



GENIX PHARMACEUTICALS CORPORATION

Condensed Interim Financial Statements

For the Nine Months ended July 31, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

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GENIX PHARMACEUTICALS CORPORATION

Statements of Financial Position

(Expressed in Canadian dollars)

	Note	July 31, 2023	October 31, 2022
Assets			
Current assets			
Cash		\$ 4,237	\$ 9,267
Receivables		13,007	16,500
Prepaid expense		62,294	43,230
Inventory	4	162,237	171,321
		241,775	240,318
Non-current assets			
Intellectual property	5	3,592,519	3,999,436
Right of use asset	6	-	3,732
Website	7	8,185	9,034
		\$ 3,842,479	\$ 4,252,520
Liabilities and Equity (Deficiency)			
Current liabilities			
Trade and other payables	8	\$ 279,893	\$ 234,942
Loans from shareholders	9	420,638	177,626
Lease liability - current portion	10	-	4,877
Obligation - current portion	5	568,098	636,072
		1,268,629	1,053,517
Non-current liabilities			
Lease liability	10	-	-
Equity			
Share capital	12	9,700,762	9,700,762
Warrants reserve	12	12,730	12,730
Share options reserve	12	1,220,640	1,220,640
Accumulated deficit		(8,360,282)	(7,735,129)
		2,573,850	3,199,003
		\$ 3,842,479	\$ 4,252,520

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

Subsequent Event (Note 16)

Approved by the Board of Directors on September 26, 2023

*Paul Chow**Kevin Bottomley*

Director

Director

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

GENIX PHARMACEUTICALS CORPORATION
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Three months ended July 31,		Nine months ended July 31,	
		2023	2022	2023	2022
Sales					
Nutraceuticals		\$ 2,682	\$ -	\$ 12,347	\$ -
Total Sales		2,682	-	12,347	-
Cost of Goods Sold					
Nutraceuticals		433	-	9,084	-
Total Cost of Goods Sold		433	-	9,084	-
Gross Profit		\$ 2,249	\$ -	\$ 3,263	\$ -
Operating expenses					
Amortization	4,5	\$ 135,922	\$ 135,922	\$ 407,766	\$ 407,683
Bank charges and interest expense		256	292	932	1,001
Consulting and management fees	10	26,497	24,000	108,759	67,913
Depreciation		-	5,722	3,732	17,167
Insurance		13,004	5,552	39,496	13,080
Interest expense	9	313	546	1,630	2,457
Investor relations		370	299	370	668
Marketing		300	-	1,008	-
Office and miscellaneous		1,541	1,453	7,445	4,025
Professional fees	10	(18,820)	9,229	20,328	28,532
Regulatory		4,880	19,675	18,382	22,471
Rent		2,007	1,088	3,241	2,220
Stock based compensation	11	-	44,130	-	233,403
Transfer agent		736	1,267	3,330	2,551
		\$ 167,006	\$ 249,175	\$ 616,419	\$ 803,171
Loss before other items		(164,757)	(249,175)	(613,156)	(803,171)
Other items					
Foreign exchange gain (loss)		10,140	-	11,790	(11,051)
Interest on shareholder loans		(9,518)	(3,223)	(24,083)	(4,264)
Interest income		37	37	296	112
		659	(3,186)	(11,997)	(15,203)
Comprehensive and net loss for the period		\$ (164,098)	\$ (252,361)	\$ (625,153)	\$ (818,374)
Basic and diluted loss per share					
Comprehensive and net loss for the period		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average common shares outstanding		59,224,131	59,224,131	59,224,131	59,224,131

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

GENIX PHARMACEUTICALS CORPORATION

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

	Nine Months ended July 31,	
	2023	2022
Operating activities		
Net loss for the period	\$ (625,153)	\$ (818,374)
Items not affecting cash and cash equivalents		
Amortization	407,766	407,683
Depreciation	3,732	17,167
Share based payments	-	233,403
Interest on office lease	123	2,457
Interest on shareholder loans	24,083	4,264
Foreign exchange on obligation	(9,135)	10,439
Changes in non-cash working capital		
Receivables	3,493	(1,090)
Prepays	(19,064)	(18,098)
Inventory	9,084	-
Accounts payable and accrued liabilities	44,951	(11,349)
Total cash outflows from operating activities	\$ (160,120)	\$ (173,498)
Investing activities		
Acquisition of website	\$ -	\$ (3,339)
Total cash outflows from investing activities	\$ -	\$ (3,339)
Financing activities		
Repayments of obligation	\$ (58,839)	\$ (55,694)
Repayments of lease liability	(5,000)	(18,000)
Loans from shareholders	218,929	167,060
Total cash inflows from financing activities	\$ 155,090	\$ 93,366
Net change in cash and cash equivalents	\$ (5,030)	\$ (83,471)
Cash, beginning of period	9,267	138,813
Cash, end of period	\$ 4,237	\$ 55,342

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

GENIX PHARMACEUTICALS CORPORATION

Condensed Interim Statements of Changes in Equity (Deficiency)

(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Warrants reserve	Share options reserve	Accumulated deficit	Total
Balance, October 31, 2021		59,224,131	\$ 9,700,762	\$ 12,730	\$ 961,815	\$ (6,661,131)	\$ 4,014,176
Share based payments	11	-	-	-	233,403	-	\$ 233,403
Comprehensive loss for the period		-	-	-	-	(818,374)	\$ (818,374)
Balance, July 31, 2022		59,224,131	\$ 9,700,762	\$ 12,730	\$ 1,195,218	\$ (7,479,505)	\$ 3,429,205
Share based payments	11	-	-	-	25,422	-	25,422
Comprehensive loss for the period		-	-	-	-	(255,624)	(255,624)
Balance, October 31, 2022		59,224,131	\$ 9,700,762	\$ 12,730	\$ 1,220,640	\$ (7,735,129)	\$ 3,199,003
Comprehensive loss for the period		-	-	-	-	(625,153)	(625,153)
Balance, July 31, 2023		59,224,131	\$ 9,700,762	\$ 12,730	\$ 1,220,640	\$ (8,360,282)	\$ 2,573,850

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

GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Nine Months ended July 31, 2023 and 2022

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Genix Pharmaceuticals Corporation (formerly Alta Natural Herbs & Supplements Ltd.) (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 September 26, 2023.

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.

The Company’s continuing operations are dependent upon its ability to raise capital and generate cash flow. At July 31, 2023, the Company had a working capital deficiency of \$1,026,854 (October 31, 2022 – working capital deficiency of \$813,199), had not generated sufficient revenues to cover expenses and had an accumulated deficit of \$8,360,282 (October 31, 2022 - \$7,735,129). The continuation of the Company as a going concern is dependent on generating future cash flows and obtaining necessary financing to fund ongoing 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.

GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Nine Months ended July 31, 2023 and 2022

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.

Significant accounting judgements and estimates

Significant accounting judgments

Going concern

The ability to continue as a going concern as discussed in Note 1 requires a degree of judgment and is assessed at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

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. Recoverability is dependent upon assumptions and judgments regarding market conditions, cost of operations and sustaining capital requirements. If an asset is impaired, judgment is required in assessing the available information in regard to the amount of impairment.

Significant accounting estimates

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.

GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Nine Months ended July 31, 2023 and 2022

2. BASIS OF PRESENTATION (continued...)

Significant accounting estimates (continued...)

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.

Leases

The lease term is estimated by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as profitability and operations. Extension option (or options after termination options) are only included in the lease term in if the lease is reasonably certain to be included (or not terminated). The assessment of the lease term is reviewed if a significant event or significant change in circumstance occurs, which affects this assessment that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure its lease liability for each lease contract. This includes estimation in determining the asset specific security impact.

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, 2022.

Upcoming standards

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

4. Inventory

	July 31, 2023	October 31, 2022
Raw materials	\$ 8,113	\$ 7,449
Finished goods	154,124	163,872
Total inventory	\$ 162,237	\$ 171,321

GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Nine Months ended July 31, 2023 and 2022

5. Intellectual Property

	Ophthalmic Drugs	Sucanon®	Rechlor®	Flu-X®	Levothyroxine Sodium	Total
Cost:						
Balance, October 31, 2021	\$ 4,535,000	100,000	250,000	100,000	440,562	\$ 5,425,562
No activity for the year	-	-	-	-	-	-
Balance, October 31, 2022	4,535,000	100,000	250,000	100,000	440,562	5,425,562
No activity for the period	-	-	-	-	-	-
Balance, July 31, 2023	4,535,000	100,000	250,000	100,000	440,562	5,425,562
Accumulated amortization:						
Balance, October 31, 2021	780,268	18,082	45,206	16,055	23,959	883,570
Amortization during the year	453,500	10,000	25,000	10,000	44,056	542,556
Balance, October 31, 2022	1,233,768	28,082	70,206	26,055	68,015	1,426,126
Amortization during the period	340,125	7,500	18,750	7,500	33,042	406,917
Balance, July 31, 2023	1,573,893	35,582	88,956	33,555	101,057	1,833,043
Net book value:						
As at October 31, 2022	3,301,232	71,918	179,794	73,945	372,547	3,999,436
As at July 31, 2023	\$ 2,961,107	\$ 64,418	\$ 161,044	\$ 66,445	\$ 339,505	\$ 3,592,519

Ophthalmic Drugs

On February 14, 2020, the Company completed the acquisition of 30 World Health Organization approved ophthalmic drugs and product dossiers from Canagen Pharmaceuticals Inc. ("Canagen") 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®.

On January 10, 2020 the Company entered into an acquisition agreement with 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 Rechlor®.

Sucanon® is a herbal health supplement that has been shown in clinical and scientific studies to help manage blood sugar levels and improve insulin sensitivity in non-insulin dependent adults.

Rechlor® is a patented dietary supplement that has been shown to support kidney health in several clinical and scientific studies. Made with all-natural, sugar-free ingredients, Rechlor® is a powerful antioxidant that is sourced from natural ingredients.

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 ("Purchase Price") to be paid in tranches as follows:

SUCANON®

	Amount	Due Date	Status
Principal payment	\$ 25,000	July 22, 2020	Paid
2nd payment	35,000	February 28, 2024	Outstanding
3rd payment	40,000	February 28, 2024	Outstanding
Total purchase price	\$ 100,000		

RECHLOR®

	Amount	Due Date	Status
Principal payment	\$ 62,500	July 22, 2020	Paid
2nd payment	87,500	February 28, 2024	Outstanding
3rd payment	100,000	February 28, 2024	Outstanding
Total purchase price	\$ 250,000		

GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Nine Months ended July 31, 2023 and 2022

5. Intellectual Property (continued...)

The second and third payments due for both Sucanon® and Rechlor® were extended to February 28, 2024 as agreed to by both parties.

If the Company fails to make the 2nd payment by the extended deadline of June 30, 2022, 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 the Company fails to make the 2nd or 3rd payments of the Purchase Price for a period of longer than three (3) months from the extended due dates, all rights, including all Natural Product Numbers (“NPNs”) issued to Genix by Health Canada or granted to the Company by Canagen shall be immediately transferred and assigned to Canagen. During the year ended October 31, 2022, the Company has been awarded a Natural Product Number (“NPN”) by Health Canada permitting Sucanon® to be sold throughout Canada.

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. The Company 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 February 28, 2024.

Levothyroxine Sodium (Synthroid®)

On March 26, 2021, the Company entered into an exclusive Canadian licensing and supply agreement (the “Agreement”) with Acme Generics LLP (“ACME”) for the manufacture, sale, marketing and distribution of Canada’s first available generic version of Levothyroxine sodium (Synthroid®). The Company 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 the Company 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 the Company’s regulatory consultants and the consultants’ written positive opinion of the dossier being acceptable by Health Canada. 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. During the year ended October 31, 2022, the Company made a payment of \$54,994 (US \$43,750) towards the second payment and paid the remaining balance of the second payment of US \$43,750 in the current quarter.

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

	Sucanon®	Rechlor®	Flu-X®	Ophthalmics	Levothyroxine Sodium
Remaining amortization period (months)	77	77	80	78	92

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	\$ 230,598	\$ 568,098
Long term portion	-	-	-	-	-
	\$ 75,000	\$ 187,500	\$ 75,000	\$ 230,598	\$ 568,098

** 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 Interim Financial Statements

(Expressed in Canadian dollars)

For the Nine Months ended July 31, 2023 and 2022

6. Right of Use Asset

	Right of Use Asset	
Balance, October 31, 2021	\$	32,427
Remeasurement		(8,127)
Depreciation		(20,568)
Balance, October 31, 2022	\$	3,732
Depreciation		(3,732)
Balance, July 31, 2023	\$	-

The warehouse lease was amended during the year ended October 31, 2022. The monthly lease payment was changed to \$1,000 per month from \$2,200 per month effective September 1, 2022 through to the end of the lease. The lease expired on March 31, 2023.

7. Website

	Website	
Cost:		
Balance, October 31, 2021	\$	8,000
Additions for the year		3,339
Balance, October 31, 2022		11,339
No activity during the period		-
Balance, July 31, 2023		11,339

Accumulated amortization:

Balance, October 31, 2021		1,256
Amortization during the year		1,049
Balance, October 31, 2022		2,305
Amortization during the period		849
Balance, July 31, 2023	\$	3,154

Net book value:

As at October 31, 2022		9,034
As at July 31, 2023	\$	8,185

8. Trade and Other Payables

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

	July 31,		October 31,	
	2023		2022	
Trade payables	\$	264,893	\$	212,942
Accrued liabilities		15,000		22,000
	\$	279,893	\$	234,942

GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Nine Months ended July 31, 2023 and 2022

9. Loans from Shareholders

	July 31, 2023	October 31, 2022
Shareholder loans	\$ 420,638	\$ 177,626
	\$ 420,638	\$ 177,626

The loans are from two shareholders who are also directors bear interest at 10% per annum and are repayable at the earlier of one year or the Company's next private placement. There was no collateral pledged against these loans. The amount of shareholder loans outstanding includes accrued interest of \$32,587 (2022 - \$8,504).

10. 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. The lease agreement was amended during the year and the revised lease payments were revised to \$1,000 per month starting September 1, 2022. There is no option for renewal. The lease expired on March 31, 2023.

The following table presents lease obligations for the Company for the period ended July 31, 2023:

	Office Lease
Balance, October 31, 2021	\$ 33,761
Remeasurement of lease payments	- 8,127
Interest for the year	2,243
Lease payments for the year	(23,000)
Balance, October 31, 2022	4,877
Interest for the period	123
Lease payments for the period	(5,000)
Balance, July 31, 2023	-
Less: Current portion	-
Non-current lease liability	\$ -

11. Related Party Transactions

During the nine months ended July 31, 2023, the Company entered into the following transactions with related parties:

- Paid or incurred consulting and management fees of \$4,000 (2022 - \$5,000) to a company controlled by an officer of the Company. As at July 31, 2023, \$1,050 (2022 - \$nil) was included in trade and other payables for consulting fees.
- Paid or incurred consulting fees of \$nil (2022 - \$1,000) to a company controlled by a director of the Company. As at July 31, 2023, \$nil (2022 - \$nil) was included in trade and other payables for reimbursement of expenses.
- Paid or incurred in consulting fees of \$45,000 (2022 - \$9,000) to an officer of the Company. As at July 31, 2023, \$32,778 (2022 - \$1,120) was included in trade and other payables for management fees and reimbursement of expenses.
- Paid or incurred lease payments of \$5,000 (2022 - \$18,200) to a company that is owned by an officer and director of the Company (see Note 10). As at July 31, 2023, \$nil (2022 - \$nil) was included in trade and other payables.
- As at July 31, 2023, the Company owed \$337,500 (2022 - \$337,500) to a company that is owned by a director of the Company that was included in obligation liability (see Note 4). The Company also owed \$143,351 (2022 - \$nil) that was included in trade and other payables for expenses incurred on behalf of the Company.

GENIX PHARMACEUTICALS CORPORATION

Notes to Condensed Interim Financial Statements

(Expressed in Canadian dollars)

For the Nine Months ended July 31, 2023 and 2022

11. Related Party Transactions (continued...)

- As at July 31, 2023, the Company owed \$197,997 (July 31, 2022 - \$87,060) to a director of the Company for shareholder loans. The Company also owed \$17,194 (July 31, 2022 - \$2,568) in accrued interest (see Note 8). The Company also owed \$18,522 (2022 - \$nil) that was included in trade and other payables for expenses incurred on behalf of the Company.
- As at July 31, 2023, the Company owed \$190,054 (July 31, 2022 - \$80,000) to an officer and director of the Company for shareholder loans. The Company also owed \$15,392 (2022 - \$1,696) in accrued interest. The Company also owed \$9,808 (2022 - \$nil) that was included in trade and other payables for expenses incurred on behalf of the Company.
- Stock based compensation of \$nil (2022 - \$223,702) was incurred to directors and officers of the Company.

All related party amounts were incurred in the normal course of operations. All amounts, except for loans from shareholders and obligations, bear no interest and have no fixed terms of repayment.

12. 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, 2021	59,224,131	\$ 9,745,699	\$ 44,937	\$ 9,700,762
No activity during the year	-	-	-	-
Balance, October 31, 2022	59,224,131	9,745,699	44,937	9,700,762
No activity during the period	-	-	-	-
Balance, July 31, 2023	59,224,131	\$ 9,745,699	\$ 44,937	\$ 9,700,762

Warrants

A summary of the warrant activities is as follows:

	Number of warrants	Weighted average exercise price
Balance, October 31, 2021	3,445,945	\$ 0.30
Expired during the year	(91,000)	0.30
Balance, October 31, 2022	3,354,945	0.30
No activity during the period	-	-
Balance, July 31, 2023	3,354,945	\$ 0.30

The following share purchase warrants were outstanding as at July 31, 2023:

Expiry date	Number of warrants	Exercise price	Remaining contractual life (years)
January 24, 2024	2,136,612	0.30	0.48
February 13, 2024	1,218,333	0.30	0.54
	3,354,945	\$ 0.30	0.50

The weighted average life of warrants outstanding as at July 31, 2023 is 0.50 years.

GENIX PHARMACEUTICALS CORPORATION

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For the Nine Months ended July 31, 2023 and 2022

12. Share Capital and Reserves (continued...)

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 nine months ended July 31, 2023:

- a. 1,100,000 stock options were cancelled.

During the year ended October 31, 2022:

- b. There was no stock option activity during the year.

A summary of the stock options activities is as follows:

	Number of options	Weighted average exercise price
Balance, October 31, 2021	5,900,000	\$ 0.30
No activity for the year	0	-
Balance, October 31, 2022	5,900,000	0.30
Cancelled	(1,100,000)	0.30
Balance, July 31, 2023	4,800,000	\$ 0.30

The following table summarizes information about the options outstanding and exercisable at July 31, 2023:

Expiry date	Options outstanding	Options exercisable	Exercise price	Remaining contractual life (years)
August 5, 2025	1,400,000	1,400,000	\$ 0.30	2.02
December 14, 2025	150,000	150,000	\$ 0.30	2.38
December 15, 2025	400,000	400,000	\$ 0.22	2.38
March 22, 2026	2,850,000	2,850,000	\$ 0.30	2.64
	4,800,000	4,800,000		2.43

The weighted average life of stock options outstanding as at July 31, 2023 is 2.43 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.

13. 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 nine months ended July 31, 2023 and 2022.

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14. 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 15. 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 January 31, 2023, 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.

Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their trade payable and obligation balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at July 31, 2023, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

GENIX PHARMACEUTICALS CORPORATION

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15. 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 as at July 31, 2023 of \$2,573,850 (As at December 31, 2022 - \$3,199,003). 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 nine months ended July 31, 2023.

16. Subsequent Event

Subsequent to July 31, 2023, two directors loaned \$28,000 each for a total of \$56,000 to the Company to fund ongoing operations. The loans carry an interest rate of 10% per annum. There is no collateral pledged against these loans.