



**THERMA BRIGHT INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED OCTOBER 31, 2022
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

The accompanying unaudited condensed interim financial statements of Therma Bright Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Therma Bright Inc.

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at October 31, 2022	As at July 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,610,332	\$ 3,081,776
Accounts receivable	-	115,059
Inventory (note 3)	172,724	172,724
Prepaid expenses	91,960	78,226
Sales taxes recoverable	176,519	136,097
Total current assets	3,051,535	3,583,882
Non-current assets		
Promissory note receivable (note 4)	209,973	204,932
Equipment (note 5)	32,339	34,041
Intangible asset (note 6)	101,290	105,176
Right of use asset (note 8)	66,460	72,690
Total assets	\$ 3,461,597	\$ 4,000,721
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 1,059,916	\$ 1,143,062
Current portion of lease liability (note 9)	21,290	20,162
Total current liabilities	1,081,206	1,163,224
Non-current liabilities		
Long term debt (note 10)	40,000	40,000
Leases (note 9)	44,651	50,388
Total liabilities	1,165,857	1,253,612
Equity		
Share capital (note 11)	20,859,500	20,859,500
Warrant reserve (note 12)	7,031,863	7,031,863
Share-based payments reserve (note 13)	6,594,076	6,594,076
Equity portion of convertible debentures	271,545	271,545
Deficit	(32,461,244)	(32,009,875)
Total equity	2,295,740	2,747,109
Total equity and liabilities	\$ 3,461,597	\$ 4,000,721

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)

Subsequent event (note 17)

Therma Bright Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended October 31, 2022	Three Months Ended October 31, 2021
Revenue	\$ 5,948	\$ 253
Cost of sales		
Inventory - beginning of period	172,724	51,200
Purchases	-	-
	172,724	51,200
Inventory - end of period	172,724	51,200
	-	-
Gross Profit	5,948	253
Operating expenses		
General and administrative	428,749	1,139,680
Research and development	2,607	254,187
Stock-based compensation expense	-	1,297,000
Total operating expenses	431,356	2,690,867
Loss from operations	(425,408)	(2,690,614)
Other expenses		
Loss on foreign exchange	(10,352)	(8,343)
Accretion expense	(3,791)	-
Amortization	(11,818)	(12,944)
Net loss and comprehensive loss for the period	\$ (451,369)	\$ (2,711,901)
Basic and diluted net loss per share (note 14)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	239,526,033	219,486,019

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Therma Bright Inc.

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended October 31, 2022	Three Months Ended October 31, 2021
Operating activities		
Net loss for the period	\$ (451,369)	\$ (2,711,901)
Adjustments for:		
Stock-based compensation expense	-	1,297,000
Warrants issued for consulting	-	414,000
Accretion expense	3,791	-
Amortization	11,818	12,944
Foreign exchange	(5,041)	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	115,059	-
Other receivables and prepaid expenses	(13,734)	26,000
Sales tax recoverable	(40,422)	35,151
Amounts payable and other liabilities	(83,146)	2,596
Net cash used in operating activities	(463,044)	(924,210)
Financing activities		
From directors received (repaid)	-	(22,139)
Lease repayment	(8,400)	-
Net cash used in financing activities	(8,400)	(22,139)
Net change in cash and cash equivalents	(471,444)	(946,349)
Cash and cash equivalents, beginning of period	3,081,776	1,780,847
Cash and cash equivalents, end of period	\$ 2,610,332	\$ 834,498
Other information		
Non-cash share issuance to settle obligations	\$ -	\$ 47,500

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Therma Bright Inc.**Condensed Interim Statements of Changes in Equity****(Expressed in Canadian Dollars)****Unaudited**

	Share capital	Warrant reserve	Share based payments reserve	Equity portion of convertible debenture	Deficit	Total
Balance, July 31, 2021	\$ 18,913,637	\$ 3,238,763	\$ 5,020,076	\$ 271,545	\$ (26,128,803)	\$ 1,315,218
Warrants issued	-	414,000	-	-	-	414,000
Shares issued for debt settlement	47,500	-	-	-	-	47,500
Stock-based compensation expense	-	-	1,297,000	-	-	1,297,000
Net loss for the period	-	-	-	-	(2,711,901)	(2,711,901)
Balance, October 31, 2021	\$ 18,961,137	\$ 3,652,763	\$ 6,317,076	\$ 271,545	\$ (28,840,704)	\$ 361,817
Balance, July 31, 2022	\$ 20,859,500	\$ 7,031,863	\$ 6,594,076	\$ 271,545	\$ (32,009,875)	\$ 2,747,109
Net loss for the period	-	-	-	-	(451,369)	(451,369)
Balance, October 31, 2022	\$ 20,859,500	\$ 7,031,863	\$ 6,594,076	\$ 271,545	\$ (32,461,244)	\$ 2,295,740

The accompanying notes to the unaudited condensed interim financial statements are an integral part of these statements.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Therma Bright Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on March 5, 2001. The Company is the developer of the AcuVid™ COVID-19 Rapid Antigen Saliva Test, is a progressive medical diagnostic and device technology company focused on providing consumers and medical professionals with quality, innovative solutions that address some of today's most important medical and healthcare challenges. The Company's initial breakthrough proprietary technology delivers effective, non-invasive, and pain-free skincare. Therma Bright received a Class II medical device status from the FDA for its platform technology that is indicated for the relief of the pain, itch, and inflammation of a variety of insect bites or stings. The Company received clearance for the above claims from the US FDA in 1997.

Going concern

During the three months ended October 31, 2022, the Company incurred a loss of \$451,369 (October 31, 2021 - loss of \$2,711,901) and as of October 31, 2022, the Company had an accumulated deficit of \$32,461,244 (July 31, 2022 - \$32,009,875) and a net working capital of \$1,970,329 (July 31, 2022 - \$2,420,658).

To this point, all operational activities and the overhead costs have been funded from the available cash and by equity and debt issuances, as well as loans from directors. The Company has been working, through third party service providers in marketing, sales, engineering and distribution, to sell its products online.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is monitoring the business environment as a result to ensure minimal disruption to business operations. The Company continues to be in operations as of the current date and Therma Bright's goal is to provide a low-cost, scalable saliva-based test for routine and widespread testing of both symptomatic and asymptomatic individuals at home and in schools, workplaces, nursing homes, sporting events, airports and other venues where a rapid result is required.

The Company will continue to secure new cash resources to meet its obligations. Management is currently evaluating and pursuing funding alternatives, including new equity, debt issuances and business line. While management has so far been successful in raising the required equity and debt financing, there is no assurance that these initiatives will continue to be successful. Uncertainty in global capital markets could have a negative impact on the Company's ability to access capital in the future.

The Company's ability to continue as a going concern is dependent upon its ability to reach a profitable level of operations and obtain adequate financing. The accompanying condensed interim financial statements do not include any adjustments relating to the recoverability of assets and to the re-classification of assets and liabilities amounts that might be necessary should the Company be unable to continue its operations. These adjustments could be material.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

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2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim financial statements are based on IFRS's issued and outstanding as of December 23, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended July 31, 2022. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending July 31, 2023 could result in restatement of these unaudited condensed interim financial statements.

New accounting standards adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

New accounting standards and interpretations not adopted yet

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded.

3. Inventory

Inventory consists solely of finished goods and is net of a provision for write down of \$nil (period ended July 31, 2022 - \$30,000). Inventory expense during the three months ended October 31, 2022 amounts to \$nil (three months ended October 31, 2021 - \$nil).

4. Promissory note receivable

During the year ended July 31, 2022, the Company entered into a consulting agreement for the Services. As part of the agreement, the Company advanced \$200,000 to the Consultant a 2 year promissory note with a 10% interest rate. The Promissory note shall be reviewed at each 12 month period to calculate the value of services performed by the Consultant. The Promissory note is due and payable on demand by the Corporation in the event this agreement is terminated.

During the three months ended October 31, 2022, the Company recorded interest income of \$5,041 (three months ended July 31, 2022 - \$nil). The amount is included in the promissory note receivable on the statement of financial position.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars)

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5. Equipment

Cost	Moulds	Furniture and fixtures	Total
Balance, July 31, 2021, July 31, 2022 and October 31, 2022	\$ 100,000	\$ 3,081	\$ 103,081

Accumulated Depreciation	Moulds	Furniture and fixtures	Total
Balance, July 31, 2021	\$ 18,434	\$ 1,471	\$ 19,905
Depreciation for the year	16,313	322	16,635
Impairment	32,500	-	32,500
Balance, July 31, 2022	\$ 67,247	\$ 1,793	\$ 69,040
Depreciation for the period	1,638	64	1,702
Balance, October 31, 2022	\$ 68,885	\$ 1,857	\$ 70,742

Carrying Value	Moulds	Furniture and fixtures	Total
Balance, July 31, 2022	\$ 32,753	\$ 1,288	\$ 34,041
Balance, October 31, 2022	\$ 31,115	\$ 1,224	\$ 32,339

During the year ended July 31, 2022, the Company recorded an impairment of \$32,500 on moulds of Benepod.

6. Intangible assets

Cost	Patents and trade marks	Domain name	Total
Balance, July 31, 2021, July 31, 2022 and October 31, 2022	\$ 200,000	\$ 49,490	\$ 249,490

Accumulated Amortization	Patents and trade marks	Domain name	Total
Balance, July 31, 2021	\$ 36,667	\$ 7,173	\$ 43,840
Amortization for the year	32,666	2,475	35,141
Impairment	65,333	-	65,333
Balance, July 31, 2022	\$ 134,666	\$ 9,648	\$ 144,314
Amortization for the period	3,267	619	3,886
Balance, October 31, 2022	\$ 137,933	\$ 10,267	\$ 148,200

Carrying Value	Patents and trade marks	Domain name	Total
Balance, July 31, 2022	\$ 65,334	\$ 39,842	\$ 105,176
Balance, October 31, 2022	\$ 62,067	\$ 39,223	\$ 101,290

During the year ended July 31, 2022, the Company recorded an impairment of \$65,333 on patents and trademarks of Benepod.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars)

Unaudited

7. Accounts payable and accrued liabilities

	As at October 31, 2022	As at July 31, 2022
Accounts payable and accrued liabilities	\$ 338,831	\$ 325,603
Amounts due to related parties	721,085	817,459
Total accounts payable and accrued liabilities	\$ 1,059,916	\$ 1,143,062

During the period October 31, 2022, the Company settled \$nil (period ended July 31, 2022 - \$47,500 of accounts payable balances by the issuance of common shares.

8. Right-of-use assets

	Total
Balance, July 31, 2021	\$ -
Additions	74,767
Depreciation	(2,077)
Balance, July 31, 2022	\$ 72,690
Depreciation	(6,230)
Balance, October 31, 2022	\$ 66,460

During the year ended July 31, 2022, the Company entered into a office lease for 3 years from July 1, 2022 to June 30, 2025. Office spaces are depreciated over 36 months.

9. Lease liabilities

During the year ended July 31, 2022, the Company entered into a lease for 3 years from July 1, 2022 to June 30, 2025. Under the lease, the Company is required to pay a monthly base rent of \$2,200. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using a weighted average incremental borrowing rate of 10%.

	Total
Balance, July 31, 2021	\$ -
Additions	74,767
Interest expense	1,383
Lease payments	(5,600)
Balance, July 31, 2022	\$ 70,550
Interest expense	3,791
Lease payments	(8,400)
Balance, October 31, 2022	\$ 65,941

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Property	\$ 21,290	\$ 26,394	\$ 18,257	\$ -	\$ 65,941

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars)

Unaudited

10. Long term debt

	As at October 31, 2022	As at July 31, 2022
Canada Emergency Business Account (CEBA) loan	40,000	40,000

Canada Emergency Business Account (CEBA) loan

In April 2020, the Company received \$40,000 in Canada Emergency Business Account (CEBA) loan, funded by the Federal Government. The terms of the loan is: Interest rate is 0% per year, but subject to the interest rate disclosed below in the loan extension section; loan repayment in whole or in part on or after July 1, 2020; \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is fully repaid on or before December 31, 2022.

Loan extension terms are: If the loan cannot be repaid by December 31, 2022, it will be converted into a 3-year term loan, charging an interest rate of 5%; Interest payments are due monthly and the outstanding principal balance must be fully repaid no later than December 31, 2025. However, you may repay some or all of the loan at any time.

During the period October 31, 2021, the Government of Canada announced that the deadline to repay loans under the Canada Emergency Business Account program would be extended by one year (that is from December 31, 2022 to December 31, 2023). As of January 1, 2024, the loan balance will bear interest at 5% and will be repayable on maturity on December 31, 2025.

11. Share capital

a) Authorized share capital

The authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance, July 31, 2021	219,407,283	\$ 18,913,637
Shares issued for debt settlement ⁽ⁱ⁾	118,750	47,500
Balance, October 31, 2021	219,526,033	\$ 18,961,137
Balance, July 31, 2022 and October 31, 2022	239,526,033	\$ 20,859,500

i) On August 12, 2021, the Company settled aggregate debt of \$47,500 outstanding as at June 30, 2020, in consideration for which it issued an aggregate of 118,750 common shares at a deemed price of \$0.40 per share.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars)

Unaudited

12. Warrant reserve

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price
Balance, July 31, 2021	275,000	\$ 0.50
Issued ⁽¹⁾ ⁽²⁾	1,025,000	0.44
Balance, October 31, 2021	1,300,000	\$ 0.46
Balance, July 31, 2022 and October 31, 2022	23,000,000	\$ 0.38

The following table reflects the actual warrants issued as of October 31, 2022:

Issue date	Expiry date	Exercise price	Number of warrants
May 26, 2021	May 26, 2023	\$.600	100,000
May 26, 2021	May 26, 2023	\$.450	175,000
August 12, 2021 ⁽¹⁾	August 12, 2023	\$.460	700,000
August 31, 2021 ⁽²⁾	August 31, 2023	\$.410	325,000
December 15, 2021	December 15, 2023	\$.390	100,000
February 18, 2022	February 18, 2027	\$.375	20,000,000
February 18, 2022	February 18, 2027	\$.375	1,600,000
Weighted average exercise price		\$0.38	23,000,000

Some of the warrants are subject to acceleration in the event the Company's common shares trade at or above certain share prices.

- 1) On August 12, 2021, the Company issued 700,000 share purchase warrants to the consultant for the services provided. The warrants will be exercisable for two years and a exercise price of \$0.46. A value of \$300,000 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.44; expected volatility of 313% using the historical price history of the Company; risk-free interest rate of 0.46%; and an expected average life of 24 months.
- 2) On August 31, 2021, the Company issued 325,000 share purchase warrants to the consultant for the services provided. The warrants will be exercisable for two years and a exercise price of \$0.41. A value of \$114,000 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.36; expected volatility of 313% using the historical price history of the Company; risk-free interest rate of 0.43%; and an expected average life of 24 months.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars)

Unaudited

13. Stock options

Under the Company's stock option plan, the Company may grant options to employees, consultants, officers and directors totaling up to 10% of its issued and outstanding common shares. The aggregate number of shares so reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price
Balance, July 31, 2021	18,850,000	\$ 0.24
Issued ⁽ⁱ⁾	3,000,000	0.55
Balance, October 31, 2021	21,850,000	\$ 0.29
Balance, July 31, 2022 and October 31, 2022	23,375,000	\$ 0.29

- i) On August 12, 2021, the Company granted of stock options to directors, officer and consultants to purchase up to an aggregate of 3,000,000 common shares of the Company. The options are exercisable for a period of three years at a price of \$0.55 per share. The options vest after immediately. The estimated fair value of these options at the grant date was \$1,297,000 using the Black-Scholes valuation model. During the three months ended October 31, 2022, (three months ended October 31, 2021 - \$1,297,000) was expensed. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes valuation model are as follows: risk free rate: 0.58%; expected life: 3.0 years; expected volatility: 198.8% based on historical trends; forfeiture rate: nil; expected dividend yield: 0%; and weighted average share price: \$0.44

The following table reflects the actual stock options issued and outstanding as of October 31, 2022:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
January 17, 2023	0.10	0.21	350,000	350,000
January 23, 2023	0.10	0.23	100,000	100,000
March 02, 2023	0.10	0.33	500,000	500,000
May 08, 2023	0.05	0.52	650,000	650,000
March 22, 2024	0.44	1.39	1,000,000	1,000,000
August 12, 2024	0.55	1.78	3,000,000	3,000,000
January 04, 2025	0.44	2.18	800,000	800,000
June 10, 2025	0.25	2.61	1,475,000	1,475,000
August 20, 2025	0.22	2.81	11,100,000	11,100,000
August 26, 2025	0.22	2.82	200,000	200,000
December 07, 2025	0.22	3.10	250,000	250,000
December 24, 2025	0.22	3.15	200,000	200,000
January 05, 2026J6	0.28	3.18	750,000	750,000
January 15, 2026	0.35	3.21	200,000	200,000
January 25, 2025	0.45	2.24	300,000	300,000
March 04, 2026	0.30	3.34	2,500,000	2,500,000
	\$0.29	2.49	23,375,000	23,375,000

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars)

Unaudited

14. Loss per share

For the three months ended October 31, 2022, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$451,369 (three months ended October 31, 2021 - \$2,711,901) and the weighted average number of common shares outstanding of 239,526,033 (three months ended October 31, 2021 - 219,486,019). Diluted loss per share did not include the effect of \$23,375,000 stock options (three months ended October 31, 2021 - \$21,850,000) or \$23,000,000 warrants (three months ended October 31, 2021 - \$1,300,000) as they are anti-dilutive.

15. Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount established and agreed to by the related parties.

(a) The Company entered into the following transactions with related parties:

	Three Months Ended October 31,	
	2022	2021
Marrelli Support Services Inc. ("Marrelli Support") (i)	\$ 6,920	\$ 5,916
Intelvest Inc. ("Intelvest") (ii)	31,250	158,750

i) For the three months ended October 31, 2022, the Company expensed \$6,920 (three months ended October 31, 2021 - \$5,916) to Marrelli Support for the services of Vic Hugo to act as Chief Financial Officer of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Vic Hugo is an employee of Marrelli Support. As at October 31, 2022, Marrelli Support was owed \$13,585 (July 31, 2022 - \$10,500) and this amount was included in accounts payable and accrued liabilities.

ii) For the three months ended October 31, 2022, the Company expensed \$31,250 (three months ended October 31, 2021 - \$158,750) to Intelvest, a company controlled by a director and officer of the Company, for the management services of Rob Fia to act as Chief Executive Officer of the Company. As at October 31, 2022, Intelvest, was owed \$687,500 (July 31, 2022 - \$786,959) bonus payable based on stock price performance and expense reimbursement, and this amount was included in accounts payable and accrued liabilities.

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended October 31,	
	2023	2022
Share-based payments	\$ -	\$ 648,500
Total remuneration	\$ -	\$ 648,500

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. As at October 31, 2022, directors and key management personnel of the Company were owed \$10,000 (July 31, 2022 - \$10,000) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

Therma Bright Inc.

Notes to Condensed Interim Financial Statements

Three Months Ended October 31, 2022

(Expressed in Canadian Dollars)

Unaudited

15. Related party transactions (continued)

(c) Insider shareholdings

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

As of October 31, 2022, directors and officers of the Company, with individual control of less than 10% of the total common shares outstanding, collectively control 14,383,744 common shares of the company or approximately 6% of the total common shares outstanding. To the knowledge of the directors and officers of the Company, the remaining common shares of the Company were widely held.

16. Contingencies and commitments

- a) The Company has offered a "Risk Free Guarantee" on sales of InterceptCS™ product allowing consumers if they are not satisfied with the product, within 90 days of the date of purchase, to return product directly to the Company for a full refund. While returns have been insignificant to date, there can be no assurance that the Company will not receive an increased level of returns in the future.

17. Subsequent events

- a) Subsequent to the three months ended October 31, 2022, the Company entered into a letter of intent ("LOI") with AI4LYF LLC ("AI4LYF") for the exclusive licensing rights for a digital cough-based diagnosis screening technology. Upon execution of the LOI, Therma Bright advanced \$200,000 and will advance an additional \$65,000 in December 2022. Consideration payable to acquire the exclusive license is expected to be comprised of a royalty, common shares of the Company and up to 2,000,000 warrants, with each warrant being exercisable for a common share upon payment of \$0.17 per share. The final terms of this transaction are currently being negotiated and a definitive agreement is expected to be signed in 2023. A finder's fee will be paid to an arm's length person upon execution of the definitive agreement. The finder's fee will be comprised of 500,000 shares and 500,000 three-year warrants, with each warrant being exercisable for a share upon payment of \$0.17
- b) Subsequent to the three months ended October 31, 2022, the Company entered into an agreement with 2740162 Ontario Inc., operating as August Therapeutics ("August") and Ketiko Bio Corp ("Ketiko") (collectively the "Vendors") to acquire a 25% interest in each of InStatin, Inc. and InVixa Inc., and to acquire an option to acquire additional shares in InStatin and InVixa, as described below. Therma Bright has agreed to issue 55,000,000 shares at a deemed price of \$0.136364 per share for total consideration of \$7,500,000., to the Vendors in exchange for such interests in InStatin and InVixa. The above option will additionally provide Therma with the right to earn up to 50% of InStatin and 80% of InVixa by advancing the drugs to the end of Phase 1 clinical trials for each company and eventual regulatory approval, with an investment expected to be US\$5M. Additionally, the Company shall have the right to appoint one director to each of the boards of InStatin and InVixa, subject to meeting certain future funding milestones. In connection with the acquisition, the Company will pay a finder's fee of 4,400,000 shares in its capital stock to an arm's length finder for its assistance in sourcing the transaction.