MedMira Inc.

Condensed Interim Consolidated Financial Statements
For the six months ended January 31, 2022 and January 31, 2021
(Unaudited – Prepared by Management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ending January 31, 2022

March 31, 2022

Management's responsibility for financial reporting

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

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

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

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

(signed) *Hermes Chan*

Chief Executive Officer

(signed) *Markus Meile*

Chief Financial Officer

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

In Canadian dollars

	Notes	31-Jan-22	31-Jul-21
		$	$
Assets			
Current assets			
Cash		937,256	-
Trade and other receivables		1,098,576	1,250,648
Prepaid expenses		85,813	89,925
Inventories	3	218,326	235,773
Total current assets		2,339,971	1,576,346
Non-current assets			
Property, plant and equipment		2,213,589	2,313,724
Intangible assets		2	2
Total non-current assets		2,213,591	2,313,726
Total assets		4,553,562	3,890,072
Liabilities			
Current liabilities			
Bank indebtedness		-	10,113
Current portion of debt	8	6,121,322	9,181,821
Trade accounts payable and accrued liabilities		2,453,867	2,699,743
Salaries and benefits payable		1,735,888	1,733,849
Interest payable		2,019,816	2,280,816
Deferred rent		25,754	35,966
Deferred revenue		837,455	1,198,009
Advance from shareholder		500,000	-
Provision for royalty	10	62,673	144,311
Current portion of lease liabilities	7	147,919	130,000
Total current liabilities		13,904,694	17,414,628
Long term liabilities			
Long term debt	8	40,000	40,000
Lease liability	7	2,090,639	2,159,342
Total long term liabilities		2,130,639	2,199,342
Total liabilities		16,035,333	19,613,970
Equity			
Share capital	4	68,349,720	63,904,090
Stock based compensation reserve	4	785,808	31,961
Equity reserve	4	13,791,920	13,791,920
Accumulated deficit		(94,409,219)	(93,451,869)
Total shareholders' deficiency		(11,481,771)	(15,723,898)
Total liabilities and equity		4,553,562	3,890,072

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

Approved on behalf of the Board of Directors

(signed) *Hermes Chan*, Director

(signed) Steve Cummings, director

Unaudited consolidated statements of operations and comprehensive loss
For the three and six months ended January 31, 2022 and January 31, 2021

In Canadian dollars

	Notes	for the three months ended 31-Jan-22 $	31-Jan-21 $	for the six months ended 31-Jan-22 $	31-Jan-21
Product					
Product sales	4	102,615	323,642	143,346	1,889,386
Product cost of sales		(17,025)	(85,505)	(33,063)	(288,978)
Gross margin on product		85,590	238,137	110,283	1,600,408
Service					
Serivce sales	4	194,870	23,801	356,300	60,880
Service costs of sales		(194,870)	(23,801)	(356,300)	(60,880)
Gross margin on Service		-	-	-	-
Operating expenses					
Research and development	12	13,289	(72,523)	(34,316)	(134,295)
Sales and marketing		326	(25,213)	(230)	(42,512)
Other direct costs		(225,799)	(289,289)	(444,676)	(521,051)
General and administrative		(233,017)	(109,510)	(379,706)	(277,598)
Total operating expenses		(445,201)	(496,535)	(858,928)	(975,456)
Operating loss		(359,611)	(258,398)	(748,645)	624,952
Non-operating income (expenses)					
Government Assistance		-		64,703	
Financing		(108,730)	(157,534)	(273,408)	(325,712)
Net (loss) income		(468,341)	(415,932)	(957,350)	299,240
Basic (loss) earnings per share	7	(0.0007)	(0.0006)	(0.0014)	0.0005
Diluted (loss) earnings per share	7	(0.0007)	(0.0006)	(0.0014)	0.0005

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

Unaudited consolidated statements of changes in equity

In Canadian dollars

	Notes	Share capital						
	Notes	Common shares	Preferred shares	Warrant reserve	Option reserve	Equity reserve	Accumulated deficit	Shareholders' deficiency
Balance at July 31, 2020		**63,419,302**	**2,500**	**-**	**10,252**	**13,781,668**	**(92,776,072)**	**(15,562,350)**
Net and comprehensive income		-	-	-	-	-	299,240	299,240
Exercise of stock options		15,000	-	-	(5,126)	5,126	-	15,000
Expiration of stock options		-	-	-	(5,126)	5,126	-	-
Balance at January 31, 2021		**63,434,302**	**2,500**	**-**	**-**	**13,791,920**	**(92,476,832)**	**(15,248,110)**
Net and comprehensive loss		-	-	-	-	-	(975,037)	(975,037)
Expiration of stock options	4	-	-	-	-	-	-	-
Shares issued for cash	4	468,039	-	31,961	-	-	-	500,000
Exercise of stock options	4	-	-	-	-	-	-	-
Share issuance costs	4	(751)	-	-	-	-	-	(751)
Balance at July 31, 2021		**63,901,590**	**2,500**	**31,961**	**-**	**13,791,920**	**(93,451,869)**	**(15,723,898)**
Net and comprehensive income		-	-	-	-	-	(957,350)	(957,350)
Shares issued for cash		911,844		753,847				1,665,691
Shares issued for debt		3,564,437						3,564,437
Share issuance costs	4	(30,651)	-	-	-	-	-	(30,651)
Balance at January 31, 2022		**68,347,220**	**2,500**	**785,808**	**-**	**13,791,920**	**(94,409,219)**	**(11,481,772)**

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

Unaudited consolidated statements of cash flows
For the six months ended January 31, 2022 and January 31, 2021

In Canadian dollars

	Notes	31-Jan-22 $	31-Jan-21 $
Cash from operating activities			
Net loss		(957,350)	299,240
Adjustments for:			
Depreciation		105,953	103,876
Movements in working capital:			
(Increase)/decrease in trade and other receivables		152,072	(897,817)
(Increase)/decrease in inventories		17,447	(68,213)
Decrease in prepaid expenses		4,112	(12,973)
(Increase)/decrease in trade accounts payable and accrued liabilities		(504,836)	72,032
Increse in other current liabilities		(91,838)	367,325
Increase in deferred revenue		(360,566)	30,174
Net cash used in operating activities		(1,635,006)	(106,356)
Cash flow from investing activities		(5,818)	(7,769)
Net cash used in investing activities		(5,818)	(7,769)
Cash flow from financing activities			
Increase in bank indebtedness		(10,113)	-
Sharre issuance	4	2,118,782	15,000
Share issuance costs	4	(30,651)	-
Decrease in lease obligations	5	(50,785)	(61,660)
Advance from shareholder		500,000	-
Proceeds from borrowings	6	55,847	-
Repayment of borrowings	6	(5,000)	(119,251)
Net cash from financing activities		2,578,080	(165,911)
Net increase (decrease) in cash		937,256	(280,036)
Cash at the beginning of the year		-	401,861
Cash at the end of the year		937,256	121,825

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

1. Reporting entity

Nature of operations

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

2. Basis of preparation

a. Statement of compliance

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2022.

b. Going-concern

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

The Company has incurred losses and negative cash flows from operations on a cumulative basis since inception. For the six months ended January 31, 2022, the Company realized a net loss of $1.0 million (January 31, 2021 – net income of $0.3 million), consisting of a net loss from operations of $0.8 million (January 31, 2021 – net income of $0.6 million), and other non-operating losses of $0.2 million (January 31, 2021 - $0.3 million). Negative cash inflows from operations were $1.6 million (January 31, 2021 – net outflows of $0.1 million). As at January 31, 2022, the Company had an accumulated deficit of $94.4 million (July 31, 2021 - $93.5 million) and a negative working capital position of $11.6 million (July 31, 2021 - $15.8 million). In addition, as at January 31, 2022, $6.1 million of debt was in default. The Company currently has insufficient cash to fund its operations for the next 12 months. In addition to its ongoing working capital requirements, the Company must secure sufficient funding for its research and development programs for existing commitments, including its current portion of debt of approximately $6.1 million. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

The Company's objectives in managing capital are to ensure it can meet its ongoing working capital requirements. The Company must secure sufficient capital to support its capital requirements for research and development programs, existing commitments, including its current portion of debt of approximately $6.1 million, as well as growth opportunities. Subsequent to Q2 FY2022, The Province of Nova Scotia and the Company entered into a forbearance agreement which allows to defer principal and interest payments. As part of the agreement the Company provides regular updates on its progress and the milestone achieved. Due to its structure, which includes a review every six months, the Company must classify this as a current liability. The Province of Nova Scotia represents the largest debtholder with a carrying value of $3.1 million out of the $6.1 million loans payable.

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.

c. Basis of consolidation

Subsidiaries

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

3. Revenue

The Company derives approximately 87% (January 31, 2021 – 89%) of its revenue from three (January 31, 2021 — three) main customers and, for these customers, assesses the recoverability of each account on a regular basis. During the three months ended January 31, 2022, customer 1 accounted for 71% of the Company's revenue, customer 2 accounted for 13% of the revenue and customer 3 accounted for 4%.

In Canadian dollars

	for the three months ended		for the six months ended	
	31-Jan-22	31-Jan-21	31-Jan-22	31-Jan-21
			$	$
Product sales	102,615	323,642	143,346	1,889,386
Service sales	194,870	23,801	356,300	60,880
Total revenue	297,485	347,443	499,646	1,950,266

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

	for the three months ended		for the six months ended	
	31-Jan-22	31-Jan-21	31-Jan-22	31-Jan-21
			$	$
North America	292,584	105,960	492,873	1,702,975
Asia Pacific	-	4,083	454	8,039
Europe	4,901	235,486	6,319	237,338
Other	-	1,914	-	1,914
Total revenue	297,485	347,443	499,646	1,950,266

*For the three months ended January 31, 2022, revenue in North America included sales made in Canada (the Company's country of domicile) of $13,380 (January 31, 2021 - $16,855).

4. Inventories

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

During the three months ended January 31, 2022, inventory valued at $35,223 was expensed as product cost of sales (January 31, 2021 - $223,080), which included write-downs of inventory as a result of net realizable value being lower than cost of $9,845 (January 31, 2021 – $1,658). No inventory write-downs recognized in previous years were reversed during the current year.

	31-Jan-22	31-Jul-21
	$	$
Raw materials and consumables	162,104	176,031
Work in process	45,722	52,912
Finished goods	10,500	6,830
Total inventories	218,326	235,773

In Canadian dollars

5. Capital and other components of equity

a. Authorized

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

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

b. Share capital issued

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

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

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

c. Warrants

	Number of warrants	Warrant reserve
		$
Balance at July 31, 2021	**2,711,496**	**31,961**
Issued	11,000,000	753,847
Balance at January 31, 2022	**13,711,496**	**785,808**

The total warrants outstanding at January 31, 2022 are shown below:

Issued	Number	Exercise price	Expiry date
		$	
July 14, 2021	2,711,496	0.1844	14-Jan-22
January 17, 2022	11,000,000	0.1500	July 17, 2022

In Canadian dollars

d. Equity Reserve

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

	Equity Reserve
	$
Balance at July 31, 2021	13,791,920
Balance at January 31, 2022	**13,791,920**

6. Loss per share

	For the three months ended		For the six months ended	
	31-Jan-22	31-Jan-21	31-Jan-22	31-Jan-21
			$	$
Net income (loss) attributable to common shareholders	(468,341)	(415,932)	(957,350)	299,240
Issued common shares	697,445,660	658,664,320	697,445,660	658,664,320
Weighted average number of common shares	666,864,705	658,664,320	664,326,570	658,664,320
Basic earnings (loss) per share	(0.0007)	(0.0006)	(0.0014)	0.0005
Diluted earnings (loss) per share	(0.0007)	(0.0006)	(0.0014)	0.0005

The diluted weighted average number of common shares outstanding is the same as the basic weighted average number of common shares outstanding for the three months ended January 31, 2022, as the exercise of options would be anti-dilutive.

7. Lease liability

	Building
	$
at July 31, 2021	2,303,653
Interest expense	57,592
Less: Lease payments	(122,687)
at October 31, 2021	2,238,558
Less: Current portion	(147,919)
	2,090,639

In Canadian dollars

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

8. Loans and borrowings

a. Loans

	31-Jan-22		31-Oct-21	
	Carrying value	Contract value	Carrying value	Contract value
	$	$	$	$
Short term loans	174,890	174,890	2,276,557	2,276,557
Loan 1	1,054,167	1,054,167	1,054,167	1,054,167
Loan 2	1,300,000	1,300,000	1,300,000	1,300,000
Loan 3	5,265	5,265	207,792	207,792
Loan 4	-	-	550,040	550,040
Loan 5	-	-	206,265	206,265
Canada emergency business account	40,000	40,000	40,000	40,000
ACOA loans	473,610	473,610	473,610	473,610
Nova Scotia government loan 1	3,016,000	3,016,000	3,016,000	3,016,000
Nova Scotia government loan 2	97,390	97,390	97,390	97,390
Total loan principal	**6,161,322**	**6,161,322**	**9,221,821**	**9,221,821**
Long term portion of principal	40,000		40,000	
Current portion payable of principal	6,121,322		9,181,821	

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

	Repayment required
	$
Fiscal year 2022	6,121,322
Fiscal year 2023	40,000
Total	6,161,322

Short term loans

The Company has one short term loan with related parties. The loans is utilized by the Company for short term working capital requirements. The loan has an interest rate of 5% per year. As of January 31, 2022 the loans are all in default due to non-payment.

Loan 1

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

Loan 2

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

Loan 3

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

Canada Emergency Business Account (CEBA)

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

Atlantic Canada Opportunities Agency (ACOA) loans

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

Nova Scotia government loan 1

The loan was established in August 2015, bearing interest based on the Province of Nova Scotia's five year cost of funds, plus five hundred basis points. Monthly interest payments are due until August 31, 2018. Starting on September 1, 2016, thirteen monthly principal payments of $120,000 are due followed by ten monthly principal payments of $135,000 starting on October 1, 2017 and one monthly principal payment of $106,000 on August 1, 2018. The loan is secured by first interest on intellectual property and on the Maple Bio sensor technology. The Province of Nova Scotia and the Company entered into a forbearance agreement which allows to defer principal and interest payments. As part of the agreement the Company provides regular updates on its progress and the milestone achieved. Due to its structure, which includes a review every six months, the Company has to classify this as a current liability.

Nova Scotia government loan 2

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

In Canadian dollars

9. Capital management and financial risks

a. Capital management

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

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

	Jnauary 31, 2022	**31-Jul-21**
	$	**$**
Total debt	6,161,322	9,221,821
Less: Cash	(937,256)	
Net debt	**5,224,066**	**9,221,821**
Shareholders' deficiency	(11,481,771)	(15,723,898)
Total capital	**(6,257,705)**	**(6,502,077)**

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

b. Foreign currency risk

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

In Canadian dollars

	31-Jan-22	31-Jul-21
	US$	US$
Cash	64,488	243
Trade and other receivables	825,429	818,645
Prepaids	26,062	24,073
Accounts payable and accrued liabilities	1,262,761	1,355,559
Royalty provision	53,749	104,317
Debt	-	94,556

A one percent change in the US dollar exchange rate would result in approximately a $22,235 (July 31, 2021 - $23,974) impact on the statement of financial position and consolidated statement of operations.

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

	31-Jan-22	31-Jul-21
	CHF	CHF
Cash	389,647	41
Trade and other receivables	1,248	-
Accounts payable and accrued liabilities	568,085	1,126,978
Debt	131,596	2,238,160

A one percent change in the US dollar exchange rate would result in approximately a $10,906 (July 31, 2021 - $21,297) impact on the statement of financial position and consolidated statement of operations.

c. Interest rate risk

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

d. Credit risk

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

Age of receivable that are past due but not impaired:

120 +	**$1,054,465**

e. Liquidity risk

In Canadian dollars

Liquidity risk represents the possibility that the Company may not be able to gather sufficient cash resources, when required and under reasonable conditions, to meet its financial obligations. As at January 31, 2022, the Company does not have sufficient cash to meet all of its current liabilities.

The Company also continues to have an ongoing need for substantial capital resources to research and develop, commercialize and manufacture its products and technologies. The Company is not yet receiving a significant ongoing revenue stream, nor can it be certain that it will receive significant revenue before additional cash is required. As a result, there can be no assurance that the Company will have sufficient capital to fund its ongoing operations, develop or commercialize its products without future financing.

The Company's contractual maturities for its financial liabilities are outlined in the table below.

For the three months ended October 31, 2021

	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Debt	6,161,322	6,121,322	40,000	-	-
Accounts payable and accrued liabilities	6,209,571	6,209,571	-	-	-
Advance from shareholder	500,000	500,000	-	-	-
Lease liabilities	2,238,558	147,919	516,897	409,550	1,164,192
Royalty provision	62,673	62,673	-	-	-
Total debt	**15,172,124**	**13,041,485**	**556,897**	**409,550**	**1,164,192**

For the year ended July 31, 2021

	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Debt	9,221,821	9,181,821	40,000	-	-
Accounts payable and accrued liabilities	6,724,521	6,724,521	-	-	-
Lease liabliities	2,303,654	144,311	499,370	394,641	1,265,332
Royalty provision	130,000	130,000	-	-	-
Total debt	**18,379,996**	**16,180,653**	**539,370**	**394,641**	**1,265,332**

The payments noted above do not include interest payments.

10. Royalty provision

During March 2015, the Company entered into a royalty agreement with MedMira Holding AG whereby MedMira Holding AG would receive a 10% royalty on all future US sales of the Reveal G4 product for a five year period commencing on the day the first full payment and delivery of at least CAD $100,000 worth of product. In exchange, MedMira Holding AG provided the Company with $270,000 to fund costs required to complete the product development and obtain US Food and Drug Administration (FDA) pre-market approval. At the inception of the arrangement, the Company's best estimate of the value of the provision was zero and as MedMira Holding AG is the controlling shareholder of the Company, the $270,000 was recorded in equity (Note 8). As at January 31, 2022, the Company's best estimate of the fair value of the provision was $62,673 (July 31, 2021 - $130,000), which is recorded in royalty provision and the change in fair value of the provision recorded in financing expense in profit or loss.

In Canadian dollars

During July 2016, the Company entered into a royalty agreement with MedMira Holding AG whereby MedMira Holding AG would receive a 10% royalty on all future sales of the hepatitis C (HCV) portion of the approved Multiplo HIV/HCV test commencing on the day of the first full delivery and payment of CAD $10,000 worth of product. In exchange, MedMira Holding AG provided the Company with $200,000 to fund costs required to complete product development and obtain FDA pre-market approval. At the inception of the arrangement, the Company's best estimate of the fair value of the provision was zero and as MedMira Holding AG is the controlling shareholder of the Company, the $200,000 was recorded in equity reserve. As at January 31, 2022, the Company's best estimate of the fair value of the provision was zero. Management's fair value estimate was based on changes made during the FY2017 product commercialization prioritization process which placed the Multiplo HIV/HCV project on hold until further notice.

During October 2016, the Company entered into a royalty agreement with Ritec AG whereby Ritec AG would receive a 12.5% royalty on all future sales of the approved Reveal G4 CLIA-waived product commencing on the day of the first full delivery and payment of CAD $10,000 worth of product. In exchange, Ritec AG provided the Company with $1,310,100 to fund costs required to complete the product development, clinical trials and obtain FDA approval. At the inception of the arrangement, the Company's best estimate of the fair value of the provision was zero and as Ritec AG is owned by a shareholder of MedMira Holding AG who is the controlling shareholder of the Company, the $1,310,100 was recorded in equity reserve. At January 31, 2022, the Company's best estimate of the fair value of the provision was zero.

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

	$
Balance at July 31, 2021	130,000
Payment of royalty provision	(67,327)
Balance at January 31, 2022	62,673

11. Related parties

The following transactions occurred with related parties during the three months ended January 31, 2022:

- Short term loans totalling $5,000 were repaid to employees (July 31, 2021 - $56,364)
- Short term loans totalling $55,846 were received from an officer (July 31, 2021 - $26,884)
- A short term loans totalling $1,482,671 was received from MedMira Holding AG (July 31, 2021 - nil)
- Short term loans totalling $234,631 were received from the largest shareholder of MedMira Holding AG (July 31, 2021 – nil).
- Short terms loans of $157,865 owed to an officer were converted to common shares (July 31, 2021 – nil).
- Long term loans of $201,002 owed to an officer were converted to common shares (July 31, 2021 – nil).
- Short term loans owed to Ritec AG were converted to common shares (July 31, 2021 – nil).
- Long term loans of $756,305 owed to MedMira Holding AG were converted to common shares (July 31, 2021 – nil)

In Canadian dollars

- Short term loans of $335,615 owed to MedMira Holding AG were converted to common shares (July 31, 2021 - nil).
- Common shares were issued in the value of $1,665,691 to MedMira Holding AG from the receipt of cash (July 31, 2021 – nil).
- A payment of $67,328 (July 31, 2021 – nil) was made to Ritec AG as payment towards a royalty agreement.

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

- Salaries and benefits totalling $1,182,494 were due to officers (July 31, 2021 - $1,142,165).
- A long term loan totalling $5,264 was due to the Chief Financial Officer (July 31, 20201- $207,792).
- A royalty provision was owed to MedMira Holding AG of $62,673 (July 31, 2021 - $130,000).
- Short term loans totalling $174,891 were owed to the Chief Financial Officer (July 31, 2021 - $277,662).

12. Research and development

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

	for the three months ended		for the six months ended	
	31-Jan-22	31-Jan-21	31-Jan-22	31-Jan-21
	$	$	$	$
Research and development (R&D) expenses	(125,606)	(48,722)	(294,749)	(75,725)
Less: R&D allocated to cost of sales	138,895	23,801	260,433	58,570
Net research and development expense	**13,289**	**(72,523)**	**(34,316)**	**(134,295)**

13. Expenses by nature

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

	for the three months ended		for the six months ended	
	31-Jan-22	31-Jan-21	31-Jan-22	31-Jan-21
	$	$	$	$
Change in inventory	(18,766)	(76,993)	(35,223)	(266,410)
Employee benefits	(320,707)	(387,025)	(692,043)	(691,058)
Depreciation	(53,056)	(51,636)	(105,953)	(103,876)
Distribution	(1,519)	(11,928)	(3,353)	(28,793)
Facility	(25,636)	(54,941)	(46,645)	(119,745)
Professional services	(34,915)	(24,338)	(88,298)	(55,356)
Lab supplies	(3,551)	(12,491)	(23,429)	(75,321)
Other expenses	(146,886)	(66,225)	(246,061)	(124,348)
Exchange gains (losses)	(52,060)	79,736	(7,286)	139,593
Finance costs	(108,730)	(157,534)	(273,408)	(335,712)
Government Assistance	-	-	64,703	10,000
	(765,826)	**(763,375)**	**(1,456,996)**	**(1,651,026)**

In Canadian dollars

14. Financing expense

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

	for the three months ended		for the six months ended	
	31-Jan-22	**31-Jan-21**	**31-Jan-22**	**31-Jan-21**
	$	**$**	**$**	**$**
Finance costs	(108,730)	(157,534)	(273,408)	(335,712)
Gain on Emergency Business account loan	-	-	64,703	10,000
Total financing expense	**(108,730)**	**(157,534)**	**(208,705)**	**(325,712)**