

SIRONA BIOCHEM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED APRIL 30, 2023

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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 June 29, 2023 and should be read in conjunction with the consolidated financial statements and related notes for the period ended April 30, 2023 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

- **BUSINESS OVERVIEW**

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, its existing patents, existing licensing and partnering agreements 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, anti-cellulite 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.

- **SIGNIFICANT EVENTS**

On June 7, 2022, the Company entered into a global exclusive licensing agreement with Allergan Aesthetics, an AbbVie company (NYSE: ABBV), pursuant to which Allergan Aesthetics will develop and commercialize topical skin care treatments based on active ingredients derived from certain of Sirona’s patents for TFC-1067 and related family of compounds.

Under the license agreement, the Company will receive an upfront payment and further payments on achievement of milestones and royalties on product sales and has also agreed to financial terms as a supplier of its compounds.

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.

	2022	2021	2020
Total revenue	671,923	268,022	105,711
Loss:			
In total	3,557,804	2,306,335	4,133,724
On a per share basis	0.01	0.02	0.02
Total assets	1,290,709	1,287,464	2,137,239
Total liabilities	1,076,194	1,384,479	2,089,844
Total shareholders' equity	(214,515)	97,015	(47,395)

*basic and fully diluted

ITEM 1.4 RESULTS OF ANNUAL OPERATIONS

Financial Analysis

Year 2022 compared to 2021

The loss in fiscal 2022 was \$3,557,804 compared to \$2,306,335 in fiscal 2021. The increase in loss was driven primarily by increased operation expenses. Revenue increased by \$403,901 in fiscal 2022 to \$671,923 compared to \$268,022 in fiscal 2021. Research expenses decreased by \$74,227 due to the decrease in general research costs in TFC. Consulting fees increased by \$258,339 due to more operation activities in relation to business development in fiscal 2022. Office and administration expenses is consistent with fiscal 2021. Accounting and audit fees increased by \$71,641 in fiscal 2022 to \$292,766 compared to \$221,125 in fiscal 2021. Legal fees increased by \$122,208 in fiscal 2022 to \$133,564 compared to \$11,356 in fiscal 2021. Management fees and bonus increased by \$124,452 in fiscal 2022 to \$285,732 compared to \$161,280 in fiscal 2021. Share-based payments increased by \$1,133,564 due to the Company granting more stock options in fiscal 2022. Finance expenses increased by \$23,666 due to the Company incurred more interest expenses in fiscal 2022.

Year 2021 compared to 2020

The loss in fiscal 2021 was \$2,306,335 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 \$162,311 in fiscal 2021 to \$268,022 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 \$29,643 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.

ITEM 1.5 SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

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

	30-Apr 2023 \$	January 31 2023 \$	October 31 2022 \$	July 31 2022 \$	April 30 2022 \$	January 31 2022 \$	October 31 2021 \$	July 31 2021 \$
Total Revenues	59,514	-	18,055	653,868	-	-	29,900	29,040
Net Loss	(763,911)	(622,326)	(363,889)	(381,101)	(761,448)	(2,051,366)	(300,347)	(493,792)
Loss per Share	(0.00)	(0.00)	0.00	0.00	0.00	0.01	0.00	0.00
Cash	907,859	144,117	421,519	1,126,071	1,342,522	144,625	778,006	189,886
Total Assets	1,395,354	778,005	1,290,709	1,957,324	2,026,285	674,853	1,287,464	1,126,750
Long Term Debt	200,894	112,352	91,139	176,972	274,509	385,020	468,770	654,369

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

ITEM 1.6 LIQUIDITY

During the period ended April 30, 2023, the Company incurred a net loss after taxes of \$1,386,237 (2022: \$2,812,814) and at April 30, 2023, had an accumulated deficit of \$42,743,805 (2022: \$41,357,568) and working capital of \$706,405 (2022: \$407,448).

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 \$976,143 for the year ended April 30, 2023 compared to \$1,539,426 in the period ended April 30, 2022, mainly due to more operating expenses incurred during the year 2022.

Financing Activities

Cash flow used for financing activities during the year ended April 30, 2023 was \$1,453,071 (2022: \$2,111,859), representing net borrowings of \$1,400,571 (2022: net payment of \$164,925) and cash proceeds from options and warrants exercise of \$52,500 (2022: \$2,276,784).

Investing Activities

During the year ended April 30, 2023 and 2022, there is no investing activities for the purchase of equipment.

ITEM 1.7 CAPITAL RESOURCES

Working Capital

	As At April 30, 2023	As At October 31, 2022
Current assets	\$ 1,381,419	\$ 1,271,984
Current liabilities	675,014	741,152
Working capital (deficiency)	\$ 706,405	\$ 407,446

During the period ended April 30, 2023, working capital increased by \$298,959 mainly due to cash provided in financing activities in 2023.

Cash Flow

	2023	2022
Cash used in operating activities	(976,143)	(1,539,426)
Cash provided by financing activities	1,453,071	2,111,859
Increase in cash and cash equivalents	476,928	572,433
Effect of exchange rate fluctuations	9,412	(7,917)
Cash and cash equivalents, beginning of period	421,519	778,006
Cash and cash equivalents, end of period	\$ 907,859	\$ 1,342,522

As at April 30, 2023, the Company's cash position was \$907,859 compared to \$1,342,522 at April 30, 2022 period end.

Share Capital

Authorized: Unlimited common shares without par value.

Issued: As of April 30, 2023, 252,111,526 (2022: 251,731,526) common shares were issued and outstanding.

Exercise of Options and Warrants

During the period ended April 30, 2023, 380,000 shares were issued for the exercise of options for proceeds of \$52,500. The \$8,901 value of options exercised originally recorded to contributed surplus at issuance was reclassified to share capital upon exercise.

Warrants

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

	Number of Warrants	Weighted average exercise price	Weighted average remaining contractual life (year)
Balance at October 31, 2021	17,964,920	0.26	0.41
Warrants exercised	(13,602,000)	0.16	-
Warrants expired	(3,955,960)	0.60	-
Balance at October 31, 2022	406,960	-	-
Broker warrants granted	125,000	0.15	2.98
Balance at April 30, 2023	531,960	0.15	2.98

Stock Options

At April 30, 2023, the stock options outstanding and exercisable were as follows:

Expiry Date	Exercise Price	Number of Options Exercisable as at October 31, 2022	Granted During the Year	Exercised During the Year	Expired/Cancelled During the Year	Number of Options as at April 30, 2023	Number of Options Exercisable as at April 30, 2023
June 30, 2023	\$0.17	250,000	-	-	-	250,000	250,000
November 1, 2023	\$0.13	-	250,000	(180,000)	-	70,000	70,000
June 7, 2024	\$0.52	300,000	-	-	-	300,000	300,000
June 30, 2024	\$0.15	-	250,000	-	-	250,000	250,000
January 1, 2025	\$0.17	4,150,000	-	-	-	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
January 1, 2026	\$0.15	-	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	3,750,000	-	-	-	3,750,000	3,750,000
July 19, 2032	\$0.20	700,000	-	-	-	700,000	700,000
		21,280,000	700,000	380,000	-	21,600,000	21,600,000
Weighted average exercised price			\$ 0.09	\$ 0.14	-	\$ 0.25	\$ 0.25

The weighted average contractual life remaining of all stock options as at April 30, 2023 is 4.70 years (2022: 5.23 years).

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

	2023	2022
Risk-free interest rate	3.92% to 4.07%	0.91% to 3.13%
Dividend yield	0%	0%
Volatility	92.15% to 94.24%	94.04% to 102.60%
Expected life	1-1.5 years	1-5 years
Share price of grant date	\$0.11 to \$0.13	\$0.20

For the period ended April 30, 2023, share-based compensation in the amount of \$30,502 (2022 - \$1,293,822) 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:

	June 29, 2023	April 30, 2023	October 31, 2022
Common Shares	252,223,526	252,111,526	251,731,526
Stock Options	25,211,153	21,600,000	21,280,000
Warrants	237,000	125,000	-
Fully Diluted Shares	277,671,679	273,711,526	273,011,526

For additional details of outstanding share capital, refer to the audited consolidated financial statements for the year ended April 30, 2023.

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.

	2023	2022
	\$	\$
Management fees (a)	90,318	80,640
Accounting fees (b)	73,920	73,920
Salaries (e)	62,832	62,832
Share-based payments (d)	-	680,892
Total	227,070	898,284

(a) For the period ended April 30, 2023, \$90,318 (2022: \$80,640) 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 April 30, 2023, \$73,920 (2022: \$73,920) in accounting fees were paid/incurred to Christopher Hopton for acting as CFO. See below.

- (c) For the period ended April 30, 2023, \$62,832 (2022: \$62,832) in salary were paid to the VP, Operations.
- (d) For the period ended April 30, 2023, nil (2022: 4,500,000) stock options were granted to management and directors and \$nil (2022: \$680,892) of share-based payments expense was recorded.

As at April 30, 2023, included in trade and other payables for expense reimbursements was \$nil (2022: \$nil) payable to the Company's CEO, \$1,763 (2022: \$1,459) payable to the Company's CFO and \$3,073 (2022: \$1,276) 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 amended on July 2022, Howard currently receives \$15,053 (plus GST) per month an increase from \$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 six months ended April 30, 2023 and 2022 are as follows:

	Six Months Ended April 30, 2023	Six Months Ended April 30, 2022
Revenue (Note 12)	\$ 59,514	\$ -
Expenses		
Accounting and audit fees (Note 16)	101,103	151,014
Consulting fees	29,053	154,906
Depreciations	4,790	4,622
Exchange (gain)/loss	1,112	3,343
Filing fees and transfer agent fees	30,166	26,713
Investor relations	43,333	53,040
Legal fees	79,679	90,802
Management fees and bonus (Note 16)	94,310	80,640
Office and administration	158,397	111,390
Rental expenses	18,448	17,898

Research expenses (net)	766,860	729,875
Share-based payments (Note 16)	30,502	1,293,822
Travel and entertainment	8,776	2,458
Wages, salaries and benefits (Note 16)	75,013	73,852
	(1,382,028)	(2,794,375)
Other income/(expenses)		
Other income	2,855	3,616
Finance expense (Notes 10, 11)	(8,434)	(17,296)
	(5,579)	(13,680)
Loss for the period before income taxes	(1,387,607)	(2,808,055)
Income taxes recovery (expense)	1,370	(4,759)
Net loss for the period	(1,386,237)	(2,812,814)

The loss in the quarter ended April 30, 2023 was \$1,386,237 compared to \$2,812,814 in fiscal 2022. This \$1,426,577 decrease in net loss was driven primarily by a decrease in consulting fees and share-based payments in the quarter ended April 30, 2023.

A breakdown of material components of expensed research and development costs for the years ended April 30, 2023 and 2022 as follows:

	Six Months Ended April 30, 2023	Six Months Ended April 30, 2022
Wages and social charges	\$ 477,114	\$ 420,085
Patent costs	55,994	50,407
Sub-contracting	194,882	240,191
Small equipment	117,925	95,118
Rental costs	71,858	70,740
Maintenance and repairs	33,715	26,406
Fees	49,868	35,680
Tax credit for R&D expenses	(234,498)	(208,752)
Total	\$ 766,860	\$ 729,875

ITEM 1.11 SUBSEQUENT EVENTS

Subsequent to the year ended April 30, 2023, the following events occurred:

Subsequent period ended April 30, 2023, \$11,200 of converted debenture, comprised of \$10,000 of Principle and \$1,200 of Pre-Paid Interest, were converted and a total of 112,000 units were issued upon conversion. Each unit consist of one common shares of the Company and one common share purchase warrant of the Company.

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 April 30, 2023.

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 consolidated 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 April 30, 2023 and October 31, 2022:

		April 30, 2023	October 31, 2022
	Categories	\$	\$
Financial assets			
Cash and cash equivalents	Amortized cost	144,117	421,519
Trade and other receivables	Amortized cost	43,685	54,115
Financial liabilities			
Trade and other payables	Amortized cost	599,340	490,852
Long-term debt	Amortized cost	377,047	428,805
Lease obligation	Amortized cost	34,910	41,426
Convertible debentures	Amortized cost	1,214,126	-

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:

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 cash and cash equivalents with major financial institutions which have a 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. See Note 6.

- (i) 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 \$6,017 increase or decrease in accumulated other comprehensive income, based on amounts held at year end.
- (ii) 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.
- (iii) 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 \$907,859 at April 30, 2023 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	513,153	513,153	-	-	-	-
Long-term debt	336,811	135,917	200,894	-	-	-
Lease obligation	25,944	25,944	-	-	-	-
Convertible debenture	1,214,126	-	-	1,214,126	-	-
	2,090,034	675,014	200,894	1,214,126	-	-

ITEM 1.15 OTHER

Management's Responsibility for Financial Statements

The information provided in this MD&A, including the consolidated financial statements for the periods ended April 30, 2023, 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 April 30, 2023 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 April 30, 2023 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.