MedMira Inc.

Condensed Interim Consolidated Financial Statements
For the six months ended January 31, 2020 and January 31, 2019
(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, 2020

March 31, 2020

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, 2020 and January 31, 2019

In Canadian dollars

	Notes	31-Jan-20	31-Jul-19
		$	$
Assets			
Current assets			
Cash		155,025	88,897
Trade and other receivables		69,790	39,130
Prepaid expenses		17,425	11,502
Inventories	3	101,755	106,251
Total current assets		343,995	245,780
Non-current assets			
Property, plant and equipment		2,488,268	6,736
Intangible assets		2	2
Total non-current assets		2,488,270	6,738
Total assets		2,832,265	252,518
Liabilities			
Current liabilities			
Current portion of debt	6	9,306,502	8,610,234
Trade accounts payable and accrued liabilities		2,432,775	2,479,797
Salaries and benefits payable		1,435,873	1,182,329
Interest payable		1,582,957	1,325,747
Deferred rent		66,603	76,815
Deferred revenue		11,838	12,560
Provision for royalty	9	82,000	82,000
Current portion of lease liabilities	7	134,228	-
Total current liabilities		15,052,776	13,769,482
Long term liabilities			
Lease liability	7	2,379,432	-
Total long term liabilities		2,379,432	-
Total liabilities		17,432,208	13,769,482
Equity			
Share capital	4	63,421,802	63,421,802
Warrant reserve	4	-	2,726,487
Stock based compensation reserve	4	10,252	19,835
Equity reserve	4	13,781,668	11,045,598
Accumulated deficit		(91,813,665)	(90,730,686)
Total shareholders' deficiency		(14,599,943)	(13,516,964)
Total liabilities and equity		2,832,265	252,518

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

Unaudited consolidated statements of operations and comprehensive loss
For the six months ended January 31, 2020 and January 31, 2019

In Canadian dollars

		for the three months ended		for the six months ended	
	Notes	31-Jan-20	31-Jan-19	31-Jan-20	31-Jan-19
		$	$	$	
Product					
Product sales	4	95,012	129,990	184,144	285,055
Product cost of sales		(15,799)	(25,579)	(33,243)	(65,662)
Gross margin on product		79,213	104,411	150,901	219,393
Operating expenses					
Research and development	12	(50,326)	(62,771)	(86,050)	(137,694)
Sales and marketing		(12,174)	(38,205)	(26,827)	(71,565)
Other direct costs		(115,887)	(119,852)	(214,752)	(200,521)
General and administrative		(333,374)	(256,887)	(539,129)	(489,646)
Total operating expenses		(511,761)	(477,715)	(866,758)	(899,426)
Operating loss		(432,548)	(373,304)	(715,857)	(680,033)
Non-operating income (expenses)					
Financing		(181,758)	(222,016)	(367,122)	(465,326)
Net (loss) income		(614,306)	(595,320)	(1,082,979)	(1,145,359)
Basic (loss) earnings per share	7	(0.0009)	(0.0009)	(0.0016)	(0.0017)
Diluted (loss) earnings per share	7	(0.0009)	(0.0009)	(0.0016)	(0.0017)

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						
		Common shares	**Preferred shares**	**Warrant reserve**	**Option reserve**	**Equity reserve**	**Accumulated deficit**	**Shareholders' deficiency**
Balance at July 31, 2018		**63,419,302**	**2,500**	**4,305,928**	**40,134**	**9,458,358**	**(88,624,238)**	**(11,398,016)**
Net and comprehensive income		-	-	-	-	-	(1,145,359)	(1,145,359)
Expiry of warrants	6	-	-	(792,374)	-	792,374	-	-
Expiry of stock options		-	-	-	(20,299)	20,299	-	-
Balance at January 31, 2019		**63,419,302**	**2,500**	**3,513,554**	**19,835**	**10,271,031**	**(89,769,597)**	**(12,543,375)**
Net and comprehensive loss		-	-	-	-	-	(961,089)	(961,089)
Issuance of stock options	6	-	-	-	-	-	-	-
Expiry of warrants	6	-	-	(787,067)	-	787,067	-	-
Equity contribution by a shareholder	6	-	-	-	-	(12,500)	-	(12,500)
Balance at July 31, 2019		**63,419,302**	**2,500**	**2,726,487**	**19,835**	**11,045,598**	**(90,730,686)**	**(13,516,964)**
Net and comprehensive loss		-	-	-	-	-	(1,082,979)	(1,082,979)
Expiry of warrants	6	-	-	(2,726,487)	-	2,726,487	-	-
Expiry of stock options	6	-	-	-	(9,583)	9,583	-	-
Balance at January 31, 2020		**63,419,302**	**2,500**	**-**	**10,252**	**13,781,668**	**(91,813,665)**	**(14,599,943)**

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, 2020 and January 31, 2019

In Canadian dollars

	Notes	31-Jan-20 $	31-Jan-19 $
Cash from operating activities			
Net loss		(1,082,979)	(1,145,359)
Adjustments for:			
Depreciation		94,934	15,540
Movements in working capital:			
(Increase)/decrease in trade and other receivables		(30,661)	(30,411)
(Increase)/decrease in inventories		4,496	541
(Increase)/decrease in prepaid expenses		(5,923)	(8,012)
(Increase)/decrease in trade accounts payable and accrued liabilities		(47,018)	92,832
(Increase)/decrease in salary and benefits payable		253,544	289,368
(Increase)/decrease in deferred rent		(10,212)	(10,212)
(Increase)/decrease in interest payable		257,208	194,310
(Increase)/decrease in deferred revenue		(722)	(13,577)
Net cash used in operating activities		(567,333)	(614,980)
Cash flow from investing activities		(6,931)	-
Net cash used in investing activities		(6,931)	-
Cash flow from financing activities			
Incxrease in bank indebtedness		-	(13,940)
Decrease in lease obligation		(55,875)	-
Proceeds from borrowings	7	783,882	722,234
Repayment of borrowings	7	(87,615)	(92,818)
Net cash from financing activities		640,392	615,476
Net increase (decrease) in cash		66,128	496
Cash at the beginning of the year		88,897	-
Cash at the end of the year		155,025	496

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, 2020.

b. Going-concern

The Company has incurred losses and negative cash flows from operations on a cumulative basis since inception. For the six months ended January 31, 2020, the Company realized a net loss of $1.1 million (January 31, 2019 - $1.1 million), consisting of a net loss from operations of $0.7 million (January 31, 2019 - $0.7 million), and other non-operating losses of $0.4 million (January 31, 2019 - $0.5 million). Negative cash flows from operations were $0.6 million (January 31, 2019 – $0.6 million). As at January 31, 2020, the Company had an accumulated deficit of $91.8 million (July 31, 2019 - $90.7 million) and a negative working capital position of $14.7 (July 31, 2019 - $13.5 million). In addition, as at January 31, 2020, $9.3 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 $9.3 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 $9.3 million, as well as growth opportunities.

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. As of January 31, 2020, potential investors were identified and negotiations were initiated to secure the necessary financing through the issuance of new equity. Debt arrangements were also ongoing with the Company's major shareholder and other debt holders. Subsequent to the close of the second quarter of FY2020, management continues investor negotiations with the identified parties, nevertheless, there is no assurance that this initiative will 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.

d. New accounting standards adopted during the period

The Company adopted IFRS 16 Leases on August 1, 2019, which introduces a new approach to lease accounting. The Company adopted the standard using the modified retrospective approach, which does not require restatement of prior period financial information, as it recognizes the cumulative impact on the opening balance sheet and applies the standard prospectively. Accordingly, the comparative information in these unaudited interim consolidated financial statements is not restated. At the inception of a contract, the Company assesses whether the contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or modified, on or after August 1, 2019. Effective August 1, 2019, the IFRS 16 transition date, the Company elected to use the following practical expedients under the modified retrospective transition approach:

- Leases with lease terms of less than twelve months (short-term leases) and leases of low-value assets (less than $5,000 CAD dollars) (low-value leases) that have been identified at transition, were not recognized in the consolidated balance sheet;
- Right-of-use assets on transition were measured at the amount equal to the lease liabilities at transition, adjusted by the amount of any prepaid or accrued lease payments;
- For certain leases having associated initial direct costs, the Company, at initial measurement on transition, excluded these directs costs from the measurement of the right-of-use assets; and

- Any provision for onerous lease contracts previously recognized at the date of adoption of IFRS 16, has been applied to the associated right-of-use asset recognized upon transition.

Where the Company is a lessee, a right-of-use asset representing the right to use the underlying asset with a corresponding lease liability is recognized when the leased asset becomes available for use by the Company. The right-of-use asset is recognized at cost and is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term on a straight-line basis. The cost of the right-of-use asset is based on the following:

- the amount of initial recognition of related lease liability;
- adjusted by any lease payments made on or before inception of the lease;
- increased by any initial direct costs incurred; and – decreased by lease incentives received and any costs to dismantle the leased asset.

The lease term includes consideration of an option to extend or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liabilities are initially recognized at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. In the situation where the implicit interest rate in the lease is not readily determined, the Company uses judgment to estimate the incremental borrowing rate for discounting the lease payments. The Company's incremental borrowing rate generally reflects the interest rate that the Company would have to pay to borrow a similar amount at a similar term and with a similar security. The Company estimates the lease term by considering the facts and circumstances that create an economic incentive to exercise an extension or termination option. Certain qualitative and quantitative assumptions are used when evaluating these incentives.

Subsequent to recognition, lease liabilities are measured at amortized cost using the effective interest rate method. Lease liabilities are re-measured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option. The payments related to short-term leases and low-value leases are recognized and included within selling, general and administrative costs over the lease term in the unaudited interim consolidated statements of income.

The Company's unaudited interim consolidated financial statements were not impacted by the adoption of IFRS 16 Leases in relation to lessor accounting. Lessors will continue with the dual classification model for recognized leases with the resultant accounting remaining unchanged from IAS 17 Leases. On August 1, 2019 upon adoption of IFRS 16, the Company recognized $2.57 million of right-of-use assets and $2.57 million of lease liabilities that were previously accounted for as operating leases. The Company applied its estimated weighted average incremental borrowing rate at August 1, 2019 of 5.0% to determine the amount of lease liabilities.

In Canadian dollars

3. Revenue

The Company derives approximately 86% (January 31, 2019 – 92%) of its revenue from three (January 31, 2019 — four) main customers and, for these customers, assesses the recoverability of each account on a regular basis. During the six months ended January 31, 2020, customer 1 accounted for 74% of the Company's revenue, customer 2 accounted for 6% of the revenue, customer 3 accounted for 6% and customer 4 accounted for 6%.

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-20	31-Jan-19	31-Jan-20	31-Jan-19
			$	$
North America	90,602	126,996	159,980	253,695
Latin America and the Caribbean	-	-	6,515	3,150
Asia Pacific	-	-	-	14,638
Europe	4,410	2,994	17,650	13,572
Total revenue	95,012	129,990	184,145	285,055

**For the three months ended January 31, 2020, revenue in North America include sales made in Canada (the Company's country of domicile) of $4,465 (January 31, 2019 – $2,335). For the six months ended January 31, 2020, revenue in North America include sales made in Canada (the Company's country of domicile) of $7,665 (January 31, 2019 – $2,350).

4. Inventories

As at January 31, 2020, there were no valuation allowances against inventory (July 31, 2019 - $nil).

During the six months ended January 31, 2020, inventory valued at $25,551 was expensed as product cost of sales (January 31, 2019 - $50,225), which included write-downs of inventory as a result of net realizable value being lower than cost of $1,686 (January 31, 2019 – $1,497). No inventory write-downs recognized in previous years were reversed during the current year.

	31-Jan-20	31-Jul-20
	$	$
Raw materials and consumables	88,309	89,204
Work in process	13,411	15,054
Finished goods	36	1,993
Total inventories	101,755	106,251

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, 2019	**658,364,320**	**5,000,000**	**63,419,302**	**2,500**	**63,421,802**
Issued for cash	-	-	-	-	-
Share issuance costs	-	-	-	-	-
Balance at January 31, 2020	**658,364,320**	**5,000,000**	**63,419,302**	**2,500**	**63,421,802**

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, 2020 (July 31, 2019 - $2,500).

c. Warrants

	Number of warrants	Warrant reserve $
Balance at July 31, 2019	**100,000,000**	**2,726,487**
Expired warrants	(100,000,000)	(2,726,487)
Balance at January 31, 2020	-	-

As of January 31, 2020 there were no outstanding warrants.

d. Stock based compensation

The Company has established a stock option plan for its employees, officers, and directors. All options vest immediately upon issue and the Company is authorized to issue up to a maximum of 13,000,000 options upon approval by shareholders. Options that have been issued and remain outstanding are exercisable into an equivalent of 600,000 common shares (July 31, 2019 – 2,287,500) at an exercise price of $0.05. The options expire on January 29, 2021. All options outstanding at January 31, 2020 were exercisable.

In Canadian dollars

The total options outstanding are shown below.

	Number of options	Share-based payment reserve $
Balance at July 31, 2019	**1,300,000**	**19,835**
Expired warrants	(700,000)	(9,583)
Balance at January 31, 2020	**600,000**	**10,252**

The following table summarized information about the options outstanding and exercisable at January 31, 2020

Number outstanding and exercisable	Weighted average exercise price per share $	Weighted average remaining contractual life (years)
600,000	0.05	1.00

e. Equity Reserve

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

	Equity Reserve $
Balance at July 31, 2019	11,045,598
Expired warrants	2,726,487
Expired options	9,583
Balance at January 31, 2020	**13,781,668**

In Canadian dollars

6. Loss per share

	For the three months ended		For the six months ended	
	31-Jan-20	31-Jan-19	31-Jan-20	31-Jan-19
			$	$
Net income (loss) attributable to common shareholders	(614,306)	(595,320)	(1,082,979)	(1,145,359)
Issued common shares	658,364,320	658,364,320	658,364,320	658,364,320
Weighted average number of common shares	658,364,320	658,364,320	658,364,320	658,364,320
Basic earnings (loss) per share	(0.0009)	(0.0009)	(0.0016)	(0.0017)
Diluted earnings (loss) per share	(0.0009)	(0.0009)	(0.0016)	(0.0017)

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 and six months ended January 31, 2020, as the exercise of warrants and options would be anti-dilutive.

7. Loans and borrowings

a. Loans

	31-Jan-20		31-Jul-19	
	Carrying value	**Contract value**	**Carrying value**	**Contract value**
	$	**$**	**$**	**$**
Short term loans	3,152,504	3,152,504	2,462,945	2,462,945
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	207,248	207,248	200,539	200,539
ACOA loans	479,193	479,193	479,193	479,193
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	**9,306,502**	**9,306,502**	**8,610,234**	**8,610,234**
Long term portion of principal	-		-	
Current portion payable of principal	9,306,502		8,610,234	

In Canadian dollars

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

	Repayment required $
Fiscal year 2020	9,306,502
Total	9,306,502

Short term loans

The Company has six short term loans with related parties. These loans are utilized by the Company for short term working capital requirements. The loans have an interest rate of 5% per year. As of January 31, 2020 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, 2020 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, 2020 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, 2018. The loan was in default on January 31, 2020 due to non-payment of principal and interest and thus has been classified as a current liability.

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, 2020 due to non-payment of principal and interest and thus has been classified as a current liability.

In Canadian dollars

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 loan was in default on January 31, 2020 due to non-payment of principal and interest and thus has been classified 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, 2020 due to non-payment of principal and interest and thus has been classified as a current liability.

8. Lease liabilities

The Company has recognized lease liabilities in relation to the arrangement to lease its office space.

	31-Jan-20	31-Jul-19
	$	$
Lease liabilities	2,513,660	-
Less:		
Current portion of lease liabilities	(134,228)	-
Net long-term lease liabilities	**2,379,432**	-

Minimum payments and interest for lease liabilities over the next five years are as follows:

	Principal Payments	Interest Payments	Total Payments
	$	$	$
Less than one year (current portion)	134,228	125,266	259,493
One to four years	448,142	334,372	782,514
More than five years	1,931,290	499,914	2,431,204
Total	**2,513,660**	**959,552**	**3,473,212**

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.

	31-Jan-20	31-Jul-19
	$	$
Total debt	9,306,502	8,610,234
Less: Cash	(155,025)	(88,897)
Net debt	**9,151,477**	**8,521,337**
Shareholders' deficiency	(14,599,943)	(13,516,964)
Total capital	**(5,448,466)**	**(4,995,627)**

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.

	US$	US$
Cash	12,160	49,162
Trade and other receivables	29,216	18,161
Prepaid	2,286	-
Accounts payable and accrued liabilities	994,026	1,043,258
Royalty provision	61,966	62,367
Short and long term loans	174,697	179,281

In Canadian dollars

A one percent change in the US dollar exchange rate would result in approximately a $12,744 (July 31, 2019 - $13,522) 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-20 CHF	31-Jul-19 CHF
Cash	100,595	11,957
Accounts payable and accrued liabilities	535,008	298,792
Debt	2,213,160	1,701,160

A one percent change in the CHF dollar exchange rate would result in approximately a $28,488 (July 31, 2019 - $17,869) 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 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 50% down payment on most orders at the time of purchase, and the remaining 50% prior to shipment. 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 86% of the Company's sales are with four large international companies there is no significant concentration of credit risk.

Age of receivable that are past due but not impaired

120 +	$0
Total	$0

Trade and other receivables include amounts that are past due as at January 31, 2020 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.

e. Liquidity risk

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, 2020, 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.

In Canadian dollars

For the three months ended January 31, 2020	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Debt	9,306,502	9,306,502	-	-	-
Accounts payable and accrued liabilities	5,530,046	5,530,046	-	-	-
Lease liabilities	2,513,660	134,228	552,321	340,834	1,486,277
Royalty provision	82,000	82,000	-	-	-
Total debt	**17,432,208**	**15,052,776**	**552,321**	**340,834**	**1,486,277**

For the year ended July 31, 2019	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	$	$	$	$	$
Debt	8,610,234	8,610,234		-	-
Bank indebtedness	-	-			
Accounts payable and accrued liabilities	5,077,248	5,077,248	-	-	-
Royalty provision	82,000	82,000	-	-	-
Total debt	**13,769,482**	**13,769,482**	**-**	**-**	**-**

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, 2020, the Company's best estimate of the fair value of the provision was $82,000 (July 31, 2019 - $82,000), which is recorded in royalty provision and the change in fair value of the provision recorded in financing expense in profit or loss.

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, 2020, 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

In Canadian dollars

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, 2020, 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:

	Provision for royalty
	$
Balance at July 31, 2019	82,000
Fair value measurement of Reveal G4 royalty	-
Write off of royalty provision	-
Balance at January 31, 2020	82,000

11. Related parties

The following transactions occurred with related parties during the nine months ended October 31, 2019:

- Short term loans totalling $4,625 were received from employees (July 31, 2019 - $104,355)
- Short term loans totalling $87,615 were repaid to employees (July 31, 2019 - $94,557)
- A short term loan totalling $15,888 was received from the Chief Financial Officer (July 31, 2019 - $142,554)
- A Short term loan totalling $662,380 was received from MedMira Holding AG (2019 - $0)

The following balances with related parties were outstanding at October 31, 2019:

- Accounts payable totalling $931,182 was due to officers (July 31, 2019 - $733,240).
- A long term loan totalling $207,248 was due to the Chief Financial Officer (July 31, 2019 - $204,377).
- A royalty provision was owed to MedMira Holding AG of $82,000 (July 31, 2019 - $82.000).
- Short term loans totalling $99,648 were owed to employees (July 31, 2019 - $182,544)
- Short term loans totalling $1,508,650 are owed to Ritec AG (July 31, 2019 - $1,459,810)
- Short term loans totalling $316,713 were owed to the Chief Financial Officer (July 31, 2019 - $296,387)
- Short term loans totalling $1,028,625 was owed to MedMira Holding AG (July 31, 2019 - $0)

In Canadian dollars

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-20	31-Jan-19	31-Jan-20	31-Jan-19
	$	$	$	$
Research and development (R&D) expenses	(50,326)	(62,771)	(86,050)	(137,694)
Less: R&D allocated to cost of sales	-	-	-	-
Net research and development expense	**(50,326)**	**(62,771)**	**(86,050)**	**(137,694)**

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-20	31-Jan-19	31-Jan-20	31-Jan-19
	$	$	$	$
Change in inventory	(11,674)	(17,264)	(24,827)	(50,280)
Employee benefits	(233,584)	(294,848)	(471,633)	(604,594)
Depreciation	(47,708)	(5,377)	(94,934)	(12,197)
Distribution	(4,578)	(3,983)	(5,790)	(7,718)
Facility	(25,496)	(77,316)	(34,886)	(141,668)
Professional services	(20,396)	(37,204)	(39,379)	(53,724)
Lab supplies	(11,649)	(3,477)	(17,417)	(5,327)
Other expenses	(63,310)	(36,337)	(86,240)	(60,394)
Exchange gains (losses)	(109,165)	(27,488)	(124,895)	(29,186)
Finance costs	(181,758)	(222,016)	(367,122)	(465,326)
	(709,318)	**(725,310)**	**(1,267,123)**	**(1,430,414)**

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-20	31-Jan-19	31-Jan-20	31-Jan-19
	$	$	$	$
Fair value change in provision for royalty	-	-	-	-
Finance costs	(181,758)	(222,016)	(367,122)	(465,326)
Total financing expense	**(181,758)**	**(222,016)**	**(367,122)**	**(465,326)**