



## **GENIX PHARMACEUTICALS CORPORATION**

### **Condensed Interim Financial Statements**

For the six months ended April 30, 2022 and 2021  
*(Expressed in Canadian Dollars)*

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**GENIX PHARMACEUTICALS CORPORATION**

Statements of Financial Position

*(Expressed in Canadian dollars)*

	Note	April 30, 2022	October 31, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 7,986	\$ 138,813
Receivables		11,389	4,870
Prepaid expense		54,158	39,687
Inventory		4,835	4,835
		<b>78,368</b>	188,205
<b>Non-current assets</b>			
Intellectual property	4	4,270,714	4,541,992
Right of use asset	5	20,982	32,427
Website	6	9,600	6,744
		<b>\$ 4,379,664</b>	\$ 4,769,368
<b>Liabilities and Equity (Deficiency)</b>			
<b>Current liabilities</b>			
Trade and other payables	7	\$ 35,207	\$ 43,668
Loans from shareholders	8	66,224	15,183
Lease liability - current portion	9	23,472	23,031
Obligation - current portion	4	617,325	662,580
		<b>742,228</b>	744,462
<b>Non-current liabilities</b>			
Lease liability	9	-	10,730
<b>Equity</b>			
Share capital	11	9,700,762	9,700,762
Warrants reserve	11	12,730	12,730
Share options reserve	11	1,151,088	961,815
Accumulated deficit		(7,227,144)	(6,661,131)
		<b>3,637,436</b>	4,014,176
		<b>\$ 4,379,664</b>	\$ 4,769,368

Corporate Information and Nature and Continuance of Operations (Note 1)

Subsequent Event (Note 15)

Approved by the Board of Directors on June 28, 2022

*Darryl Yea**Kevin Bottomley*

Director

Director

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

**GENIX PHARMACEUTICALS CORPORATION**

## Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended April 30,		Six months ended April 30,	
		2022	2021	2022	2021
<b>Operating expenses</b>					
Amortization	4,5	\$ 135,922	\$ 124,825	\$ 271,761	\$ 249,650
Bank charges and interest expense		365	476	709	626
Consulting and management fees	10	23,443	78,066	43,913	124,772
Depreciation		5,723	-	11,445	-
Insurance		3,702	-	7,528	-
Interest expense	9	1,110	-	1,911	-
Investor relations		-	1,220	368	1,220
Licensing fees		-	4,710	-	4,710
Office and miscellaneous		1,663	9,326	2,572	18,011
Professional fees	10	5,303	23,643	19,303	42,643
Regulatory		2,796	7,445	2,796	12,155
Rent		466	3,522	1,132	4,053
Stock based compensation	11	42,692	148,716	189,273	338,240
Transfer agent		1,284	7,461	1,284	7,461
		\$ 224,469	\$ 409,410	\$ 553,995	\$ 803,541
<b>Loss before other items</b>		<b>(224,469)</b>	<b>(409,410)</b>	<b>(553,995)</b>	<b>(803,541)</b>
<b>Other items</b>					
Foreign exchange gain (loss)		(2,033)	6,825	(11,052)	6,822
Interest on shareholder loans		(1,041)	-	(1,041)	-
Interest income		26	314	75	1,211
		(3,048)	7,139	(12,018)	8,033
<b>Comprehensive and net loss for the period</b>		<b>\$ (227,517)</b>	<b>\$ (402,271)</b>	<b>\$ (566,013)</b>	<b>\$ (795,508)</b>
<b>Basic and diluted loss per share</b>					
Comprehensive and net loss for the period		(0.00)	(0.01)	(0.01)	(0.01)
<b>Weighted average common shares outstanding</b>		<b>59,224,131</b>	<b>59,224,131</b>	<b>59,224,131</b>	<b>59,224,131</b>

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

**GENIX PHARMACEUTICALS CORPORATION**

## Statements of Cash Flows

*(Expressed in Canadian dollars)*

	<b>Six months ended April 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Net loss for the period	\$ (566,013)	\$ (795,508)
Items not affecting cash and cash equivalents		
Amortization	271,761	249,650
Depreciation	11,445	-
Share based payments	189,273	338,240
Interest on office lease	1,911	-
Interest on shareholder loans	1,041	-
Foreign exchange on obligation	9,739	-
Changes in non-cash working capital		
Receivables	(6,519)	(3,895)
Prepays	(14,471)	(19,240)
Inventory	-	(4,835)
Accounts payable and accrued liabilities	(8,461)	(99,612)
Total cash outflows from operating activities	\$ (110,294)	\$ (335,200)
<b>Investing activities</b>		
Acquisition of intellectual property	\$ -	\$ (117,805)
Acquisition of website	(3,339)	-
Total cash outflows from investing activities	\$ (3,339)	\$ (117,805)
<b>Financing activities</b>		
Repayments of obligation	\$ (54,994)	\$ -
Repayments of lease liability	(12,200)	-
Loans from shareholders	50,000	5,766
Total cash inflows from financing activities	\$ (17,194)	\$ 5,766
<b>Net change in cash and cash equivalents</b>	<b>\$ (130,827)</b>	<b>\$ (447,239)</b>
Cash, beginning of period	138,813	696,607
<b>Cash, end of period</b>	<b>\$ 7,986</b>	<b>\$ 249,368</b>

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

**GENIX PHARMACEUTICALS CORPORATION**

Statements of Changes in Equity (Deficiency)

*(Expressed in Canadian dollars)*

	Note	Number of shares	Share capital	Warrants reserve	Share options reserve	Accumulated deficit	Total
<b>Balance, October 31, 2020</b>		59,224,131	\$ 9,700,762	\$ 12,730	\$ 152,442	\$ (5,008,615)	\$ 4,857,319
Share based payments	11	-	-	-	338,240	-	338,240
Comprehensive loss for the period		-	-	-	-	(795,508)	(795,508)
<b>Balance, April 30, 2021</b>		59,224,131	\$ 9,700,762	\$ 12,730	\$ 490,682	\$ (5,804,123)	\$ 4,400,051
Share based payments		-	-	-	471,133	-	471,133
Comprehensive loss for the period		-	-	-	-	(857,008)	(857,008)
<b>Balance, October 31, 2021</b>		59,224,131	\$ 9,700,762	\$ 12,730	\$ 961,815	\$ (6,661,131)	\$ 4,014,176
Share based payments	11	-	-	-	189,273	-	189,273
Comprehensive loss for the period		-	-	-	-	(566,013)	(566,013)
<b>Balance, April 30, 2022</b>		<b>59,224,131</b>	<b>\$ 9,700,762</b>	<b>\$ 12,730</b>	<b>\$ 1,151,088</b>	<b>\$ (7,227,144)</b>	<b>\$ 3,637,436</b>

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

## **GENIX PHARMACEUTICALS CORPORATION**

Notes to Condensed Financial Statements

*(Expressed in Canadian dollars)*

For the six months ended April 30, 2022 and 2021

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### **1. CORPORATE INFORMATION AND NATURE OF OPERATIONS**

Genix Pharmaceuticals Corporation (the “Company” or “Genix”) was incorporated under the Alberta Business Corporations Act on July 12, 1993 and is currently a publicly traded company listed on the TSX Venture Exchange under the symbol “GENX”. The Company is a formulator, manufacturer, licensor and marketer of life sciences related products with a focus on nutraceuticals and pharmaceuticals.

The Company’s registered office, principal address and registered and records office is 10022 – 102 Avenue, Grand Prairie, Alberta, T8V 0Z7. The Company’s corporate office is 300 – 1055 West Hastings Street, Vancouver, BC V6E 2E9.

The financial statements were authorized by the Board of Directors on June 28, 2022.

These financial statements have been prepared in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. In the event that cash flow from operations, if any, together with the proceeds from any future financings are insufficient to meet the Company’s current operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deems to be in the Company’s best interest. This may result in a substantial reduction of the scope of existing and planned operations.

These financial statements do not reflect any adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

The Company’s continuing operations are dependent upon its ability to raise capital and generate cash flow. At April 30, 2022, the Company had a working capital deficiency of \$663,860 (October 31, 2021 – deficiency of \$556,257), had not generated sufficient revenues to cover expenses and had an accumulated deficit of \$7,227,144 (October 31, 2021 - \$6,661,131). The continuation of the Company as a going concern is dependent on generating future cash flows and obtaining necessary financing to fund ongoing operations. In March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. The COVID-19 pandemic and government actions implemented to contain the further spread of COVID-19 have severely restricted economic activity around the world. These factors indicate the existence of material uncertainties which may cast significant doubt upon the Company’s ability to continue as a going concern.

### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

#### **Basis of presentation**

The financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

## **GENIX PHARMACEUTICALS CORPORATION**

Notes to Condensed Financial Statements

*(Expressed in Canadian dollars)*

For the six months ended April 30, 2022 and 2021

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### **Key Sources of Estimation Uncertainty**

#### **Critical judgments**

Areas requiring a significant degree of judgment that relate to the ability to continue as a going concern are discussed in Note 1.

#### **Share-based payments**

Estimating the fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

#### **Carrying values of intangible assets**

The Company assesses the carrying value of its intangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumptions and judgments regarding market conditions, cost of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

#### **Impairment**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts and also at each reporting period. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, future capital requirements and future operating performance.

#### **Useful lives of intangible assets**

Estimates of the useful lives of intangible assets are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

#### **Recovery of deferred tax assets**

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future years.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual financial statements for the year ended October 31, 2021.

#### **Upcoming standards**

There are no upcoming standards that will have a material impact on the Company's financial statements.



**GENIX PHARMACEUTICALS CORPORATION**

Notes to Condensed Financial Statements

*(Expressed in Canadian dollars)*

For the six months ended April 30, 2022 and 2021

**4. Intellectual Property**

	Ophthalmic Drugs	Sucanon®	Rechlor	Flu-X®	Levothyroxine Sodium	Total
<b>Cost:</b>						
Balance, October 31, 2020	\$ 4,535,000	\$ 100,000	\$ 250,000	\$ 100,000	\$ -	\$ 4,985,000
Acquisitions	-	-	-	-	440,562	440,562
Balance, October 31, 2021	4,535,000	100,000	250,000	100,000	440,562	5,425,562
Acquisitions	-	-	-	-	-	-
<b>Balance, April 30, 2022</b>	<b>4,535,000</b>	<b>100,000</b>	<b>250,000</b>	<b>100,000</b>	<b>440,562</b>	<b>5,425,562</b>
<b>Accumulated amortization:</b>						
Balance, October 31, 2019	326,768	8,082	20,206	6,055	-	361,111
Amortization during the year	453,500	10,000	25,000	10,000	23,959	522,459
Balance, October 31, 2020	780,268	18,082	45,206	16,055	23,959	883,570
Amortization during the period	226,750	5,000	12,500	5,000	22,028	271,278
<b>Balance, April 30, 2022</b>	<b>1,007,018</b>	<b>23,082</b>	<b>57,706</b>	<b>21,055</b>	<b>45,987</b>	<b>1,154,848</b>
<b>Net book value:</b>						
As at October 31, 2021	3,754,732	81,918	204,794	83,945	416,603	4,541,992
<b>As at April 30, 2022</b>	<b>\$ 3,527,982</b>	<b>\$ 76,918</b>	<b>\$ 192,294</b>	<b>\$ 78,945</b>	<b>\$ 394,575</b>	<b>\$ 4,270,714</b>

Ophthalmic Drugs

On February 14, 2020, the Company completed the acquisition of 30 World Health Organization approved ophthalmic drugs and product dossiers in exchange for 15,000,000 common shares. These shares were issued at a deemed price of \$0.30 per share for a total of \$4,535,000 based on the fair value of the asset at the time of acquisition.

SUCANON® and RECHLOR (RENOCHLOR®)

On January 10, 2020 the Company entered into an Acquisition Agreement with Canagen Pharmaceuticals Inc. ("Canagen"), to purchase sole and exclusive distribution, sales and marketing rights and interest for Canada, (excluding intellectual property rights) for an initial term of ten years to two nutraceutical products under the brand names SUCANON® and RENOCHLOR®.

SUCANON® is a first in class, all natural, oral supplement that acts as an insulin sensitizer that has been clinically proven to reduce blood sugar levels in Non-Insulin Dependent Diabetic (NIDD) patients. RECHLOR is a patented, clinically proven dietary supplement providing antioxidants that help fight and protect against oxidative damage to cells and organs by free radicals. The ingredients of Sodium Copper Chlorophyllin help to support kidney functions as well as overall health.

Genix has agreed to pay Canagen \$100,000 for the SUCANON® rights and \$250,000 for the RECHLOR rights, for a total of \$350,000 to be paid in tranches as follows:

**SUCANON®**

	Amount	Due Date	Status
Principal payment	\$ 25,000	July 22, 2020	Paid
2nd payment	35,000	October 31, 2022	Outstanding
3rd payment	40,000	October 31, 2022	Outstanding
<b>Total purchase price</b>	<b>\$ 100,000</b>		

**RECHLOR**

	Amount	Due Date	Status
Principal payment	\$ 62,500	July 22, 2020	Paid
2nd payment	87,500	October 31, 2022	Outstanding
3rd payment	100,000	October 31, 2022	Outstanding
<b>Total purchase price</b>	<b>\$ 250,000</b>		

The second payments due for both SUCANON® and RECHLOR were extended to the earlier of October 31, 2022 or the completion of a private placement as agreed to by both parties.

## GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Financial Statements

(Expressed in Canadian dollars)

For the six months ended April 30, 2022 and 2021

### 4. Intellectual Property (continued...)

If Genix fails to make the 2nd payment, it has agreed to pay Canagen interest in the amount equal to 12% of the outstanding amount from the second anniversary of the Closing Date, plus a penalty in the amount of 1.5%; and

If Genix fails to make the 2nd or 3rd payments of the Purchase Price for a period of longer than three (3) months from the due dates, all rights, including all Natural Product Numbers ("NPNs") issued to Genix by Health Canada or granted to Genix by Canagen shall be immediately transferred and assigned to Canagen. Both SUCANON® and RECHLOR have a Health Canada issued NPN and can be marketed and sold by the Company immediately.

#### FLU-X®

On March 24, 2020, the Company entered into an agreement, with Canagen to purchase the sole and exclusive global distribution, sales and marketing rights and interest for Flu-X®, a novel and proprietary, anti-viral, anti-flu and common colds coronavirus oral and spray herbal product. Genix acquired the Global Rights for a term of ten years, extendable by mutual agreement, by making cash payments to Canagen totaling \$100,000, comprising \$25,000 paid within four months of closing, and \$75,000 within the first anniversary thereafter. Canagen has been paid the first installment of \$25,000. The second installment of \$75,000 was extended and is due on the earlier of October 31, 2022 or the completion of a private placement.

#### LEVOTHYROXINE SODIUM (Synthroid®)

On March 26, 2021, the Company entered into an exclusive Canadian licensing and supply agreement with Acme Generics LLP ("ACME") for the manufacture, sale, marketing and distribution of Canada's first available generic version of Levothyroxine sodium (Synthroid®), Genix will pay ACME a total licensing fee of \$433,440 (US \$350,000) (the "Transaction") for the exclusive Canadian rights which includes eleven dosages of Levothyroxine sodium. ACME will assist GENIX and its regulatory consultants to file Abbreviated New Drug Submissions (ANDS) with Health Canada to obtain regulatory approvals for legal sale of the drugs in Canada.

The first payment of \$108,360 (US \$87,500) was paid upon signing the agreement. The second payment of \$108,360 (US \$87,500) is payable upon completion of the satisfactory review and GAP analysis of the drug dossier by GENIX's regulatory consultants and the consultants' written positive opinion of the dossier being acceptable by Health Canada. 50% of the second payment has been paid. The third payment of \$216,720 (US \$175,000) is payable upon Health Canada's approval and issuance of the Notice of Compliance (NOC), Marketing Authorization for Canada and Health Canada's issuance of Drug Identification Numbers (DINs) for the products. The initial term of the Agreement is for an eight-year period from the date of product approval by Health Canada, which is expected to take between 18-24 months, and will renew automatically for two year terms thereafter.

The remaining payment obligations for Sucanon®, Rechlor, Flu-X and Levothyroxine sodium are summarized below:

	Sucanon®	Rechlor	Flu-X®	Levothyroxine Sodium	Total
Current portion (due in less than 12 months)	\$ 75,000	\$ 187,500	\$ 75,000	\$ 279,825	\$ 617,325
Long term portion	-	-	-	-	-
	<b>\$ 75,000</b>	<b>\$ 187,500</b>	<b>\$ 75,000</b>	<b>\$ 279,825</b>	<b>\$ 617,325</b>

Note that the payments due for Sucanon®, Rechlor and Flu-X® are payable to Canagen, a related party with a common director and President of the Company.

**GENIX PHARMACEUTICALS CORPORATION**

Notes to Condensed Financial Statements

*(Expressed in Canadian dollars)*

For the six months ended April 30, 2022 and 2021

**5. Right of Use Asset**

	<b>Right of Use Asset</b>	
Balance, October 31 2020	\$	-
Additions		45,779
Amortization		(13,352)
Balance, October 31, 2021	\$	32,427
Amortization		(11,445)
<b>Balance, April 30, 2022</b>	<b>\$</b>	<b>20,982</b>

**6. Website**

	<b>Website</b>	
<b>Cost:</b>		
Balance, October 31, 2020	\$	8,000
Additions for the year		-
Balance, October 31, 2021		8,000
Additions for the period		3,339
Balance, April 30, 2022		11,339
<b>Accumulated amortization:</b>		
Balance, October 31, 2020		456
Amortization during the year		800
Balance, October 31, 2021		1,256
Amortization during the period		483
Balance, April 30, 2022	\$	1,739
<b>Net book value:</b>		
As at October 31, 2021		6,744
<b>As at April 30, 2022</b>	<b>\$</b>	<b>9,600</b>

**7. Accounts Payable and Accrued Liabilities**

The Company's accounts payable and accrued liabilities are as follows:

	<b>April 30, 2022</b>		<b>October 31, 2021</b>	
Total payables	\$	17,207	\$	11,668
Accrued liabilities		18,000		32,000
	<b>\$</b>	<b>35,207</b>	<b>\$</b>	<b>43,668</b>

**8. Loans from Shareholders**

	<b>April 30, 2022</b>		<b>October 31, 2021</b>	
Shareholder loans	\$	66,224	\$	15,183
	<b>\$</b>	<b>66,224</b>	<b>\$</b>	<b>15,183</b>

Loans from two shareholders totaling \$50,000 incurred an annual interest rate of 10%. There was a loan of \$15,183 that bears no interest. There was no collateral pledged against these loans. During the period ended April 30, 2022, an additional \$25,000 (2021 - \$Nil) was loaned from each of these shareholders for a total of \$50,000. The accrued interest for the loans was \$1,041 (2021 - \$Nil) during the period ended April 30, 2020. This interest was outstanding as at April 30, 2022.

## GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Financial Statements

(Expressed in Canadian dollars)

For the six months ended April 30, 2022 and 2021

### 9. Lease Liability

On April 1, 2021, the Company entered into a commercial lease agreement for office and warehouse space. The term of the lease is 24 months with lease payments of \$2,000 per month for the first year and \$2,200 per month for the second year. There is no option for renewal.

The following table presents lease obligations for the Company for the period ended April 30, 2022:

	<b>Office Lease</b>
Balance, October 31, 2020	\$ -
Additions for the year	45,779
Interest for the year	1,982
Lease payments for the year	(14,000)
Balance, October 31, 2021	33,761
Interest for the period	1,911
Lease payments for the period	(12,200)
Balance, April 30, 2022	23,472
<b>Less: Current portion</b>	<b>23,472</b>
<b>Non-current lease liability</b>	<b>\$ -</b>

The following table discloses the undiscounted cash flow for lease obligations as of April 30, 2022:

	<b>Office Lease</b>
Less than one year	\$ 24,200
One to five years	-
	<b>\$ 24,200</b>

### 10. Related Party Transactions

During the period ended April 30, 2022, the Company entered into the following transactions with related parties, not disclosed elsewhere in these consolidated financial statements:

- Paid or incurred consulting fees of \$1,000 (2021 - \$30,000) to a company controlled by a director of the Company.
- Paid or incurred consulting fees of \$6,000 (2021 - \$4,500) to an officer of the Company. As at April 30, 2022, \$1,089 (2021 - \$1,050) was included in trade and other payables for reimbursement of expenses.
- Stock based compensation of \$189,272 (2021 - \$290,339) was incurred to directors of the Company.

All related party amounts were incurred in the normal course of operations, bear no interest and have no fixed terms of repayment.

**GENIX PHARMACEUTICALS CORPORATION**

Notes to Condensed Financial Statements

*(Expressed in Canadian dollars)*

For the six months ended April 30, 2022 and 2021

**11. Share Capital and Reserves****Authorized Share Capital - Unlimited common shares without par value****Issued Share Capital**

	Number of shares	Share capital - gross	Share issue - costs	Share capital - net
Balance, October 31, 2020	59,224,131	\$ 9,745,699	\$ 44,937	\$ 9,700,762
No activity during the year	-	-	-	-
Balance, October 31, 2021	59,224,131	9,745,699	44,937	9,700,762
No activity during the period	-	-	-	-
<b>Balance, April 30, 2022</b>	<b>59,224,131</b>	<b>\$ 9,745,699</b>	<b>\$ 44,937</b>	<b>\$ 9,700,762</b>

**Warrants**

A summary of the warrant activities is as follows:

	Number of warrants	Weighted average exercise price
Balance, October 31, 2019	3,445,945	\$ 0.30
No activity for the period	-	-
Balance, October 31, 2020	3,445,945	0.30
No activity for the period	-	-
<b>Balance, April 30, 2022</b>	<b>3,445,945</b>	<b>\$ 0.30</b>

The following share purchase warrants were outstanding as at April 30, 2022:

Expiry date	Number of warrants	Exercise price	Remaining contractual life (years)
July 24, 2022	2,182,112	\$ 0.30	0.23
August 13, 2022	1,263,833	0.30	0.29
	<b>3,445,945</b>	<b>\$ 0.30</b>	<b>0.25</b>

The weighted average life of warrants outstanding as at April 30, 2022 is 0.25 years.

**Stock Options**

The Company has a fixed stock-based compensation plan (the "Plan") providing for the grant of stock options to purchase a maximum of 10% of the issued and outstanding common shares outstanding.

*During the period ended April 30, 2022:*

- a. There was no stock option activity during the period ended April 30, 2022.

**GENIX PHARMACEUTICALS CORPORATION**

Notes to Condensed Financial Statements

*(Expressed in Canadian dollars)*

For the six months ended April 30, 2022 and 2021

**11. Share Capital and Reserves (continued...)****Stock Options (continued...)***During the year ended October 31, 2021:*

- In December 2020, the Company granted 150,000 stock options exercisable at \$0.30 per share to a consultant of the Company. The fair value attributable to these stock options was \$20,779 using the Black Scholes option pricing model of which \$20,779 was expensed during the year.
- In December 2020, the Company granted 400,000 stock options exercisable at \$0.22 per share to an officer of the Company. The fair value attributable to these stock options was \$56,579 using the Black Scholes option pricing model of which \$56,579 was expensed during the year.
- In March 2021, the Company granted 3,650,000 stock options exercisable at \$0.30 per share to officers and directors of the Company. The fair value attributable to these stock options was \$790,026 using the Black Scholes option pricing model of which \$531,201 was expensed during the year.

The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with assumptions for grants as follows:

	<b>Period ended April 30,</b>	
	<b>2022</b>	<b>2021</b>
Risk-free interest rate	n/a	0.45%
Expected life	n/a	5
Annualized volatility	n/a	147%
Dividend rate	n/a	-
Grant date fair value	n/a \$	\$0.16

A summary of the stock options activities is as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
Balance, October 31, 2020	1,700,000	\$ -
Granted	4,200,000	0.30
Balance, October 31, 2021	5,900,000	0.30
No activity for the period	-	0.29
<b>Balance, April 30, 2022</b>	<b>5,900,000</b>	<b>\$ 0.29</b>

The following table summarizes information about the options outstanding and exercisable at April 30, 2022:

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price</b>	<b>Remaining contractual life (years)</b>
August 5, 2025	1,400,000	1,400,000	\$ 0.30	3.27
September 18, 2025	300,000	300,000	\$ 0.30	3.39
December 15, 2025	150,000	150,000	\$ 0.30	3.63
December 15, 2025	400,000	400,000	\$ 0.22	3.63
March 22, 2026	3,650,000	1,216,668	\$ 0.30	3.90
	<b>5,900,000</b>	<b>3,466,668</b>		<b>3.70</b>

The weighted average life of stock options outstanding at April 30, 2022 is 3.70 years.

**Loss per share**

The effect of dilutive securities including options and warrants has not been shown as the effect of all such securities is anti-dilutive.

## GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Financial Statements

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For the six months ended April 30, 2022 and 2021

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### 12. Segmented Information

#### Operating segment:

The Company operated in one operating segment consisting of nutraceutical and pharmaceutical products.

#### Geographic segments:

The Company operated only in Canada for the periods ended April 30, 2022 and 2021.

### 13. Financial Instruments and Risk Management

The fair value of the Company's receivables and payables approximate their carrying value, due to their short-term nature. The Company's cash is measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

The Company's financial instruments are exposed to certain financial risks, including, credit risk, liquidity risk, interest rate risk and price risk, and currency risk.

#### **Credit**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk on its cash and receivables. The Company limits its exposure to credit risk by holding its cash in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company performs ongoing credit evaluations of its trade receivables but does not require collateral. The Company establishes an allowance for doubtful accounts based on the credit risk applicable to particular customers and historical data. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Note 14. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at April 30, 2022, management is actively reviewing its options to raise additional working capital for the Company to support ongoing operations and meet its liabilities as they fall due.

#### **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

#### **Interest rate risk**

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk, as these variable interest rates are minimal.

#### **Price risk**

Price risk is the risk associated with equity prices. The Company closely monitors equity prices to determine the appropriate course of action to be taken by the Company.

## **GENIX PHARMACEUTICALS CORPORATION**

Notes to Condensed Financial Statements

*(Expressed in Canadian dollars)*

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### **13. Financial Instruments and Risk Management (continued...)**

#### **Foreign exchange risk**

The Company's functional and reporting currency is the Canadian dollar; and the functional currency of its discontinued operations was the U.S. dollar. The Company's transactions are predominantly in Canadian dollars, while the transactions of its discontinued operations were predominantly in U.S. dollars. As a result, the Company's exposure to foreign currency risk is minimal.

### **14. Capital Disclosure and Management**

The Company's capital management policy is to maintain a strong, but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity of \$3,637,436 (October 31, 2021 - \$4,014,176). In order to maintain or adjust the capital structure, the Company may from time to time issue shares, seek additional debt financing and adjust its capital spending to manage current and projected debt levels. The Company is not subject to externally imposed capital requirements other than as noted above. There were no changes to the Company's approach to capital management during the period ended April 30, 2022.

### **15. Subsequent Event**

Subsequent to period ended April 30, 2022, two directors of the Company loaned a total of \$92,425 to the Company to fund ongoing operations. The loans carry an interest rate of 10% per annum. There was no collateral pledged against these loans.