

MedMira Inc.

Management's Discussion & Analysis
For the nine months ended April 30, 2021

Forward looking statements

This document contains forward looking statements, such as statements regarding future sales opportunities in various global regions and financing initiatives that are based on current expectations of management. These statements involve uncertainties and risks, including MedMira Inc.'s ("MedMira" or the "Company") ability to obtain and/or access additional financing with acceptable terms, and delays in anticipated product sales. Such forward-looking statements should be given careful consideration and undue reliance should not be placed on these statements.

This MD&A contains statements that may constitute forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import. Such forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to: cyclical downturn; competitive pressures; dealing with business and political systems in a variety of jurisdictions; repatriation of funds or property in other jurisdictions; payment of taxes in various jurisdictions; exposure to currency movements; inadequate or failed internal processes, people or systems or from external events; dependence on key customers; safety performance; expansion and acquisition strategy; regulatory and legal risk; corruption, bribery or fraud by employees or agents; extreme weather conditions and the impact of natural or other disasters; shortage of specialized skills and cost of labour increases; equipment and parts availability, reputational risk; cybersecurity risk; market price and dilution of common shares and environmental regulation risk. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements. The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons, except in accordance with applicable securities laws.

Introduction

The Management's Discussion and Analysis (MD&A) was issued and approved by the Board of Directors on June 29, 2021. The following MD&A for the nine months ended April 30, 2021 has been prepared to help investors understand the financial performance of MedMira in the broader context of the Company's strategic direction, the risk and opportunities as understood by management, and the key metrics that are relevant to the Company's performance. The Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

This document should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2020. Annual references are to the Company's fiscal years, which end on July 31. All amounts are expressed in Canadian dollars (CAD) unless otherwise noted.

Additional information about MedMira, this document, and the related quarterly financial statements ended April 30, 2021 can be viewed on the Company's website at www.medmira.com and are available on SEDAR at www.sedar.com.

The preparation of the MD&A may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management bases estimates and judgments on historical experience and on various other

factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the accounting policies, outlined in the Significant Accounting Policies section of its April 30, 2021 consolidated financial statements, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

About MedMira

MedMira is a biotechnology company engaged in the development and commercialization of rapid diagnostics and technology platforms. The Company is headquartered in Halifax, Nova Scotia, Canada and is listed on the TSX Venture Exchange (TSX-V) under the symbol MIR.

The patented MedMira Rapid Vertical Flow (RVF) Technology™ platform is the basis for the Company's line of rapid tests. Diagnostic applications based on this technology are highly accurate, easy-to-use, and produce instant results – a strong advantage over most other rapid diagnostics on the market today. These features are enhanced further with ability to deliver multiplex results on one test device with just one drop of specimen. The Company has created a new generation of rapid tests that are based on the need to provide immediate answers without increasing costs.

MedMira's technology platform and growing portfolio of diagnostic tools demonstrate excellence in performance and quality in the highly competitive diagnostics industry. More than \$30 million has been invested in perfecting MedMira's core technology, which has proven itself time and time again with its excellent clinical performance and its success in rigorous evaluations and inspections, leading to regulatory approvals for rapid diagnostic solutions in the United States (U.S. Food and Drug Administration), Canada (Health Canada), the notified body in the European Union (CE Mark), and China (CFDA) and in a number of countries in Latin America, Africa, and Asia. The Company's quality system is ISO 9001 and ISO 13485 certified.

MedMira sells its rapid tests through a network of medical distributors and strategic business development partners to customers in all sectors of the healthcare industry, including laboratories, hospitals, point-of-care clinics, governments, aid organizations, and public health agencies.

In addition to clinical diagnostics, the Company offers the Miriad™ product line to create new opportunities in the high value technology licensing sector. This business line allows the Company to monetize its award-winning technology and core capabilities, including R&D, product development, and regulatory proficiency. Miriad provides access to MedMira's RVF Technology for researchers, developers, and biotech companies on a license basis to facilitate the creation of new rapid tests or the transition of existing tests to this unique platform. Infiltrating new and different sectors of the diagnostic industry, such as veterinary and environmental, with the Company's technology, enables MedMira to build a higher degree of global awareness, generate new revenue streams, and provide a superior diagnostic platform to the market.

Intellectual property

The Company strives to protect its intellectual property in established and emerging markets around the world as warranted. MedMira's intellectual property portfolio for its Rapid Vertical Flow Technology and the methodology behind its rapid diagnostics includes the following:

<i>Patent #</i>	<i>Title</i>	<i>Jurisdiction</i>
9,164,087	Rapid Diagnostic Device, assay and multifunctional Buffer	United States
9,086,410	Downward or vertical flow diagnostic device and assay	United States
8,025,850	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
8,287,817	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
8,586,375	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
7,531,362	Rapid Diagnostic Device, Assay and Multifunctional Buffer	United States
D706945	Diagnostic Device	United States
D706466	Diagnostic Device	United States
EP1417489	Rapid Diagnostic Device and Assay	Europe
ZL02819646.5	Rapid Diagnostic Device and Assay	China
2,493,616	Rapid Diagnostic Device, Assay and Multifunctional Buffer	Canada

The Company has other patents pending patents in the U.S. as well as two design patents in force or pending in eight markets.

The Company's corporate and product brand names are protected by trademarks in the U.S. and Canada.

The Company has recorded an impairment charge in previous fiscal years to write-down its intangible assets to a nominal value. There is no indication at the end of April 30, 2021 that this impairment has been reversed and thus the value of intangible assets on the balance sheet on April 30, 2021 is \$2 (July 31, 2019 - \$2).

Corporate update

Sales in Q3 FY2021 were expected to be significantly lower in this quarter due to the regulatory changes made in December 2020 for its REVEALCOVID-19™ PLUS Total Antibody [PLUS]. During Q3 FY2021, gross profit margins were negatively impacted by the extraordinary adjustment of the Company's inventory. Subsequent to this financial quarter, the Company's gross profit margins stabilized, and the management expects its Q4 FY2021 gross profit margins to be equal to previous financial quarters. Operating expenses in Q3 FY2021 were significantly lower compared to previous financial quarters. This was mainly due to more favourable currency exchange rates of United States Dollars and Swiss Francs.

Product Line Update COVID-19

MedMira moved forward with its regulatory work in Q3 FY2021 and while waiting on the next anticipated steps, the Company continued its efforts to further extend its data by increasing the number of studies. Subsequent to this financial quarter, the Company achieved a 100% agreement with the First WHO International Standard for its REVEALCOVID-

19TM PLUS Total Antibody [PLUS] and the REVEALCOVID-19TM Nab-Y Competitive Neutralizing Antibody Test [Nab-Y]. This panel and standard include: Anti-SARS-CoV-2 Immunoglobulin (Human); 20/B770 Anti-SARS-CoV-2 Verification Panel For Serology Assay; 20/268 1st International Reference Panel for Anti-SARS-CoV-2 Immunoglobulin; 20/162 NIBSC Anti-SARS-CoV-2 Antibody Diagnostic Calibrant; and the quality control standard, QCRSARSCoV2QC1.

This was mainly undertaken to increase its reassurance to current and future clients while at the same time provide additional support to its regulatory applications.

Subsequent to Q3 FY2021, MedMira finalised its Miriad[®] SARS-CoV-2 product line specifically meeting the need for researchers who are working on the development of new therapeutic solutions, targeted vaccines and epidemiology related contract tracing. There is a significant need for time-efficient, easy-to-use and cost-effective testing method in order to provide researchers immediate results. The Miriad[®] SARS-CoV-2 product line provides these professional tools by offering total antibody, neutralising antibody and antigen testing. The Company is launching this new Miriad[®] product line for sale by July 21st, 2021. MedMira's current Miriad[®] product lines are sold under the Research Use Only (RUO) label world-wide and generate approximately 40% of the total annual revenue.

Product Line Update STD

During Q3 FY2021, MedMira continued its G4 HIV CLIA waived (FDA) project and subsequent to this quarter signed a contract with a US based reference laboratory to commence the FDA approved clinical trials on our G4 Point of Care HIV test in the USA. The Company's G4 HIV rapid test has already received the US FDA PMA approval which allowed the sale to moderate complexity laboratory customers. The additional clinical trial and subsequent approval would enable this product to be sold to customers such as doctor offices, clinics and large screening programs funded by the CDC and individual State's health department. Originally, the management expected the start of its clinical trials in early 2020 which was delayed due to the COVID-19 pandemic.

Financial results

Basis of preparation and significant accounting policies

The basis of financial statement preparation and the significant accounting policies of MedMira are described in Notes 2 and 3 of the Company's condensed interim consolidated financial statements for the nine months ended April 30, 2021.

Selected quarterly information (in thousands of dollars except per share amounts)

Income statement	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	84	347	1,603	648	87	95	89	99
Cost of sales	(48)	(109)	(241)	(297)	(17)	(16)	(17)	(15)
Gross profit	36	238	1,362	351	70	79	72	84
Operating expenses	(233)	(497)	(479)	(403)	(603)	(511)	(355)	(391)
Other expenses (gains)	(141)	(158)	(168)	(218)	(160)	(182)	(185)	(141)
Net earnings (loss) before tax	(338)	(417)	715	(270)	(693)	(614)	(468)	(448)
Balance sheet								
	Q1 2021	Q1 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Current assets	1,342	1,610	2,123	911	656	344	130	246
Non-current assets	2,337	2,389	2,437	2,485	2,442	2,488	2,535	7
Total assets	3,679	3,999	4,560	3,396	3,098	2,832	2,665	253
Current liabilities	17,026	16,763	16,300	15,806	16,009	15,053	14,233	13,769
Non-current liabilities	2,239	2,484	3,107	3,152	2,381	2,379	2,417	-
Total liabilities	19,265	19,247	19,407	18,958	18,390	17,432	16,650	13,769
Total shareholders deficiency	(15,586)	(15,248)	(14,847)	(15,562)	(15,292)	(14,600)	(13,985)	(13,516)
Total liabilities and equity	3,679	3,999	4,560	3,396	3,098	2,832	2,665	253

This quarterly information is unaudited but has been prepared on the same basis as any other annual consolidated financial statements. The Company discusses the factors that caused its results to vary over the past eight quarters throughout this MD&A. The main highlights are:

- The increase in revenue for fiscal 2021 compared to fiscal 2020 is the direct result of the Company's sales of its latest product REVEALCOVID-19™ Total Antibody Test.
- The increase in operating expenses is a direct result of more favourable currency exchange rates.
- The decrease in other expenses over the last several quarters is in direct relation to the decreased amount of accounts payable that the Company is carrying.

Third quarter analysis

	For the three months ended		Better(worse)
	30-Apr-21	30-Apr-20	
	\$	\$	\$
Product			
Product sales	64,631	87,207	(22,576)
Product cost of sales	<u>(33,747)</u>	<u>(16,863)</u>	<u>(16,884)</u>
Gross margin on product	<u>30,884</u>	<u>70,344</u>	<u>(39,460)</u>
Services			
Service sales	19,234	-	19,234
Service cost of sales	<u>(14,281)</u>	<u>-</u>	<u>(14,281)</u>
Gross margin on services	<u>4,953</u>	<u>-</u>	<u>4,953</u>
Operating expenses			
Research and development	(82,245)	(108,532)	26,287
Sales and marketing	(1,088)	(1,985)	897
Other direct costs	(252,173)	(88,944)	(163,229)
General and administrative	<u>102,206</u>	<u>(403,535)</u>	<u>505,741</u>
Total operating expenses	<u>(233,300)</u>	<u>(602,996)</u>	<u>369,696</u>
Operating loss	<u>(197,463)</u>	<u>(532,652)</u>	<u>335,189</u>
Non-operating income (expenses)			
Financing	<u>(140,590)</u>	<u>(159,827)</u>	<u>19,237</u>
Net (loss) income	<u>(338,053)</u>	<u>(692,479)</u>	<u>354,426</u>

Product revenue and gross margin

The Company recorded revenue from product sales in the three months ended April 30, 2021 of \$64,631 as compared to \$87,207 for the same period last year. The Company's decreased revenue is mainly due to lower sales in Q3 FY2021.

Gross profit on product sales for the three months ended April 30, 2021 was \$30,884 compared to \$70,344 for the same period in FY2020. The Company's gross profit decreased by 100% in comparison to Q2 FY2020. The Company's gross profit margin in Q2 FY2021 was 48% compared to a gross margin of 80% in the same quarter last financial year. This was solely due to an inventory adjustment for raw materials during Q3 FY2021.

Service revenue and gross margin

The Company recorded revenue from service sales in the three months ended April 30, 2021 of \$19,234 compared to \$0 for the same period in 2020.

Operating expenses

Total operating expenses decreased by \$369,696 from \$602,996 for the three months ended April 30, 2020 to \$233,300 the three months ended April 30, 2021.

- Research and development expenses for the three months ended April 30, 2021 were \$82,245 compared to \$108,532 for the same period in fiscal 2020. The decrease of 24% in research and development expenses are due to the completion of the Company's COVID-19 related products.
- Sales and marketing expenses for the three months ended April 30, 2021 were \$1,088 compared to \$1,985 for the

same period in fiscal 2020.

- Other direct costs for the three months ended April 30, 2021 were \$252,173, compared to \$88,944 for the same period in fiscal 2020. This increase of approximately 184% was due to the higher manufacturing labour costs which were a direct result of the Company's increased manufacturing activities.
- General and administrative expenses were a recovery of \$102,206 for the three months ended April 30, 2021 compared to expenses of \$403,535 for the same period in fiscal 2020. The increase was mainly due to the strength of the Canada dollar during Q3 for fiscal 2021 compared to Q2 for fiscal 2020.

Non-operating expenses

- Total non-operating expenses were \$140,590 in the three months ended April 30, 2021 compared to \$159,827 during the same period in fiscal year 2020.

Year to date Analysis

	<u>For the nine months ended</u>		Better(worse)
	<u>30-Apr-21</u>	<u>30-Apr-20</u>	
	\$	\$	\$
Product			
Product sales	1,954,017	271,351	1,682,666
Product cost of sales	<u>(322,725)</u>	<u>(50,106)</u>	<u>(272,619)</u>
Gross margin on product	<u>1,631,292</u>	<u>221,245</u>	<u>1,410,047</u>
Services			
Service sales	80,114	-	80,114
Service cost of sales	<u>(75,161)</u>	<u>-</u>	<u>(75,161)</u>
Gross margin on services	<u>4,953</u>	<u>-</u>	<u>4,953</u>
Operating expenses			
Research and development	(216,540)	(194,582)	(21,958)
Sales and marketing	(43,600)	(28,812)	(14,788)
Other direct costs	(773,224)	(303,696)	(469,528)
General and administrative	<u>(175,392)</u>	<u>(942,664)</u>	<u>767,272</u>
Total operating expenses	<u>(1,208,756)</u>	<u>(1,469,754)</u>	<u>260,998</u>
Operating loss	<u>427,489</u>	<u>(1,248,509)</u>	<u>1,675,998</u>
Non-operating income (expenses)			
Financing	<u>(466,302)</u>	<u>(526,949)</u>	<u>60,647</u>
Net (loss) income	<u>(38,813)</u>	<u>(1,775,458)</u>	<u>1,736,645</u>

Product revenue and gross margin

The Company recorded revenue from product sales in the nine months ended April 30, 2021 of \$1,954,017 as compared to \$271,351 for the same period last year. Gross profit on product sales for the nine months ended April 30, 2021 was \$1,631,292 compared to \$221,245 for the same period in 2020. The Company's increased revenue is directly related to its additional sales of its REVEALCOVID-19™ Total Antibody Test and associated products.

Service revenue and gross margin

The Company recorded revenue from service sales in the nine months ended April 30, 2021 of \$80,114 compared to \$0 for the same period in 2020.

Operating expenses

Total operating expenses decreased by \$260,998 from \$1,469,754 for the nine months ended April 30, 2020 to \$1,208,756 for the nine months ended April 30, 2021.

- Research and development expenses for the nine months ended April 30, 2021 were \$216,540 compared to \$194,582 for the same period in 2020. The increase of approximately 11% in research and development expenses are due to the additional development work of the Company's new Covid-19 related products.
- Sales and marketing expenses for the nine months ended April 30, 2021 were \$43,600 compared to \$28,812 for the same period in 2020. The increase of approximately 51% in sales and marketing expenses was due additional business development activities in the USA and Europe.
- Other direct costs for the nine months ended April 30, 2021 were \$773,224, compared to \$303,696 for the same period in 2020. This increase of approximately 154% was due to the higher manufacturing labour costs which were a direct result of the Company's increased manufacturing activities.
- General and administrative expenses were \$175,392 for the nine months ended April 30, 2021, compared to \$942,664 for the same period in 2020. This 81% decrease was mainly due to the more favourable currency exchange rates of United States Dollars and Swiss Francs.

Non-operating expenses

- Total non-operating expenses were \$466,302 in the nine months ended April 30, 2021, compared to \$526,949 during the same period in 2020.

Geographic information

The Company organizes and records the sales and distribution of its products based on major geographical territories

	for the three months ended		for the nine months ended	
	30-Apr-21	30-Apr-20	30-Apr-21	30-Apr-20
			\$	\$
North America	61,168	80,903	1,764,143	240,881
Latin America and the Caribbean	-	-	-	6,515
Asia Pacific	-	-	8,039	-
Europe	22,697	6,304	260,035	23,955
Other	-	-	1,914	-
Total revenue	83,865	87,207	2,034,131	271,351

Liquidity and capital resources

Cash and working capital

The Company had a cash balance of \$5,193 on April 30, 2021 as compared to a cash balance of \$401,861 on July 31, 2020. The Company's net working capital position as at April 30, 2021 was a deficit of \$15.7 million compared to the July 31, 2020 working capital deficit of \$14.8 million. The Company has incurred operational losses and negative cash flows on a

cumulative basis since inception. For the nine months ended April 30, 2021, the Company incurred a net loss from operating activities of approximately \$0.5 million and cash flows from operations of \$0.08 million, compared to a net loss from operations of \$1.2 million and negative cash flows from operations of \$0.4 million for the same period in fiscal 2020. The following table is a list of commitments the Company has:

For the six months ended January 31, 2020					
	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	\$	\$	\$	\$	\$
Debt	9,171,324	9,131,324	40,000	-	-
Accounts payable and accrued liabilities	6,443,965	6,443,965	-	-	-
Lease liabilities	2,341,543	142,593	490,531	387,038	1,321,381
Royalty provision	101,603	101,603	-	-	-
Total debt	18,058,435	15,819,485	530,531	387,038	1,321,381

Operating activities

MedMira incurred cash flows from operations of approximately \$0.08 million for the nine months April 30, 2021 compared to negative cash flows of \$0.5 million for the same period in fiscal 2020.

Financing activities

Cash outflows from financing activities were \$0.5 million for the three months ended April 30, 2021, compared to cash inflows of \$0.8 million for the same period in fiscal 2020.

Investing activities

Cash outflows from investing activities were \$0.007 million for the three months ended April 30, 2021, compared to cash outflow of \$0.008 million for the same period in fiscal 2020.

Debt

As at April 30, 2021, the Company had loans payable with a carrying value of \$9.1 million compared to \$9.5 million at July 31, 2020. Loans of \$9,131,324 are currently in default due to non-payment of principal and interest and therefore show as a current liability on the balance sheet. The Company is preparing a repayment plan for its debt holders consideration. There is no guarantee that the settlement plan, in its prepared form, will be accepted, however, the management is pursuing a number of potential solutions.

Further discussion on liquidity and capital resources can be found in this document in the Liquidity Risk section, Risk and Uncertainties section of this document and in Notes 2 and 11 of the Company's consolidated financial statements for the nine months ended April 30, 2021.

Equity/Shares

The Company is authorized to issue an unlimited number of common shares without par value. During the three months ended April 30, 2021, the Company has issued 300,000 common shares when a board member/officer exercised their stock options. The number of issued and outstanding common shares on April 30, 2021 was 658,664,320. The Company is also authorized to issue an unlimited number of Series A preferred shares redeemable at \$0.01 per share after March 31, 2010, convertible into an equal number of common shares upon the Company meeting certain milestones. There were 5,000,000

Series A preferred shares issued and outstanding on April 30, 2020. The Company had no outstanding stock options or warrants on April 30, 2021.

Off balance sheet arrangements

The Company was not party to any off balance sheet arrangements as of April 30, 2021.

Financial instruments – fair value

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The Company has adopted IFRS 9 on a modified retrospective basis and determined that there is no material impact to the Company's financial statements upon adoption. The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below. (i) Classification and measurement of financial assets and liabilities IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out as follows. A financial asset is classified as the following measurement categories: amortized cost; fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets consist of cash and cash equivalents FVTPL, and accounts receivable classified at amortized cost. The Company's financial liabilities consist of trade accounts payable and accrued liabilities, salaries and benefits payable, interest payable, and long-term debt are classified at amortized cost while provision for royalty is classified as FVTPL which is unchanged from IAS 39. Financial instruments – risk factors MedMira has exposure to the following risks from its financial instruments: liquidity risk, credit risk, currency risk, and interest rate risk. Management monitors risk levels and reviews risk management activities as necessary.

Financial instruments – risk factors

MedMira has exposure to the following risks from its financial instruments: liquidity risk, credit risk, currency risk, and interest rate risk. Management monitors risk levels and reviews risk management activities as necessary.

Liquidity risk

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, 2021, the Company realized a net loss of \$0.04 million (April 30, 2020 – a net loss of \$1.8 million), consisting of a net income from operations of \$0.5 million (April 30, 2020 – net loss of \$1.3 million), and other non-operating losses of \$0.5 million (April 30, 2020 – \$0.5 million). Negative cash inflows from operations were \$0.08 million (April 30, 2020 – \$0.4 million). As at April 30, 2021, the Company had an accumulated deficit of \$92.8 million (July 31, 2020 – \$92.8million) and a negative working capital position of \$15.7 million (July 31, 2020 - \$14.9 million). In addition, as at April 30, 2021, \$9.1 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 \$9.1 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 \$9.1 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 first quarter of fiscal year 2021, the Company, has generated additional revenues from product sales, product development and license fees, 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.

Credit risk

The Company 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 prior to shipment for new customers or distributors or 50% down payment on most orders at the time of purchase, and the remaining 50% prior to shipment for long standing costumers with a long standing credit history.

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 96% of the Company's sales are with five international companies there is no significant concentration of credit risk.

Currency risk

MedMira receives most of its revenues in foreign currencies and incurs expenses in U.S. and Canadian currencies. As a result, the Company is subject to uncertainty as foreign exchange rates fluctuate. The exchange fluctuations from year to year have accounted for a significant portion of the Company's exchange gain and loss. Most sales are in USD, however, they are recorded at the exchange rate prevailing on or near the transaction date and collected in a timely manner.

The Company also experiences currency exposure resulting from balance sheet fluctuations of U.S and CHF denominated cash, U.S. accounts receivable, US and CHF denominated accounts payable and U.S. and CHF denominated promissory notes.

MedMira mitigates this currency risk by maintaining a balance of USD currency which is used to pay down U.S.-denominated liabilities and replenishes the balance through U.S.-denominated revenues.

Interest rate risk

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

Related party transactions

The following transactions occurred with related parties during the three months ended April 30, 2021:

- Short term loans totalling \$41,828 were repaid to employees (July 31, 2020 - \$125,939)
- Short term loans totalling \$26,884 was received from an Officer (July 31, 2020 - \$132,780)
- A product development agreement worth \$723,000 was received from Ritec AG (July 31, 2020 - \$0)

The following balances with related parties were outstanding at April 30, 2021:

- Accounts payable totalling \$1,097,091 was due to officers (July 31, 2020 - \$1,027,970).
- A loan term loan totalling \$203,516 was due to the Chief Financial Officer (July 31, 2020 - \$222,087).
- A royalty provision was owed to MedMira Holding AG of \$101,063 (July 31, 2020 - \$101,063).
- Short term loans totalling \$19,518 were owed to employees (July 31, 2020 - \$61,346)
- Short term loans totalling \$1,616,160 are owed to Ritec AG (July 31, 2020 - \$1,763,640)
- Short term loans totalling \$273,524 were owed to one officer (July 31, 2020 - \$265,420)
- Short term loans totalling \$336,700 were owed to MedMira Holding AG (July 31, 2020 - \$367,425)
- Long term loans totalling \$740,740 were owed to MedMira Holding AG (July 31, 2020 - \$808,335)

Compensation summary

A) Officers for Q3 FY2021

Name and Principal Position	Paid Compensation (\$)	Accrued Compensation Current year (\$)	Share- and Option-based Awards* (\$)	All other compensation (\$)	Total Compensation current year (\$)	Paid Compensation related to previous fiscal years (\$)	Accrued Compensation related to previous fiscal years (\$)
Hermes Chan CEO	-	23,077	-	-	23,077	-	490,462
Markus Meile CFO	-	13,846	-	-	13,846	-	538,553

¹ All other compensation includes pension fund contributions and/or bonuses paid out.

*The Company makes certain estimates and assumptions when calculating the fair value of option-based awards. The Company uses an option-pricing model, which includes significant assumptions including estimates of the expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

B) Directors for Q3 FY2021

Name and Principal Position	Paid Compensation (\$)	Accrued Compensation Current year (\$)	Share- and Option-based Awards* (\$)	Total Compensation current year (\$)	Paid Compensation related to previous fiscal years (\$)	Accrued Compensation related to previous fiscal years (\$)
Hermes Chan Member of the Audit Committee	-	-	-	-	-	-
Steven Cummings, Director, Member of the Audit and Nomination and Compensation Committee	-	-	-	-	-	-
Jianhe Mao, Director, Member of the Audit and Nomination and Compensation Committee	-	-	-	-	-	-

*The Company makes certain estimates and assumptions when calculating the fair value of option-based awards. The Company uses an option pricing model which includes significant assumptions including estimates of the expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the amount recorded for the issuance of stock options.

Internal control systems and disclosure controls

To ensure the integrity and objectivity of the data, management maintains a system of internal controls comprising of written policies, procedures and a program of internal reviews which provides reasonable assurance that transactions are recorded and executed in accordance with its authorization that assets are properly safeguarded and that reliable financial records are maintained.

Management is currently updating existing standardized processes to improve internal controls and reduce compliance costs. The updated controls will help improve timeliness and accuracy of financial records as well as continue to ensure that the Company's assets are properly safeguarded.

Disclosure controls and procedures within MedMira have been designed to provide reasonable assurance that all relevant information is identified to the Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Management, under the supervision of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting and based on this evaluation, has concluded that internal control over financial reporting was effective as at April 30, 2021.

Due to inherent limitations, internal control over financial reporting and disclosure controls can provide only reasonable assurances and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of the Board of Directors of MedMira reviewed this MD&A, and the condensed interim consolidated financial statements of MedMira for April 30, 2021 and MedMira's Board of Directors approved these documents prior to release.

Risk and uncertainties

For the nine month period ended April 30, 2021 the Company has not identified any significant changes to the risks and uncertainties it is exposed to which were previously described in the previous issued MD&A's.