Nova Scotia and the Company entered into a forbearance agreement which allows to defer principal and interest payments. As part of the agreement the Company provides regular updates on its progress and the milestone achieved. Due to its structure, which includes a review every twelve (12) months, the Company has to classify this as a current liability.

Nova Scotia government loan 2

Loan established September 14, 2012, bearing no interest with the balance due by August 31, 2018. The loan is secured by first interest on intellectual property and on the Maple Bio sensor technology. The loan was in default on January 31, 2022 due to non-payment of principal and interest and thus has been classified as a current liability. The Province of Nova Scotia and the Company entered into a forbearance agreement which allows to defer principal and interest payments. As part of the agreement the Company provides regular updates on its progress and the milestone achieved. Due to its structure, which includes a review every twelve (12) months, the Company has to classify this as a current liability.

9. Capital management and financial risks

a. Capital management

The Company's objectives in managing capital are to ensure sufficient liquidity to support the capital requirements of its various businesses, including growth opportunities. The Company manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. Management of the capital structure involves the issuance of new debt, the repayment of existing debt using cash generated by operations and issuance of additional financial structures such as product financing and royalty agreements. The capital structure of the Company is composed of shareholders' deficiency, cash, long-term and short-term debts. The provisions of certain financing agreements provide for restrictions on the activities of the Company in terms of their use of funds. Such restrictions are mainly applied in specific product development financing projects. The Company's objectives when managing capital are to provide competitive cost structures, safeguard its assets and daily cash flow management in order to maximize the Company's cash holding.

The Company's capital is summarized in the table below.

	30-Apr-22	31-Jul-21
	\$	\$
Total debt	6,154,452	9,221,821
Less: Cash	(396,142)	-
Net debt	5,758,310	9,221,821
Shareholders' deficiency	(11,892,838)	(15,723,898)
Total capital	(6,134,528)	(6,502,077)

Refer to the note 2b for information on how the Company manages its plan and its ability to continue as a going concern.

b. Foreign currency risk

Most of the Company's sales are denominated in foreign currencies. The Company's US dollar foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are shown in the table below.

	30-Apr-22	31-Jul-21
	US\$	US\$
Cash	3,344	243
Trade and other receivables	905,668	818,645
Prepays	280	24,073
Accounts payable and accrued liabilities	1,264,417	1,355,559
Royalty provision	53,749	104,317
Debt	-	94,556

A one percent change in the US dollar exchange rate would result in approximately a \$22,275 (July 31, 2021 - \$23,974) impact on the statement of financial position and consolidated statement of operations.

The Company's Swiss Franc foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are shown in the table below:

	30-Apr-22	31-Jul-21
	CHF	CHF
Cash	270,222	41
Trade and other receivables	1,248	-
Accounts payable and accrued liabilities	394,686	1,126,978
Debt	173,285	2,238,160

A one percent change in the US dollar exchange rate would result in approximately a \$8,395 (July 31, 2021 - \$21,297) impact on the statement of financial position and consolidated statement of operations.

c. Interest rate risk

The Company is not exposed to interest rate risk as it borrows funds at fixed rates.

d. Credit risk

The Company is exposed to credit risk in relation to its trade accounts receivable. To mitigate such risk, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new customer. The Company mitigates this risk by requiring a 100% down payment for new clients. The Company establishes an allowance for doubtful accounts based on specific credit risk of its customers by examining such factors as the number of overdue days of the customers' balance outstanding as well as the customers' collection history. Since 94% of the Company's sales are with three large international companies there is no significant concentration of credit risk. Trade and other receivables include amounts that are past due as at January 31, 2022 for which the Company has not recognized an allowance for doubtful accounts because there has not been a significant change in credit quality of the customer and the amounts are still considered recoverable.

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development and obtain US Food and Drug Administration (FDA) pre-market approval. At the inception of the arrangement, the Company's best estimate of the value of the provision was zero and as MedMira Holding AG is the controlling shareholder of the Company, the \$270,000 was recorded in equity (Note 8). As at April 30, 2022, the Company's best estimate of the fair value of the provision was \$62,673 (July 31, 2021 - \$130,000), which is recorded in royalty provision and the change in fair value of the provision recorded in financing expense in profit or loss.

During July 2016, the Company entered into a royalty agreement with MedMira Holding AG whereby MedMira Holding AG would receive a 10% royalty on all future sales of the hepatitis C (HCV) portion of the approved Multiplo HIV/HCV test commencing on the day of the first full delivery and payment of CAD \$10,000 worth of product. In exchange, MedMira Holding AG provided the Company with \$200,000 to fund costs required to complete product development and obtain FDA pre-market approval. At the inception of the arrangement, the Company's best estimate of the fair value of the provision was zero and as MedMira Holding AG is the controlling shareholder of the Company, the \$200,000 was recorded in equity reserve. As at April 30, 2022, the Company's best estimate of the fair value of the provision was zero. Management's fair value estimate was based on changes made during the FY2017 product commercialization prioritization process which placed the Multiplo HIV/HCV project on hold until further notice.

During October 2016, the Company entered into a royalty agreement with Ritec AG whereby Ritec AG would receive a 12.5% royalty on all future sales of the approved Reveal G4 CLIA-waived product commencing on the day of the first full delivery and payment of CAD \$10,000 worth of product. In exchange, Ritec AG provided the Company with \$1,310,100 to fund costs required to complete the product development, clinical trials and obtain FDA approval. At the inception of the arrangement, the Company's best estimate of the fair value of the provision was zero and as Ritec AG is owned by a shareholder of MedMira Holding AG who is the controlling shareholder of the Company, the \$1,310,100 was recorded in equity reserve. At April 30, 2022, the Company's best estimate of the fair value of the provision was zero.

The change in royalty provision is outlined in the table below:

	\$
Balance at July 31, 2021	130,000
Payment of royalty provision	<u>(67,327)</u>
Balance at April 30, 2022	<u>62,673</u>

11. Related parties

There were no related party transactions during the three months ended April 30, 2022.

The following balances with related parties were outstanding at January 31, 2022:

- Salaries and benefits totalling \$1,219,919 were due to officers (July 31, 2021 - \$1,142,165).
- A long term loan totalling \$5,064 was due to the Chief Financial Officer (July 31, 2020- \$207,792).
- A royalty provision was owed to MedMira Holding AG of \$62,673 (July 31, 2021 - \$130,000).
- Short term loans totalling \$168,222 were owed to the Chief Financial Officer (July 31, 2021 - \$277,662).

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12. Research and development

The following table provides a summary of aggregate research costs and reimbursements.

	for the three months ended		for the nine months ended	
	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21
	\$	\$	\$	\$
Research and development (R&D) expenses	(203,777)	(96,005)	(401,703)	(272,334)
Less: R&D allocated to cost of sales	167,458	13,760	331,068	55,794
Net research and development expense	(36,319)	(82,245)	(70,635)	(216,540)

13. Expenses by nature

The following table provides the Company's expenses listed by the nature of the expense.

	for the three months ended		for the nine months ended	
	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21
	\$	\$	\$	\$
Change in inventory	(10,292)	(35,838)	(45,515)	(302,248)
Employee benefits	(340,371)	(388,905)	(1,032,414)	(1,079,963)
Depreciation	(53,171)	(51,155)	(159,124)	(155,031)
Distribution	(18,021)	(537)	(21,374)	(29,330)
Facility	(27,252)	(23,487)	(73,897)	(143,232)
Professional services	(17,799)	(24,973)	(106,097)	(80,329)
Lab supplies	(1,824)	(23,392)	(25,253)	(98,713)
Other expenses	(163,062)	(49,008)	(409,123)	(173,356)
Exchange gains (losses)	11,977	315,967	4,691	455,560
Finance costs	(115,177)	(150,590)	(388,585)	(486,302)
Government Assistance	-	10,000	64,703	20,000
	(734,992)	(421,918)	(2,191,988)	(2,072,944)

14. Financing expense

A breakdown of the income (expenses) allocated to financing expense on the consolidated statements of operations and comprehensive loss is provided in the table below.

	for the three months ended		for the nine months ended	
	30-Apr-22	30-Apr-21	30-Apr-22	30-Apr-21
	\$	\$	\$	\$
Finance costs	(115,117)	(140,590)	(388,585)	(466,302)
Government Assistance	-	-	64,703	-
Total financing expense	(115,117)	(140,590)	(323,882)	(466,302)