

SIRONA BIOCHEM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED JANUARY 31, 2022

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(A Development Stage Company)
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ITEM 1.1 INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) was prepared as of March 28, 2022 and should be read in conjunction with the audited consolidated financial statements and related notes for the period ended January 31, 2022 which have been prepared in accordance with International Financial Reporting Standards.

The Company was incorporated on October 19, 2006 under the Business Corporations Act of British Columbia. The Company is a development stage public company listed for trading on the TSX Venture Exchange (the “Exchange”) under the symbol SBM. On May 1, 2009 the Company completed its qualifying transaction by entering into a Licensing Agreement with TFChem S.A.R.L. (“TFC”), a biopharmaceutical company based in Rouen, France, and changed its name from High Rider Capital Inc. to Sirona Biochem Corp. The principal activities of the Company are dedicated to the development of safer, more effective cosmetic and pharmaceutical active ingredients which are licensed to partners in exchange for upfront, milestone and royalty payments.

This Management’s Discussion and Analysis contains forward-looking statements which may not be based on historical fact, including without limitation statements containing the words “believes,” “may,” “plan,” “will,” “estimate,” “continue,” “anticipates,” “intends,” “expects,” and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the Company’s stage of development, lack of product revenues, additional capital requirements, risks associated with the completion of clinical trials and obtaining regulatory approval to market the Company’s products, the ability to protect its intellectual property and dependence upon collaborative partners. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as of the date hereof, and the Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates and foreign exchange rates;
- the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;
- the availability of financing for the Company's research and development projects, or the availability of financing on reasonable terms;
- the Company's ability to attract and retain skilled staff;
- market competition;
- tax benefits and tax rates;
- the Company's ongoing relations with its employees and with its business partners.

Management cautions you that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. You should also carefully consider the matters discussed under “Risk Factors” in this MD&A. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.

Further information is available on the SEDAR website, www.sedar.com.

ITEM 1.2 DESCRIPTION OF BUSINESS

Sirona Biochem was founded in 2009 by its current Chairman and CEO, Dr. Howard Verrico. The Company’s first transaction was to acquire an exclusive global license to TFChem’s proprietary diabetes drug, the SGLT2 Inhibitor. In 2011, Sirona Biochem went on to acquire TFChem’s entire platform and development laboratory in Rouen, France.

The value of Sirona and TFChem lies within the proprietary chemistry technology and the team’s expertise. TFChem has developed a fluorination chemistry that can improve the pharmaceutical qualities of carbohydrate-based molecules by stabilizing them. Carbohydrate molecules perform a variety of roles in living organisms and are essential to life. Their importance to life makes them valuable for the development of therapeutics and cosmeceuticals, but while they have broad application potential, they are extremely challenging to develop. Sirona has overcome the challenge of working with carbohydrates to develop safer, more effective cosmetic and pharmaceutical active ingredients.

Sirona Biochem’s development focus is centered around high-value programs. Each program is selected based on core expertise in the area, market potential, development timeline and return on investment. The Company is currently exploring the areas of diabetes, dyschromia, anti-aging and antiviral therapies and relies on a business model of licensing patents to large organizations in return for up-front and milestone payments as well as royalties.

ITEM 1.3 SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company for the last three completed financial years ended October 31. This information has been derived from the Company’s audited consolidated financial statements for each of those years and should be read in conjunction with those financial statements and the notes thereto.

	2021	2020	2019
Total revenue	146,942	105,711	135,743
Loss:			
In total	2,427,414	4,133,724	4,549,575
On a per share basis	0.01	0.02	0.02
Total assets	1,287,464	2,137,239	4,256,895
Total liabilities	1,384,479	2,089,844	2,067,358
Total shareholders' equity	(97,015)	(47,395)	(2,189,537)

*basic and fully diluted

ITEM 1.4 RESULTS OF ANNUAL OPERATIONS

Financial Analysis

Year 2021 compared to 2020

The loss in fiscal 2021 was \$2,427,414 compared to \$4,133,724 in fiscal 2020. The decrease in loss was driven primarily by increased revenue and decreased operation expenses. Revenue increased by \$41,231 in fiscal 2021 to \$146,942 compared to \$105,711 in fiscal 2020. Research expenses decreased by \$154,961 due to the decrease in general research costs in TFC. Consulting fees decreased by \$125,913 due to less operation activities in relation to business development in fiscal 2021. Office and administration expenses decreased by \$29,645 due to less operation activities in fiscal 2021. Accounting and audit fees decreased by \$36,307 in fiscal 2021 to \$221,125 compared to \$257,432 in fiscal 2020. Legal fees decreased by \$49,830 in fiscal 2021 to \$11,356 compared to \$61,186 in fiscal 2020. Share-based payments decreased by \$1,291,740 due to the Company granting less stock options in fiscal 2021. Finance expenses decreased by \$9,797 due to the Company fully paid convertible notes in year 2020, as result, less interest expenses incurred in fiscal 2021. Other income decreased by \$32,442 in fiscal 2021 to \$8,225 compared to \$40,667 in fiscal 2020.

Year 2020 compared to 2019

The loss in fiscal 2020 was \$4,133,724 compared to \$4,549,575 in fiscal 2019. The decrease in loss was driven primarily by decreased operation expense. Revenue decreased by \$30,032 in fiscal 2020 to \$105,711 compared to \$135,743 in fiscal 2019. Research expenses increased by \$44,524 due to the increase in general research costs in TFC. Total wages, salaries and benefits; management fees; director fees; and bonuses decreased by \$288,246 in fiscal 2020 to \$295,287 compared to \$583,533 in fiscal 2019. Consulting fees decreased by \$581,681 due to less operation activities in relation to business development in fiscal 2019. Office and administration expenses increased by \$29,728 due to more operation activities in fiscal 2020. Investor relations expenses decreased by \$105,999 in fiscal 2020 to \$121,779 compared to \$227,778 in fiscal 2019. Rental expenses increased by \$5,623 in fiscal 2020 to \$35,333 compared to \$29,710 in fiscal 2019. Share-based payments increased by \$566,186 due to the Company granting more stock options in fiscal 2020. Finance expenses decreased by \$103,609 due to the Company issued more convertible notes in year 2019, as result, more interest expenses incurred in fiscal 2019.

ITEM 1.5 SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The following table shows selected financial information for the eight most recently completed quarters:

	January 31 2022 \$	October 31 2021 \$	July 31 2021 \$	April 30 2021 \$	January 31 2021 \$	Oct 31 2020 \$	July 31 2020 \$	April 30 2020 \$
Total Revenues	-	29,900	29,040	190,923	18,159	105,711	-	-
Net Loss	(2,051,366)	(300,347)	(493,792)	(836,597)	(675,599)	(407,120)	(1,206,888)	(612,181)
Loss per Share	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00
Cash	144,625	778,006	189,886	583,072	921,955	1,535,873	2,186,172	2,880,395
Total Assets	674,853	1,287,464	1,126,750	1,416,870	1,556,532	2,137,239	2,582,566	3,435,705
Long Term Debt	385,020	468,770	654,369	654,812	775,650	850,432	1,017,142	975,701

All the financial data in the above table was prepared under IFRS.

ITEM 1.6 LIQUIDITY

During the period ended January 31, 2022, the Company incurred a net loss after taxes of \$2,051,366 (2021: \$677,964) and at January 31, 2022, had an accumulated deficit of \$39,851,130 (2021: \$37,799,764) and working capital deficit of \$31,864 (2021: working capital of \$518,496).

Management believes that its existing cash resources, together with funds that will be obtained from future share issuances, are adequate for the total amount of planned research program. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations.

Operating Activities

Cash flow used in operating activities was \$804,978 for the period ended January 31, 2022 compared to \$745,467 in the period ended January 31, 2021, mainly due to more operating expenses incurred during the year 2022.

Financing Activities

Cash flow provided by financing activities during the period ended January 31, 2022 was \$171,428 (2021: \$131,784), representing net payments to borrowings of \$61,922 (2021: \$67,886) and cash proceeds from options and warrants exercise of \$233,350 (2021: \$199,670).

Investing Activities

During the period ended January 31, 2022 there is no investing activities incurred.

ITEM 1.7 CAPITAL RESOURCES

Working Capital

	As At January 31, 2022	As At October 31, 2021
Current assets	\$ 649,393	\$ 1,259,648
Current liabilities	681,257	1,029,796
Working capital (deficiency)	\$ (31,864)	\$ 518,496

During the period ended January 31, 2022, working capital decreased by \$550,359 mainly due to cash used in operating activities in 2022.

Cash Flow

	January 31, 2022	January 31, 2021
Cash used in operating activities	(804,978)	(745,467)
Cash (used) provided by financing activities	171,428	131,784
Decrease (increase) in cash and cash equivalents	(633,550)	(613,683)
Effect of exchange rate fluctuations	169	(195)
Cash and cash equivalents, beginning of period	778,006	1,535,873
Cash and cash equivalents, end of period	\$ 144,625	\$ 921,995

As at January 31, 2022, the Company's cash position was \$144,625 compared to \$921,995 at January 31, 2021 period end.

Share Capital

Authorized: Unlimited common shares without par value.

Issued: As of January 31, 2022, 237,992,566 (2021: 236,067,566) common shares were issued and outstanding.

	Issued common shares		Subscription receipts	Contributed surplus	Foreign translation reserve	Accumulated deficit	Total equity (deficiency)
	Number	Amount					
BALANCE, OCTOBER 31, 2020	226,309,320	\$ 29,079,178	\$ -	\$ 6,563,182	\$ (101,536)	\$ (35,493,429)	\$ 47,395
Loss for the period	-	-	-	-	-	(675,599)	(675,599)
Issuance of stock for consulting fees	129,000	-	-	-	-	-	-
Issuance of stock options	-	-	-	-	-	-	-
Exercise of options	-	28,380	19,901	-	-	-	48,281
Exercise of warrants	1,221,500	244,229	(44,560)	-	-	-	199,669
Foreign currency translation	-	-	-	-	21	-	21
BALANCE, January 31, 2021	227,659,820	\$ 29,351,787	\$ (24,659)	\$ 6,563,182	\$ (101,515)	\$ (36,169,029)	\$ (380,233)
BALANCE, October 31, 2021	236,067,566	\$ 31,213,442	\$ (3,600)	\$ 6,550,616	\$ (57,709)	\$ (37,799,764)	\$ (97,015)
Loss for the period	-	-	-	-	-	(2,051,366)	(2,051,366)
Issuance of stock for consulting fees	-	-	-	-	-	-	-
Issuance of stock options	-	-	-	1,277,045	-	-	1,277,045
Exercise of options	175,000	52,851	3,600	(23,100)	-	-	33,351
Exercise of warrants	1,750,000	347,581	(80,000)	(67,581)	-	-	200,000
Foreign currency translation	-	-	-	-	80,344	-	80,344
BALANCE, January 31, 2022	237,992,566	\$ 31,613,874	\$ (80,000)	\$ 7,736,980	\$ 22,635	\$ (39,851,130)	\$ (557,641)

Exercise of Options and Warrants

During the period ended January 31, 2022, 175,000 (2021: nil) shares were issued for the exercise of options for cash proceeds of \$29,750 (2021: \$nil). The \$23,100 (2021: \$nil) value of options exercised originally recorded to contributed surplus at issuance was reclassified to share capital upon exercise.

During the period ended January 31, 2022, 1,750,000 (2021: 1,221,500) shares were issued for the exercise of warrants for cash proceeds of \$200,000 (2021: \$199,670). The \$67,581 (2021: \$44,560) value of warrants exercised originally recorded to contributed surplus at issuance was reclassified to share capital upon exercise.

Warrants

A summary of warrant activities for the period is as follows:

	Number of Warrants	Weighted average exercise price	Weighted average remaining contractual life (year)
Balance at October 31, 2020	26,684,880	\$ 0.23	1.30
Warrants exercised	(8,719,960)	\$ 0.17	-
Balance at October 31, 2021	17,964,920	\$ 0.26	0.41
Warrants exercised	(1,750,000)	\$ 0.16	-
Balance at January 31, 2022	16,214,920	\$ 0.27	0.25

At January 31, 2022, the warrants outstanding and exercisable were as follows:

Expiry Date	Exercise Price	Number of Warrants as at January 31, 2022
February 27, 2022(1)	\$ 0.16	11,852,000
February 27, 2022(1)	\$ 0.16	406,960
July 16, 2022	\$ 0.60	3,750,000
July 16, 2022	\$ 0.60	205,960
January 1, 2022		16,214,920

(1) warrants were exercised subsequent to period end.

Stock Options

At January 31, 2022, the stock options outstanding and exercisable were as follows:

Expiry Date	Exercise Price	Number of Options Exercisable as at October 31, 2021	Granted During the Year	Exercised During the Year	Expired/Cancelled During the Year	Number of Options as at January 31, 2022	Number of Options Exercisable as at January 31, 2022
January 22, 2022	\$0.38	75,000	-	-	(75,000)	-	-
July 14, 2022	\$0.25	150,000	-	-	-	150,000	150,000
June 30, 2023	\$0.17	-	250,000	-	-	250,000	250,000
June 7, 2024	\$0.52	300,000	-	-	-	300,000	300,000
January 1, 2025	\$0.17	-	4,325,000	(175,000)	-	4,150,000	4,150,000
June 26, 2025	\$0.16	3,300,000	-	-	-	3,300,000	3,300,000
February 1, 2026	\$0.38	200,000	-	-	-	200,000	200,000
September 21, 2026	\$0.20	300,000	-	-	-	300,000	300,000
January 1, 2027	\$0.17	-	500,000	-	-	500,000	500,000
November 20, 2027	\$0.15	1,150,000	-	-	-	1,150,000	1,150,000
February 26, 2029	\$0.12	500,000	-	-	-	500,000	500,000
January 21, 2030	\$0.45	5,430,000	-	-	-	5,430,000	5,430,000
April 1, 2031	\$0.45	750,000	-	-	-	750,000	750,000
January 1, 2032	\$0.17	-	4,000,000	-	-	4,000,000	4,000,000
		12,155,000	9,075,000	(175,000)	(75,000)	20,980,000	20,980,000
Weighted average exercised price			\$ 0.17	\$ 0.17	\$ 0.38	\$ 0.26	\$ 0.26

The weighted average contractual life remaining of all stock options as at January 31, 2022 is 6.41 years (2021: 6.37 years).

The fair value of the options granted was estimated using the Black-Scholes option pricing model with the following estimated assumptions:

	2022	2021
Risk-free interest rate	0.91% to 1.25%	0.17% to 0.44%
Dividend yield	0%	0%
Volatility	94.04% to 102.60%	90.20% to 105.94%
Expected life	1.5-5 years	1-5 years
Share price of grant date	\$0.20	\$0.24 to \$0.41

For the period ended January 31, 2022, share-based compensation in the amount of \$1,277,045 (2021 - \$19,900) was recognized in the Company's consolidated statements of loss and comprehensive loss.

The Company's stock option plan is administered by the board of directors in accordance with Exchange requirements summarized below:

- (i) maximum available for grant is up to 10% of the Company's issued shares outstanding at any one time;
- (ii) grant price and exercise price may not be less than the discounted market price of the shares at the time of grant, as permitted by Exchange policy;
- (iii) non-transferable, vesting schedule subject to Board discretion when granted and exercisable up to 10 years from grant date;
- (iv) eligibility includes employees, directors, officers and consultants of the Company subject to a 5% limitation on options granted annually to any one individual director or officer and 2% to any one consultant; and
- (v) exercisable up to 90 days following cessation of the optionee's position with the Company. If the cessation of office, directorship or consulting arrangement was due to death, the option may be exercised within a maximum period of one year after death, subject to expiry date of such option.

Expected life of stock options

When the Company grants 10-year options, management estimates that the period of time from the date of grant to the date of exercise is five years. Pursuant to IFRS 2 Share-based Payment, the effects of an expected early exercise can be accounted for by using an estimate of the option's expected life as an input into the option pricing model. Accordingly, for 10-year options, an expected life of five years is used as an input when estimating fair value.

Disclosure of Outstanding Share Capital

The following is a breakdown of the share capital of the Company, on an annual basis as well as at the date of this report:

	March 28, 2022	January 31, 2022	October 31, 2021
Common Shares	250,251,526	237,992,566	236,067,566
Stock Options	20,980,000	20,980,000	12,155,000
Warrants	3,955,960	16,214,920	17,964,920
Fully Diluted Shares	275,187,486	275,187,486	266,187,486

For additional details of outstanding share capital, refer to the audited consolidated financial statements for the year ended January 31, 2022.

ITEM 1.8 OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet agreements.

ITEM 1.9 RELATED PARTY TRANSACTIONS

Related party transactions impacting the consolidated financial statements primarily relate to transactions with key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

	2022	2021
	\$	\$
Management fees (a)	40,320	40,320
Accounting fees (b)	36,960	36,960
Salaries (e)	31,416	28,560
Share-based payments (d)	680,892	19,900
Rental (e)	8,449	-
Total	798,037	125,740

- (a) For the period ended January 31, 2022, \$40,320 (2021: \$40,320) in management fees were paid/incurred to a company controlled by Howard Verrico, for acting as CEO, secretary and director. See below.
- (b) For the period ended January 31, 2022, \$36,960 (2021: \$36,960) in accounting fees were paid/incurred to Christopher Hopton for acting as CFO. See below.
- (c) For the year ended January 31, 2022, \$31,416 (2021: \$28,560) in salary were paid to the VP, Operations.
- (d) For the year ended January 31, 2022, 4,500,000 (2021: nil) stock options were granted to management and directors and \$680,892 (2021: \$19,900) of share-based payments expense was recorded.
- (e) During the year ended January 31, 2022, an aggregate of \$8,449 (2021: \$nil) in rental payments were made paid/incurred to the Company's CEO, CFO and VP operation.

As at January 31, 2022, included in trade and other payables for expense reimbursements was \$nil (2021: \$1,495) payable to the Company's CFO and \$nil (2021: \$682) payable to the VP of operations.

These related party transactions are in the normal course of operations and have been valued in these consolidated financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

On June 1, 2013, and as subsequently amended, the Company entered into indefinite consulting agreements for management services with Howard Verrico and Christopher Hopton, whereby Howard currently receives \$13,440 (plus GST) per month and Christopher currently receives \$12,320 per month (plus GST) until the agreements are terminated by either party. Effective June 1, 2019, compensation was increased from \$12,000 and \$11,000 per month, respectively, on the recommendation of the Compensation Committee.

Pursuant to the agreements, Howard and Christopher are eligible to receive discretionary cash bonuses, change of control payments and buyout bonuses. In the event that Howard or Christopher resign or their agreements are terminated with 12 months after a change of control (as defined), they will receive two times the compensation received immediately preceding such termination. In addition to the change of control payments, if the change of control results in a buyout of the Company transaction (as defined), on closing of the buyout transaction Howard will receive a cash bonus equal to 1.4% (plus GST) of the transaction value and Christopher will 1% (plus GST).

ITEM 1.10 QUARTERLY RESULTS

Results for the three months ended January 31, 2022 and 2020 are as follows:

	Three Months Ended January 31, 2022	Three Months Ended January 31, 2021
Revenue (Note 13)	\$ -	\$ 18,159
Expenses		
Accounting and audit fees	85,903	36,960
Consulting fees	136,820	41,740
Depreciations	2,356	2,563
Exchange (gain)/loss	3,738	7,428
Filing fees and transfer agent fees	3,829	1,573
Investor relations	27,386	31,743
Legal fees	9,434	455
Management fees	40,320	40,320
Office and administration	45,771	70,956
Rental expenses	8,449	8,999
Research expenses (net)	356,974	399,897
Share-based payments	1,277,045	19,900
Travel and entertainment	1,274	95
Wages, salaries and benefits	36,176	33,494
	(2,035,475)	(677,964)
Other income/(expenses)		
Other income	2,319	-
Finance expense	(16,699)	484
	(14,380)	484
Loss for the period before income taxes	(2,049,855)	(677,480)
Income taxes recovery	(1,511)	1,881
Net loss for the period	(2,051,366)	(675,599)

The loss in the quarter ended January 31, 2022 was \$2,051,366 compared to \$675,599 in fiscal 2021. This \$1,375,767 increase in net loss was driven primarily by a increase in consulting fees and share-based payment in the quarter ended January 31, 2022.

A breakdown of material components of expensed research and development costs for the years ended January 31, 2022 and 2021 as follows:

	Three Months Ended January 31, 2022	Three Months Ended January 31, 2021
Wages and social charges	\$ 226,321	\$ 250,891
Sub-contracting	116,549	48,239
Small equipment	35,846	109,502
Rental costs	36,582	42,575
Maintenance and repairs	12,406	12,676
Fees	6,688	19,250
Depreciation and amortization	23,482	24,449
Tax credit for R&D expenses	(100,899)	(107,685)
Total	\$ 356,974	\$ 399,897

ITEM 1.11 SUBSEQUENT EVENTS

Subsequent to the year ended January 31, 2022, the following events occurred:

In February 2022, 12,258,960 warrants were exercised for proceeds of \$1,961,434.

ITEM 1.12 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company are detailed in Note 3 of the audited consolidated financial statements for the year ended January 31, 2022.

ITEM 1.13 NEWLY ADOPTED ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Future accounting standards and interpretations

New IFRS pronouncements that have been issued but are not yet effective at the date of these financial statements are listed below. The Company plans to apply the new standards or interpretations in the annual period for which they are first required.

Presentation of financial statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

ITEM 1.14 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Classification

On initial recognition, the Company determines the financial instruments classification as per the following categories:

- instruments measured at amortized cost;

- instruments measured at fair value through other comprehensive income (“FVOCI”) or through net income (“FVTPL”).

The financial instruments' classification under IFRS 9 is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial instrument in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company, on initial recognition, may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (“OCI”). This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives) or if the Company elects to measure them at FVTPL.

Measurement

Financial instruments at amortized cost

Financial instruments at amortized cost are initially measured at fair value, and subsequently at amortized cost, using the effective interest method, less any impairment loss. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statements of loss and comprehensive loss.

Financial instruments at fair value

Financial instruments are initially and subsequently measured at fair value and transaction costs are accounted for in the consolidated statements of loss and comprehensive loss. When the Company elects to measure a financial liability at FVTPL, gains or losses related to the Company's own credit risk are accounted for in the consolidated statements of loss and comprehensive loss.

Impairment

The Company recognizes loss allowances for expected credit losses (“ECL”) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets (as defined in IFRS 15).

The Company measures loss allowances on amounts receivable at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the consolidated statements of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition

Financial assets

The Company derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred.

Financial liabilities

The Company derecognizes a financial liability when, and only when, it is extinguished, meaning when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the extinguished financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of loss and comprehensive loss.

The Company's activities expose it to a variety of financial risks. The Company's overall business strategies, tolerance of risk and general risk management philosophy are determined by the directors in accordance with prevailing economic and operating conditions.

The Company has the following financial instruments as of January 31, 2022 and October 31, 2021:

		January 31, 2022	October 31, 2021
	Categories	\$	\$
Financial assets			
Cash and cash equivalents	Amortized cost	144,625	778,006
Trade and other receivables	Amortized cost	28,520	86,319
Financial liabilities			
Trade and other payables	Amortized cost	330,137	403,276
Long-term debt	Amortized cost	698,862	769,479
Lease obligation	Amortized cost	71,616	81,084

Fair value of financial instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying values due to the short-term nature of these instruments. The fair value of convertible debentures, lease obligation, short-term loan and long-term debt are determined by discounting future payments of loan principals and interests under the loans at prevailing market interest rates at each reporting date. The difference between the fair value and carrying amount is minimal.

The Company's risk management activities include the preservation of its capital by minimizing risk related to its cash and cash equivalents. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

- (i) Credit risk is the risk that one party to a financial instrument will fail to discharge its contractual obligations and cause the other party to incur a financial loss and arises principally from the Company's cash and cash equivalents and trade and other receivables. This risk is managed by placing its cash and cash equivalents with major financial institutions which have high credit quality as determined by the rating agencies. To mitigate credit risk with respect to trade receivables, the Company subjects all major customers to its credit evaluation process.
- (ii) Since the Company's functional currency is the Canadian dollar, it has a foreign exchange risk regarding its Euro obligations since it has a subsidiary in France. A significant change in the currency exchange rates between the Euro relative to the Canadian dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations. A 1% fluctuation in the Canadian dollar against the Euro would have a before-tax effect of

approximately an \$10,700 increase or decrease in accumulated other comprehensive income, based on amounts held at period end.

- (iii) The Company’s exposure to interest rate risk relates to its ability to earn short term interest on cash balances at variable rates. The Company is exposed to interest rate risk on its cash and cash equivalents. The Company has no floating interest rate loans. Management does not believe that the impact of interest rate fluctuation will be significant.
- (iv) Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company’s objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Funding risk is the risk that market conditions will impact the Company’s ability to raise capital through equity markets under acceptable terms and conditions. Given the cash and cash equivalents balance of \$144,625 at January 31, 2022 and under current market conditions, both liquidity and funding risk have been assessed as relatively low.

	Total	Due by period				
		< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	> 5 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	330,137	330,137	-	-	-	-
Long-term debt	698,862	313,842	385,020	-	-	-
Lease obligation	71,616	37,278	34,338	-	-	-
	1,100,616	681,258	419,358	-	-	-

ITEM 1.15 OTHER

Management’s Responsibility for Financial Statements

The information provided in this MD&A, including the consolidated financial statements for the years ended January 31, 2022 and 2020, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements which have been properly reflected in these audited consolidated financial statements.

Disclosure Controls and Procedures

As at January 31, 2022 disclosure controls and procedures (“DCP”) have been designed by the Company to provide reasonable assurance that information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of DCP includes, among other things, the Company’s Corporate Disclosure and Whistleblower policies and Code of Conduct, the review and approval procedures of the Disclosure Committee and continuous review and monitoring procedures by senior management.

Internal Controls over Financial Reporting

As at January 31, 2022 management has designed internal controls over financial reporting (“ICFR”) within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Due to its inherent limitations, ICFR may not prevent or detect misstatements. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no

matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, even effective ICFR can only provide reasonable, not absolute, assurance of achieving the control objectives for financial reporting.

The Company's CEO and CFO have evaluated the disclosure controls and procedures and concluded they are operating effectively notwithstanding the Company has a limited staff. As a result, internal controls which rely on segregation of duties in many cases are not possible. This inherent weakness is substantially overcome by the Company's heavy reliance on a rigorous senior management review and approval process.

Business and Regulatory Risks

There is no assurance the Company's research and development program will produce commercially viable products or treatments, and additional research and development will be required before a final evaluation of the economic feasibility of the licensed technology can be determined. Even if the proposed research and development is completed and identification of commercially viable products and/or treatments is successful, significant funds must be spent on further studies before determining if the products and/or treatments are commercially viable or not.

Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and also includes the ever-increasing complexity of financial reporting requirements and related costs of oversight and statutory filings which must be met in order to maintain the Company's exchange listing.

Forward-Looking Statements

The information in this MD&A contains forward-looking statements which are subject to certain risks and uncertainties that could cause actual results to differ significantly from those included in the forward-looking statements.