Innovotech Inc.

Consolidated Financial Statements
December 31, 2023 and 2022
(Expressed in Canadian Dollar)

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Independent Auditor's Report

To the Shareholders of Innovotech Inc.

Opinion

We have audited the consolidated financial statements of Innovotech Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of changes in shareholders' equity (deficiency), consolidated statements of operations and comprehensive income (loss) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition - Contract Research

Description

During the year ended December 31, 2023, the Company recognized contract research revenue of $ 955,056. For the Company's contract research, control of goods or services transfers over time to the customer and revenue is recognized based on the extent of progress towards completion of the performance obligation.

Contract revenue is significant to our audit because it is quantitatively significant and management's estimation of the percentage of completion requires judgement. See Note 3 to the consolidated financial statements.

How the Key Audit Matter Was Addressed in the Audit
Our approach to addressing the matter included the following procedures, among others:

- Gained an understanding of the Company policy for recognizing revenue and internal controls related to revenue.
- Sent revenue and accounts receivable confirmations on a sample basis.
- Traced revenue transactions, on a sample basis, to contracts and payments received.
- Tested how management determined the percentage of completion, on a sample basis, by reviewing the details of contracts, including the contract start date and term. Completed cut-off testing by ensuring that contracts for the month prior to year-end and the month after year-end were selected.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Trevor Nakanishi.

D&H Group LLP"

Vancouver, B.C.
April 24, 2024

Chartered Professional Accountants

Innovotech Inc.

Consolidated Statement of Financial Position

As at December 31, 2023 and 2022

(Expressed in Canadian Dollar)

	2023 $	2022 $
Assets		
Current assets		
Cash and cash equivalents	160,521	469,068
Marketable securities (note 6)	68,136	81,643
Trade and other receivables (note 7)	214,814	197,758
Inventory (note 8)	70,012	42,152
Unbilled revenue	16,678	-
Prepaid expenses	34,960	35,380
	565,121	826,001
Property and equipment (note 9)	157,745	186,802
Patents (note 5 and 10)	163,666	-
Investment (note 11)	330,000	210,000
	1,216,532	1,222,803
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	135,928	118,044
Deferred revenue	-	10,217
Deferred grant (note 16)	39,544	-
Current portion of lease liability (note 12)	-	37,034
	175,472	165,295
Deferred grant (note 16)	42,461	-
	217,933	165,295
Equity		
Shareholders' equity (note 13)	930,599	1,057,508
Non-controlling interest (note 5)	68,000	-
	998,599	1,057,508
	1,216,532	1,222,803

Nature of operations (note 1)

Approved by the Board of Directors

____________________ Director ____________________ Director

(Signed) "Craig Milne" (Signed) "James Timourian"

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

Innovotech Inc.

Consolidated Statement of Changes in Shareholders' Equity (Deficiency)

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollar)

	Notes	Share capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity	Non-controlling interest	Total
		$	$	$	$	$	$	$
Balance - January 1, 2023		7,695,237	159,543	1,594,737	(8,392,009)	1,057,508	-	1,057,508
Net and comprehensive loss for the period		-	-	-	(157,582)	(157,582)	-	(157,582)
Non-controlling interest of Nou Life	5	-	-	-	-	-	68,000	68,000
Stock based compensation	13(c)	-	-	27,173	-	27,173	-	27,173
Shares issued on option exercise		6,979	-	(3,479)	-	3,500	-	3,500
Balance - December 31, 2023		7,702,216	159,543	1,618,431	(8,549,591)	930,599	68,000	998,599
Balance - January 1, 2022		7,695,237	159,543	1,577,648	(8,255,498)	1,176,930	-	1,176,930
Net and comprehensive loss for the period		-	-	-	(136,511)	(136,511)	-	(136,511)
Stock based compensation	13(c)	-	-	17,089	-	17,089	-	17,089
Balance - December 31, 2022		7,695,237	159,543	1,594,737	(8,392,009)	1,057,508	-	1,057,508

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

Innovotech Inc.

Consolidated Statement of Operations and Comprehensive Income (Loss)

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollar)

	2023 $	2022 $
Revenue (note 21)		
Contract research fees	955,056	890,324
Product sales	227,576	219,252
Other revenue	-	16,237
	1,182,632	1,125,813
Cost of sales (note 15)		
Contract research	262,862	220,148
Product sales	108,127	126,156
	370,989	346,304
Gross profit	811,643	779,509
Operating expenses (note 15)		
General and administrative	1,011,093	830,608
Sales and marketing	29,365	1,912
Research and development	192,290	110,980
Grants (note 16)	(41,434)	(23,542)
	1,191,314	919,958
Other items		
Fair value gain on option to acquire patents (note 5)	102,000	-
Fair value adjustment on financial instruments (note 6 and 11)	107,890	-
Interest expense (note 12)	(557)	(5,016)
Interest income	12,756	8,954
Net income (loss) and comprehensive income (loss) for the year	(157,582)	(136,511)
	$	$
Basic and diluted income (loss) per common share (note 13(d))	(0.00)	(0.00)
	#	#
Weighted average number of common shares outstanding for the year (note 13(d))	38,914,187	38,909,612

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

Innovotech Inc.

Consolidated Statement of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollar)

	2023 $	2022 $
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	(157,582)	(136,511)
Adjustments for:		
Depreciation	78,264	114,165
Interest expense (note 12)	557	5,016
Fair value adjustment on financial instruments (note 6)	(107,890)	-
Fair value gain on option to acquire patents (note 5)	(102,000)	-
Deferred grant	82,005	-
Stock-based compensation (note 13(c))	27,173	17,089
	(179,473)	(241)
Net change in non-cash working capital items (note 18)	(48,610)	208,633
	(228,083)	208,392
Investing activities		
Purchase of property and equipment (note 9)	(42,873)	(71,524)
	(42,873)	(71,524)
Financing activities		
Lease liability repaid (note 12)	(37,591)	(90,219)
	(37,591)	(90,219)
Increase (decrease) in cash and cash equivalents	(308,547)	46,649
Cash and cash equivalents – Beginning of year	469,068	422,419
Cash and cash equivalents – End of year	160,521	469,068

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

1 Nature of operations and use of the going concern assumption

Innovotech Inc. (the "Company") is incorporated under the Business Corporation Act of Alberta. The primary activities of the Company are sales of its products, conducting contract research for outside customers and research and development to identify products for future commercialization. The Company's current products include a seed treatment designed to combat both bacterial and fungal diseases, and an assay used in growing microbial biofilms for research purposes. Since 2020 the Company has been funding research and development under an Equity Participation Agreement (the "Agreement") with Nou Life Sciences Inc. ("Nou Life), and in 2023, it has completed all its obligations under the Agreement and has acquired 60% of Nou Life. See note 5 for more information on the acquisition. The Company is publicly traded and listed on the TSX Venture Exchange, and its registered office is in Edmonton, Alberta.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations for the foreseeable future.

2 Basis of preparation

These consolidated financial statements are audited and have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved by the Board of Directors for issue on April 24, 2024.

3 Significant accounting policies

These consolidated financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

a) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control exists when the Company has 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 are changes to one or more of the three elements of control listed above.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings, and the nature of substantive rights and protective rights.

On acquiring control, the Company elected to apply the concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test has the following consequences: (i) if the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed (ii) if the concentration test is not met, or the entity elects not to apply the test, the entity shall then perform the assessment of elements of a business.

The fair value of acquisition of a subsidiary is based on the fair value of the assets acquired and liabilities assumed. Where the subsidiary is acquired as a result of the exercise of an option, the fair value of the consideration given is equal to the fair value of the option at the time of acquisition. The fair value of the option at the acquisition date is equal to the fair value of the net assets acquired less the exercise price of $nil. The Company recognizes any non-controlling interest in the investee at fair value.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. Non-controlling interests in the net assets of the consolidated subsidiaries are shown as a separate component of the Company's equity, and consist of the non-controlling interests on the date of the original acquisition date plus the non-controlling interests' share of changes in equity since the date of acquisition, as that represents the non-controlling shareholders' share of the investee's net assets as if the book value of their assets were realized and distributed to the shareholders based on the circumstances that exist at the end of the reporting period. As the Company's underlying ownership interest changes because of the external financings, the Company's investment is adjusted to reflect any dilution effect which is recorded in the consolidated statement of earnings (loss).

When the Company loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary from the consolidated statement of financial position. It recognizes a gain or loss in the consolidated statements of operations and comprehensive loss, which is the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive loss in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a financial asset for subsequent accounting under IFRS 9, and where applicable, the cost on initial recognition of an investment in an associate.

Investments in associates are accounted for using the equity method. Under this method, the Company's share of the investment's earnings or losses is included in the consolidated statements of operations and comprehensive loss and the carrying amount of the investment is adjusted by a like amount.

These consolidated financial statements include Nou Life Sciences Inc. in the accounts of the Company for the periods presented. The Company has a 60% ownership interest in Nou Life Sciences Ltd.

b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less, and which are subject to an insignificant risk of changes in value.

d) Inventory

Inventories of products for resale are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price less estimated costs necessary to make the sale.

e) Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to earnings during the period in which they are incurred. See note 3(r) for the right-of-use asset accounting policy.

The major categories of equipment are depreciated on a declining balance basis as follows:

Laboratory and office equipment	20%
Computer equipment	30%

Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

f) Identifiable intangible assets

The Company's intangible assets include patents with finite useful lives. Costs incurred in obtaining internally generated patents are recorded as research and development cost in the consolidated statements of operations and comprehensive loss in the period incurred. Acquired patents are recorded at cost less accumulated amortization and any accumulated impairment losses. Any costs associated with servicing these assets are expensed as incurred. These assets are amortized on a straight-line basis in the consolidated statement of operations over their remaining contractual lives. The Company's existing externally acquired patents are amortization over their estimate 10 year useful lives.

g) Research and development

The Company undertakes research and development in the course of identifying and preparing products for commercialization. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if certain criteria, including technical feasibility and intent and ability to develop and use the technology, are met, otherwise they are expensed as incurred. No development costs have been capitalized to date. The Company expenses costs incurred in pursuit of patents. Externally developed patents such as those acquired through a business combination are recorded as intangible assets in the consolidated statement of financial position.

h) Impairment of non-financial assets

Property and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

i) Revenue recognition

Contract research fees relate to research services provided to third-party customers. Where costs and revenues associated with a contract can be measured reliably, revenue is recognized using the percentage of completion method based on the proportion of estimated total costs of the contract incurred to date. In rare circumstances where reliable estimates cannot be made, but it is still probable that incurred costs will be recovered, revenue is only recognized to the extent of costs incurred.

Contract research fees may include milestone payments which require the Company's ongoing involvement. In these cases, revenue is recognized upon achievement of the milestone as specified in the agreement, provided payment is proportionate to the effort expended as measured by the ratio of costs expended to total estimated costs.

Unbilled revenue represents costs incurred plus estimated gross profit in excess of billings on incomplete contracts.

Revenue from product sales is recognized upon delivery of the product when persuasive evidence of an arrangement exists, the price is fixed or determinable and collection is reasonably assured.

License fees are the signing fees from potential partners in joint development or commercialization agreements. These fees are non-refundable fees received at the inception of an agreement and are recognized when the Company has no further involvement or obligation to perform under the agreement.

Grants in support of research activities are recognized as the related expenses are recognized, once there is reasonable assurance that the grant will be received and that the Company will comply with the grant conditions.

j) Stock-based compensation

The Company has a stock option plan for the benefit of certain officers, directors, employees and consultants. Awards of stock options are accounted for and measured by reference to the fair value of the equity instruments granted as share-based compensation and result in compensation expense. The amount of compensation is measured at the date of option grant. The expense is recognized in income over the service period of the employee to whom the option was granted with a corresponding amount recorded in contributed surplus. When a stock option is exercised any consideration received in addition to the amount previously recorded in contributed surplus is credited to share capital. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

k) Warrants

The Company may raise capital through the issuance of units, which include both common shares and share purchase warrants. Proceeds raised are allocated first to warrants, based on an estimate of fair value determined using the Black-Sholes option pricing model, with the residual allocated to share capital.

l) Income (loss) per share

Income (loss) per share is based on the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is calculated using the treasury stock method, whereby deemed proceeds from the exercise of options and warrants with an exercise price below the average market price of the shares, is considered to be used to reacquire common shares at the average market price during the year.

m) Income taxes and refundable tax credits

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference, or unused tax loss or credit can be utilized.

Deferred income tax assets and liabilities are presented as non-current.

Refundable scientific research and experimental development (SRED) tax credits are recorded using the cost reduction method, whereby credits are deducted from related expenses once reasonable assurance of realization is established.

n) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar.

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect as of the balance sheet date. Gains and losses are recognized in income on a current basis.

o) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in compressive income or loss in the period in which they arise. On recognition, communicative gains and losses of financial assets in other comprehensive income or loss are reclassified to profit or loss.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

p) Significant estimates and judgments

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the consolidated financial statements:

Impairment of non-financial assets

Non-financial assets, including property and equipment and patents, are reviewed for indicators of impairment at each reporting date. Where impairment indicators are identified, the Company uses discounted cash flow models to determine the recoverable amount of the assets, which drives the conclusion of whether impairment exists, and if it does, the amount of impairment to record. These models require assumptions to be formulated about future cash flows, margins and discount rates, which are made using careful judgment, but are nonetheless subject to estimation risk.

Fair value of stock options and warrants

Determining the fair value of stock options and warrants requires judgment related to the choice of a pricing model, the estimation of expected stock price volatility, and the expected term of the instrument. Any changes in the estimates utilized to determine fair value could result in a significant change in the amount of stock based compensation charged to operations.

Fair value of investment

Determining the fair value of the investment requires judgment. Management has estimated the fair value of the investment on December 31, 2022, by determining its implied value with reference to a recently completed private placement of the underlying equity. During the year-ended December 31, 2023, the Company used significant unobservable inputs to determine the fair value. See Note 11 for further details. Any changes in the estimates utilized to determine fair value could result in a significant change to net and comprehensive income.

Fair value of patents

Determining the fair value of the patents acquired through the business combination described in note 5 requires judgment. Management has estimated the fair value of the patents on the date of the business combination, August 17, 2023, using significant unobservable inputs. See note 5 for further details. Any changes in the estimates utilized to determine fair value could result in a significant change to net and comprehensive income.

q) Segment reporting

While the Company has achieved commercialization of certain of its products, discrete financial information is not prepared on a segmented basis and resource allocation decisions are not based on segmented operating results. Therefore, the Company currently has no operating segments to report.

r) Leases

The Company recognizes a right-of-use asset and a lease liability for its leases. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. 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. If the lease terms are subsequently changed, the present value of the lease liability is re-measured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in profit or loss. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

4 Accounting standards changes

There are no new or amended IFRS Accounting Standards or interpretations that required adoption by the Company during the year except for the amendments to IAS1 described below.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its rights to defer settlement of a liability, explain that rights are in existence of covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. There were no material impacts to the Company's consolidated financial statements from the adoption of these amendments.

(Expressed in Canadian Dollar)

5 Acquisition and option to earn-in

On August 18, 2020, the Company entered into a two-year Equity Participation Agreement (the “Agreement”) with Nou Life Sciences Inc. (“Nou Life”). The Agreement was amended on August 18, 2022 to a three-year term. Nou Life has ownership of patents pertaining to a family of linking agents for L-carnitine and alpha-lipoic acid molecules (the “Compound”). Pursuant to the Agreement the Company had the option to acquire a 60% undivided ownership interest in Nou Life, by spending $100,000 on a research and development program (the “Program”) designed to advance the Compound to a marketable compound.

On August 17, 2023 the Company informed Nou Life that it had already spent $102,000 on the Program, thereby reaching the spending requirement pursuant to the Agreement. The Company, having completed its obligations under the Agreement, delivered written notice of its exercise of the option to Nou Life on August 17, 2023.

Pursuant to the Agreement, as of the option exercise date the aggregate amount of research and development from the Program shall be expensed in Nou Life. The Company was granted 5,520,350.5 Class A common shares representing 60% of the aggregate issued and outstanding Class A common shares, and 1,275,000 Class B common shares, representing 60% of the total issued and outstanding Class B common shares.

The Company elected to apply the concentration test and determined the acquisition represented an asset acquisition. It assessed that the fair value of the assets being purchased upon exercise of the option are concentrated in the patents being acquired. The Company concluded that Nou Life did not constitute a business as defined under IFRS 3 Business Combinations and the acquisition is therefore accounted for as an asset acquisition. The Company acquired 60% of Nou Life for of $102,000. No other assets or liabilities were identified. Therefore, the Company recognized the fair value of the patents at $170,000.

6 Marketable securities

Included in marketable securities are publicly traded convertible debentures classified as FVTPL. As at December 31, 2023, the indicated fair value of the marketable securities was $68,136 (2022 - $81,643). During the year ended December 31, 2023, fair value adjustments of $12,110 are included in net income (2022 – $nil).

7 Trade and other receivables

	2023 **$**	**2022** **$**
Trade receivables net of allowance for doubtful accounts	204,336	184,946
Other receivables	3,508	-
Goods and services tax recoverable	6,970	12,812
	214,814	197,758

The maximum exposure to credit risk is the carrying amount of each class of receivable listed above. The Company does not hold any collateral as security. Allowance for doubtful accounts totals $nil (2022 – $nil).

The ageing of receivables is as follows:

(Expressed in Canadian Dollar)

	2023 $	2022 $
Neither past due nor impaired	189,060	182,889
Up to 3 months past due	25,754	14,869
	214,814	197,758

Amounts that are neither past due nor impaired relate to either government reimbursements or are receivable from a number of independent customers for whom there is no recent history of default.

Customers accounting for 10% or more of the Company's revenue are as follows:

	2023 $	2022 $
Customer #1	541,549	476,642
Customer #2	116,528	177,810

8 Inventory

The cost of inventories recognized as expense and included in cost of sales was $218,884 (2022– $203,935). The Company did not have any expired inventories to be written down to net realizable value in 2023 or 2022.

9 Property and equipment

	Laboratory equipment	Computer equipment	Office equipment	Right-of-use assets	2023 Total
Cost					
Balance – January 1, 2023	456,224	103,624	14,801	170,483	745,132
Additions	38,939	3,934	-	-	42,873
Balance – December 31, 2023	495,163	107,558	14,801	170,483	788,005
Accumulated depreciation					
Balance – January 1, 2023	319,916	89,354	14,094	134,966	558,330
Depreciation	31,549	4,723	141	35,517	71,930
Balance – December 31, 2023	351,465	94,077	14,235	170,483	630,260
Net book value – December 31, 2023	143,698	13,481	566	-	157,745

(Expressed in Canadian Dollar)

	Laboratory equipment	Computer equipment	Office equipment	Right-of-use assets	2022 Total
Cost					
Balance – January 1, 2022	390,166	98,158	14,801	170,483	673,608
Additions	66,058	5,466	-	-	71,524
Balance – December 31, 2022	456,224	103,624	14,801	170,483	745,132
Accumulated depreciation					
Balance – January 1, 2022	296,811	83,713	13,917	49,724	444,165
Depreciation	23,105	5,641	177	85,242	114,165
Balance – December 31, 2022	319,916	89,354	14,094	134,966	558,330
Net book value – December 31, 2022	136,308	14,270	707	35,517	186,802

Right-of-use assets consists of leased buildings for office and laboratory space. Depreciation on right-of-use assets is included in general and administrative expenses. Depreciation on the remaining property and equipment of $31,548 (2022 – $23,106) is included in cost of sales and $4,865 (2022 – $5,817) in general and administrative expenses.

10 Patents

	Patents
Cost	
Balance – January 1, 2023	-
Acquisition of Nou Life	170,000
Balance – December 31, 2023	170,000
Accumulated depreciation	
Balance – January 1, 2023	-
Amortization	6,334
Balance – December 31, 2023	6,334
Net book value – December 31, 2023	163,666

Amortization of $6,334 (2022 – $nil) is included in research and development expense.

(Expressed in Canadian Dollar)

11 Investment

The investment in common shares of a private corporation is classified as FVTPL. As at December 31, 2023, the estimated fair value of the common shares was $330,000 (2022 – $210,000). The Company applied the market approach in determining the fair value. The Company's significant unobservable inputs used in estimating the fair value of the investment are the annual revenues of the private corporation and a Price-to-Revenue ratio of 4.25:1. A 5% increase or decrease to either input would result in an increase or decrease in the fair value of $16,500. During the years ended December 31, 2023 a fair value gain of $120,000 (2022 – $nil) was included in net income.

12 Lease liability

The Company recognized $557 (2022 – $5,016) in interest expense on lease liabilities and $3,000 (2022 – $2,890) in general and administrative expenses on low value assets. The Company also recognized $37,591 (2022 – $90,219) as repayments on the lease liability in the consolidated statement of cash flows. The Company repaid all contractual obligations related to the lease agreement in the current year.

13 Share capital

a) Authorized

Unlimited number of Class A common, voting shares

Issued and outstanding

	2023		2022	
	#	$	#	$
Opening balance at January 1	38,909,612	7,695,237	38,909,612	7,695,237
Shares issued on option exercise	70,000	6,979	-	-
Closing balance	38,979,612	7,702,216	38,909,612	7,695,237

b) Warrants

The Company completed a private placement on September 2, 2020 under which 1,875,000 Units were issued at a price of $0.20 per Unit for gross proceeds of $375,000. Each Unit was comprised of one (1) common share and one half (1/2) common share purchase warrant. Each full warrant entitles the holder to purchase one (1) additional common share at a price of $0.25 per common share for a period of three (3) years following the date of closing. Issuance cost of $8,879 resulted in net proceeds of $366,122 of which $159,543 were attributed to warrants. The expiration date of the warrants was extended by one (1) year to September 1, 2024 during the year ended December 31, 2023.

(Expressed in Canadian Dollar)

c) Stock options

The Company has an incentive stock option program (the Program) pursuant to which the Board of Directors of the Company may allocate non-transferable options to purchase common shares to directors, officers, employees and consultants of the Company. The aggregate number of common shares that may be available for issuance from time to time under the Program is not to exceed ten (10%) percent of the number of common shares issued and outstanding in the capital of the Company, calculated on a fully diluted basis. Options granted under the Program must have an exercise price not less than the market value of the common shares (less any permissible discount) at the grant date and vest over a period of one year or as otherwise resolved by the Board of Directors. These options are exercisable for a period of up to ten years from the date of grant, unless otherwise resolved by the Board of Directors. For purposes of the option pricing model, expected volatility is calculated based on the most recent historical period equal to the option's expected term.

The Company recognized stock-based compensation expense of $27,173 for the year ended December 31, 2023 (2022 – $17,089).

2023 transactions

On October 12, 2023, the Company granted to directors 125,000 stock options at an exercise price of $0.12 with an expiry date of October 11, 2028. These stock options vest immediately. The estimated fair value of these options is $0.0834 per option and has been determined using the Black-Scholes option pricing model with the following assumptions:

Dividend Yield	Nil%
Expected volatility	123.41%
Risk-free interest rate	4.04%
Expected life of options	5 years

On July 17, 2023, the Company granted to an employee 500,000 stock options at an exercise price of $0.10 with an expiry date of July 16, 2028. These stock options vest over four years. On the same day the Company also granted to a director 50,000 stock options at an exercise price of $0.10 with an expiry date of July 16, 2028. These stock options vested immediately. The estimated fair value of these options is $0.0868 per option and has been determined using the Black-Scholes option pricing model with the following assumptions:

Dividend Yield	Nil%
Expected volatility	130.73%
Risk-free interest rate	3.40%
Expected life of options	5 years

(Expressed in Canadian Dollar)

2022 transactions

On October 11, 2022, the Company granted to directors 125,000 stock options at an exercise price of $0.16 with an expiry date of October 11, 2027. These stock options vest immediately. The estimated fair value of these options is $0.1367 per option and has been determined using the Black-Scholes option pricing model with the following assumptions:

Dividend Yield	Nil%
Expected volatility	125.99%
Risk-free interest rate	3.48%
Expected life of options	5 years

	2023		2022	
	Stock options #	**Weighted average exercise price $**	**Stock options #**	**Weighted average exercise price $**
Outstanding – Beginning of year	1,582,000	0.15	1,825,000	0.15
Granted	700,000	0.16	125,000	0.16
Exercised	(70,000)	0.05	-	-
Expired	(114,000)	0.23	(145,000)	0.38
Forfeited	-	-	(223,000)	0.14
Outstanding – End of year	2,098,000	0.12	1,582,000	0.13
Exercisable – End of year	1,655,192	0.15	1,582,000	0.13

				2023
			Outstanding	**Exercisable**
Range of exercise price $	**Weighted Average Exercise price $**	**Number of shares #**	**Weighted average contractual life (years)**	**Number of shares #**
$0.05 to $0.10	0.08	673,000	0.50	673,000
$0.11 to $0.20	0.13	1,200,000	3.98	757,192
$0.21 to $0.45	0.21	225,000	0.19	225,000
	0.12	2,098,000	4.56	1,655,192

(Expressed in Canadian Dollar)

					2022
				Outstanding	**Exercisable**
Range of exercise price	**Weighted Average Exercise price**	**Number of shares**		**Weighted average contractual life (years)**	**Number of shares**
$	**$**	**#**			**#**
$0.05 to $0.10	0.08	743,000		1.01	743,000
$0.11 to $0.20	0.16	570,000		1.33	570,000
$0.21 to $0.45	0.22	269,000		0.41	269,000
	0.13	1,582,000		2.75	1,582,000

d) Income/(loss) per share

	December 31, 2023 **$**	**December 31, 2022** **$**
Calculation of basic income per share		
Net income	(157,582)	(136,511)
Weighted average number of common shares	38,909,612	38,909,612
Weighted average number of common shares issued during the year	4,575	-
	38,914,187	38,909,612
Basic income/(loss) per share	(0.00)	(0.00)

	December 31, 2023 **$**	**December 31, 2022** **$**
Calculation of diluted income per share		
Adjusted net income	(157,582)	(136,511)
Weighted average number of common shares from basic income per share	38,914,187	38,909,612
Effect of dilution from:		
Share options	210,104	552,838
	39,124,291	39,462,450
Diluted income/(loss) per share	(0.00)	(0.00)

(Expressed in Canadian Dollar)

14 Income taxes

a) Income tax expense

The tax on the Company's income (loss) before tax differs from the theoretical amount that would arise using the statutory rate applicable to the Company as follows:

	2023 $	2022 $
Income (loss) before income taxes	(157,582)	(136,511)
Tax calculated at applicable statutory tax rates applicable to profit	(43,000)	(37,000)
Tax effects of:		
Tax losses and other items for which no deferred income tax asset was recognized	43,000	37,000
Adjustment in respect to prior years	-	-
Tax charge	**-**	**-**

The statutory tax rate was 27% (2022 – 27%).

b) Deferred income tax

The Company's deductible temporary differences include the following:

	2023 $	2022 $
Share issue costs	2,000	4,000
Equipment and licenses	1,048,000	1,011,000
Lease liabilities and Right of Use asset (net)	-	2,000
Non-capital losses	2,792,000	2,716,000
SR&ED expenditure pool	3,483,000	3,341,000
	7,325,000	7,074,000

Deferred income tax assets are recognized for loss carry-forwards and other deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred income tax assets of $1,977,000 (2022 – $1,909,000) in respect of deductible temporary differences amounting to $7,325,000 (2022 – $7,074,000) that can be carried forward against future taxable income. Included in these deductible temporary differences are non-capital losses of $2,792,000 (2022 – $2,716,000) that can be carried forward to use against future taxable income. These non-capital losses expire based on the dates listed below. Also included in these deductible temporary differences are scientific research and experimental development (SR&ED) pool expenditures amounting to $3,483,000 (2022 – $3,341,000) that can be carried forward to use against future net income for tax purposes. These SR&ED pool expenditures do not expire.

(Expressed in Canadian Dollar)

The Company did not recognize the benefits of non-refundable research and development tax credits amounting to $1,018,000 (2022 – $967,000). These tax credits can be carried forward against future federal income tax payable.

The non-capital losses and non-refundable research and development tax credits will expire as follows:

	Non-capital loss carry-forwards **$**	**Federal investment tax credits** **$**
2025	-	29,000
2026	-	32,000
2027	-	52,000
2028	-	158,000
2029	82,000	151,000
2030	187,000	130,000
2031	517,000	147,000
2032	534,000	152,000
2033	683,000	9,000
2034	482,000	19,000
2035	-	33,000
2036	-	16,000
2037	75,000	7,000
2038	76,000	15,000
2039	15,000	4,000
2040	-	13,000
2041	-	19,000
2042	-	32,000
2043	140,000	-
	2,791,000	1,018,000

(Expressed in Canadian Dollar)

15 Expenses by nature

	2023 $	2022 $
Employee compensation		
Salaries and wages	789,525	688,245
Share-based payments	27,173	17,089
Short-term benefits	8,594	6,248
	825,292	711,582
Depreciation	78,264	114,165
Professional and consulting fees	169,565	132,604
Rent and maintenance	83,677	27,766
Materials and supplies	314,378	235,461
Insurance	14,757	14,160
Other	117,804	54,066
Grants and tax credits	(41,434)	(23,542)
Total cost of sales and operating expenses	1,562,303	1,266,262

16 Grants

The Company qualified for the Innovation Employment Grant ("IEG") with respect to qualifying research and development expenditures incurred in 2022. The total amount of IEG received and recognized were $33,439 (2022 – $23,542), which were recorded as grants.

On October 18, 2023, the Company signed a funding agreement with Alberta Innovates, a provincial government agency. The agreement provides for non-refundable contributions to be provided to the Company, if it reaches defined research milestones by specified dates, on a research project designed to advance its proprietary intellectual property for Innovosil™ antimicrobial silver. The Company is required to contribute $100,000 towards the project to qualify for the non-refundable contributions. Alberta Innovates will contribute a maximum of $300,000 towards the project with an anticipated completion in November 2025. The total amount recognized was $7,995 (2022 – $nil), which we recorded as grants. Grant funds received of $82,005 is deferred and will be recognized over the term of the funding agreement.

(Expressed in Canadian Dollar)

17 Related party transactions

Certain related parties provide services to the Company either directly or through companies that they control. Fees (net of GST) charged by such companies for administrative and professional services were as follows:

	Relationship	Transaction	2023 $	2022 $
David Tam, Parlee McLaws LLP	Corporate Secretary and Legal Counsel, Director	Professional fees	50,983	27,084
Bernard Grobbelaar	Chief Financial Officer, Director	Professional fees	64,381	55,775
Dr. James Timourian	Chief Executive Officer, President	Professional fees	12,000	17,437

At December 31, 2023, $12,447 (2022 – $12,255) remained outstanding and is included in accounts payable and accrued liabilities. These services are in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Compensation of key management

Key management include the Company's directors and officers. Compensation awarded to key management included:

	2023 $	2022 $
Salaries and short-term employee benefits	316,493	230,584
Share based payments	10,323	17,089
	326,816	247,673

18 Net change in non-cash working capital items

	2023 $	2022 $
Marketable securities (excluding fair value changes)	1,397	(9,444)
Trade and other receivables	(17,056)	171,173
Inventory	(27,860)	17,627
Unbilled revenue	(16,678)	13,887
Prepaid expenses	420	20,935
Accounts payable and accrued liabilities	17,884	12,803
Deferred revenue	(10,217)	(18,348)
	(52,110)	208,633
Less: trade and other receivables related to shares issued on exercise of option	3,500	-
	(48,610)	208,633

(Expressed in Canadian Dollar)

19 Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, corporate, administration and marketing expenses, working capital and overall capital expenditures. The Company makes every attempt to manage its liquidity to minimize shareholder dilution whenever possible.

The Company defines capital as net equity, comprised of issued common shares, warrants, contributed surplus and deficit. No quantitative targets or benchmarks are used in managing capital.

Since inception, the Company has primarily financed its liquidity through public offerings of common shares and private placements. The Company has also met its liquidity needs through non-dilutive sources, such as research grants, interest income and revenue from contract research activity.

The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's objectives and what it manages as capital since the prior fiscal period.

20 Financial instruments

Financial instruments consist of recorded amounts of cash and cash equivalents, trade and other receivable, and accounts payable and accrued liabilities.

a) Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized cost; fair value through other comprehensive income ("FVOCI"). The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	**Category**	**2023** **$**	**2022** **$**
Cash and cash equivalents	FVTPL	160,521	469,068
Marketable securities	FVTPL	68,136	81,643
Trade and other receivables	Amortized cost	214,814	197,758
Investment	FVTPL	330,000	210,000
Accounts payable and accrued liabilities	Amortized cost	(135,928)	(118,044)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for trade and other receivables and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash and cash equivalents and marketable securities under the fair value hierarchy is measured using Level 1. The Company's fair value of investments under the fair value hierarchy is measured using Level 3.

b) Credit risk

Credit risk arises from the potential that a counterparty will cause a financial loss by failing to discharge an obligation. The Company is exposed to credit risk through its cash and cash equivalents, and trade and other receivable. The Company deposits its cash with a major Canadian bank. The Company assesses its credit risk on a regular basis and records an allowance to provide for anticipated credit losses. The Company conducts business with a variety of customers, however a small number of customers may comprise a significant proportion of revenue in any given period, thereby giving rise to a concentration of credit risk. See note 7 for further details.

c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company earns the majority of its revenue in United States dollars. The Company also incurs expenses in United States dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company believes that the results of operations and cash flows could be affected by changes in foreign exchange rates, but would not significantly impact its ability to meet its obligations.

Gains and losses arising from fluctuations in US dollar exchange rates are reflected in general and administrative expense for the year. The Company recorded a foreign exchange loss of $34,951 in 2023 (2022 – gain of $8,014).

The following table summarizes accounts denominated in US dollars at December 31:

	2023 **$**	**2022** **$**
Cash and cash equivalents	71,521	9,464
Trade and other receivables	204,335	184,946
Accounts payable and accrued liabilities	(51,337)	(18,961)
Net exposure	206,989	173,449

The following exchange rates applied at December 31:

	2023 **$**	**2022** **$**
US$ – CAS$	1.32467	1.35434

Based on the Company's foreign currency exposures noted in the table above, varying the above foreign exchange rate to reflect a 10% strengthening of the Canadian dollar would have resulted in an increase in the net loss of $27,419 (2022 – resulted in a net loss of $15,747), assuming all other variables remained constant.

An assumed 10% weakening of the Canadian dollar would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

d) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to nominal interest rate risk arising from fluctuations in interest rates on its cash and cash equivalents, and lease liability. Trade and other receivable, and accounts payable and accrued liabilities bear no interest.

e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's financial liabilities consist of accounts payable and accrued liabilities which are due within one year of the balance sheet date. The Company's planned level of expenditures for 2024 does not exceed its committed sources of funds.

(Expressed in Canadian Dollar)

21 Geographic information

Geographic information about the Company's revenue is based on the product shipment destination and, for contract research, on the location of the contracting organization.

	2023 **$**	**2022** **$**
Canada	20,589	31,722
United States	1,035,348	957,788
Rest of world	126,694	136,303
	1,182,631	1,125,813

All of the Company's equipment is located in Canada.

22 Subsequent Events

On January 19, 2024, the Company signed an agreement to receive funding under the Industrial Research Assistance Program ("IRAP"). The agreement provides for non-refundable contributions to be provided to the Company as reimbursement of approved cost incurred at a rate of 80%. IRAP will contribute a maximum of $75,000 towards the project with an anticipated completion on or before March 31, 2025.