



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Interim Period Ended September 30, 2021

Dear Appili Shareholders,

As we are all now well aware, the threat from infectious diseases is constant. New pathogens continue to emerge while others spread unchecked, and behind the scenes drug resistance continues to chip away at existing therapies and vaccines. Constant vigilance, dedication and investment in anti-infective research and development is required to overcome these threats, and that is exactly what Appili was founded to do. I'm incredibly proud that we are taking many of these issues head-on, because we know for many patients around the world, solutions can't come soon enough.

We recently announced that our Phase 3 PRESECO (PREventing SEvere COVID-19) clinical trial evaluating oral antiviral [Avigan®/Reeqonus™ \(favipiravir\)](#) did not achieve its pre-defined primary endpoint of reducing time to sustained clinical resolution for patients with mild-to-moderate COVID-19. While the top-line results were not what we were hoping for, I'm incredibly proud of our efforts. Appili was designed to rigorously investigate anti-infectives with the potential to address urgent infectious threats. With PRESECO we did just that, and have now generated a robust dataset that will help inform the use of COVID-19 antivirals around the world. On behalf of the entire Appili team, I would like to thank our many partners who collaborated with us in the PRESECO trial and the several hundred patients who volunteered for this important clinical trial.

The PRESECO trial also allowed us to demonstrate exactly what Appili can do. We moved quickly at the start of pandemic to establish a global partnership and initiate a Phase 3 clinical program at record speed. We then leveraged our expertise, infrastructure, and partner network to complete a rigorously designed, multinational trial – enrolling 1,231 patients with mild-to-moderate COVID-19 from 38 study sites across the United States, Mexico, and Brazil – in a little over a year. In addition to showing the value of what we've built at Appili, our work over the last year has further strengthened our clinical research infrastructure which I am looking forward to deploying on our broader pipeline.

Looking Ahead

We have much to look forward to. [ATI-2307](#), our novel, broad-spectrum clinical stage antifungal with the potential to address severe and hard to treat invasive fungal infections, which will be entering Phase 2 next year. I'm excited to share that we will be initiating GMP manufacturing for this clinical drug product next month and are finalizing our Phase 2 study protocol in collaboration with clinical leaders in antifungal development. I am also looking forward to sharing at upcoming conferences the results of nonclinical studies that we have been running over the past year to guide our Phase 2 design.

We also continue to make progress on [ATI-1701](#), a vaccine that is designed to work against the bacteria *Francisella tularensis*, which the U.S. National Institutes of Health define as a Category A pathogen. We have recently expanded our coalition with the support of the U.S. Defense Threat Reduction Agency and look forward to sharing more announcements in the coming year.

At Appili, we are committed to advancing the global fight against infectious disease and creating treatments that can transform health outcomes for patients in need around the world. As we continue to address the challenges posed by a wide array of infectious diseases, we are incredibly thankful for your ongoing support.



Armand Balboni
Chief Executive Officer, Appili Therapeutics

APPILI THERAPEUTICS INC.

The following Management's Discussion and Analysis ("MD&A") of Appili Therapeutics Inc. ("Appili", the "Company", "we", "us" or "our") is prepared as of November 12, 2021, provides information concerning the Company's financial condition and results of operations. This MD&A should be read in conjunction with our audited annual consolidated financial statements for the fiscal years ended March 31, 2021 and 2020, and our unaudited condensed consolidated financial statements for the six months ended September 30, 2021 and 2020, including the related notes thereto. The preparation of financial information included in the MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, unless otherwise noted. Unless stated otherwise, all references to "\$" are to Canadian dollars.

FORWARD-LOOKING STATEMENTS

This MD&A (which for purposes of this section includes the attached letter to shareholders) contains forward-looking statements or forward-looking information (collectively, "**forward-looking statements**") under applicable Canadian securities legislation including, without limitation, statements containing the words "believe," "may," "plan," "will," "estimate," "continue," "anticipate," "intend," "expect," "predict," "project," "potential," "continue," "ongoing" or the negative or grammatical variations of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- our ability to maintain the listing of the Company's Class A common shares (the "**Common Shares**") on the Toronto Stock Exchange (the "**TSX**");
- our strategy;
- our ability to continue as a going concern;
- the sufficiency of our financial resources to support our activities;
- potential sources of funding;
- the effect of the coronavirus disease 2019 ("**COVID-19**") on the Company's business and operations;
- our deployment of resources;
- our ability to obtain necessary funding on favourable terms or at all;
- our expected expenditures and accumulated deficit level;
- our outcomes from ongoing and future research and research collaborations;
- our exploration of opportunities through collaborations, strategic partnerships, and other transactions with third parties;
- our plans for the research and development ("**R&D**") of certain product candidates;
- our strategy for protecting our intellectual property;
- our ability to identify licensable products or research suitable for licensing and commercialization;
- our ability to obtain licenses on commercially reasonable terms;
- our plans for generating revenue;
- our plans for future clinical trials;
- our ability to hire and retain skilled staff; and
- our intention with respect to updating any forward-looking statements after the date on which such statement is made or to reflect the occurrence of unanticipated events;

Such statements reflect our current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Appili as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to (i) the Company's ability to initiate and complete its proposed clinical trials in a timely manner; (ii) the ability of the Company to secure the requisite level of patient and site enrollment; (iii) the Company's ability to enter into the requisite clinical trial agreements

relating to any proposed clinical trials; (iv) obtaining positive results of clinical trials; (v) obtaining regulatory approvals; (vi) general business and economic conditions; (vii) the Company's ability to successfully out-license or sell its current products and in-license and develop new products; (viii) the availability of financing on reasonable terms; (ix) the Company's ability to attract and retain skilled staff; (x) market competition; (xi) the products and technology offered by the Company's competitors; (xii) the Company's ability to protect patents and proprietary rights; and (xiii) the effect of COVID-19 infections on the Company's business and operations.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including risks related to:

- limited operating history and early stage of development;
- identifying, developing and commercializing product candidates;
- regulatory risks;
- market competition;
- the Company's dependence on third parties;
- clinical trial risks;
- third party manufacturing and supplier risks;
- the effect of COVID-19 on the Company's business and operations;
- the Company's potential redeployment of resources;
- the ownership and protection of intellectual property;
- litigation and product liability risks;
- employee matters and managing growth;
- ownership of the Company's securities;
- working capital and capital resources
- ability to attract and retain key personnel;
- implementation and development delays;
- product deficiencies
- volatility of share price; and
- the other risks discussed under the heading "*Risk Factors*" in the Company's annual information form dated June 23, 2021.

Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

MARKET DATA

Certain market and industry data (including study results) used in this MD&A were obtained from market research, publicly available information and industry publications. Appili believes that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. Appili has not independently verified this information, and does not make any representation or warranty as to the accuracy of this information.

BUSINESS OVERVIEW

Appili is a pharmaceutical company focused on the acquisition and development of novel medicines targeting unmet needs in infectious disease. Since incorporation in 2015, the Company has been focused on building and advancing a diverse portfolio of anti-infective programs. Key activities have included the acquisition and development of novel technologies, the development of strategic partnerships, targeted hiring and building out drug development capabilities, securing intellectual property, and raising funds through equity capital raises and non-dilutive funding mechanisms.

The Company's anti-infective portfolio currently includes five programs, described below: ATI-2307, ATI-1701, ATI-1503, ATI-1501, and a global partnership on the COVID-19 antiviral candidate REEQONUS™ / Avigan® / favipiravir (“**favipiravir**”).

Favipiravir

On October 30, 2020, Appili announced a collaboration, development, and supply agreement (the “**Collaboration Agreement**”) with Dr. Reddy's Laboratories Ltd. (“**DRL**”) and Global Response Aid (“**GRA**”) for the oral COVID-19 antiviral candidate favipiravir. This agreement follows on and is harmonized with the previously announced global licensing transaction (excluding Japan, Russia, and China) between DRL, GRA and FUJIFILM Toyama Chemical Co., Ltd. (“**FFTC**”), the originator of favipiravir tablets. The agreements work together to coordinate and accelerate the worldwide development, commercialization, and distribution of favipiravir tablets for the potential treatment and prevention of COVID-19. Under the terms of the agreement and in collaboration with its partners, Appili is designing, overseeing, and funding pivotal clinical trials to support global regulatory submissions. Partners DRL, GRA, and FFTC will be responsible for manufacturing, distribution, and commercialization worldwide outside of Japan, China and Russia. Appili will receive a profit share on Canadian and US commercial sales for a specified term and is eligible to receive royalties on rest of world sales realized by DRL and GRA, including in Europe and Latin America for a specified term. Appili subsequently announced on September 20, 2021 a separate agreement with FFTC wherein Appili received \$1M USD in exchange for providing FFTC with direct access to its clinical trial data for regulatory submissions in Japan.

On September 29, 2021, Appili announced a strategic alliance and equity transaction for the global development of favipiravir with AiPharma Global Holdings LLC (“**AiPharma**”), a 50% shareholder of GRA, to accelerate and coordinate development activities, as well as further align economic interests in favipiravir. Appili and AiPharma entered into a strategic alliance agreement (the “**Definitive Agreement**”) to establish minority positions in each other's businesses, further align their goals and participate in each other's respective economic interests. The transaction is expected to close in Q4 2021.

Favipiravir is a novel broad-spectrum oral antiviral drug originally developed by FFTC and approved in 2014 in Japan for use against pandemic influenza (flu) (PMDA 2014). Favipiravir is active against a wide range of RNA viruses, including many for which there are limited or no approved therapies (Furuta 2017). Favipiravir has been extensively studied and has a well-established safety profile. Over 3,000 subjects had received at least one dose of favipiravir prior to the COVID-19 pandemic, with additional trials initiated and completed since (Pilkington 2020). The drug is available in an oral tablet format, stable at room temperature, and amenable to use in a wide range of care settings (PMDA 2014; Furuta 2017).

On November 12, 2021, Appili announced that its Phase 3 double-blinded, randomized, placebo-controlled clinical trial evaluating favipiravir for the treatment of COVID-19 in the community setting – The Prevent Severe COVID-19 study (“**PRESECO**”) – did not achieve statistical significance on the primary endpoint of time to sustained clinical recovery. The clinical trial enrolled 1,231 patients with mild-to-moderate COVID-19 from 38 study sites across the United States, Mexico, and Brazil. Additional analyses of the trial data are ongoing.

ATI-2307

Appili acquired novel antifungal ATI-2307 (formerly T-2307) from FFTC in November 2019. Appili holds worldwide rights to the program with the exception of Japan, which was licensed back to FFTC as part of the Asset Purchase Agreement (as defined herein).

ATI-2307 is a novel small molecule antifungal with a highly differentiated mechanism of action and broad-spectrum activity against fungal pathogens, including *Candida*, *Aspergillus*, and *Cryptococcus* (Mitsuyama et al., 2008). ATI-2307 interferes with fungal mitochondria, making it cidal (deadly) against *Cryptococcus* (Mitsuyama et al., 2008; Nishikawa et al., 2017; Shibata et al., 2012). The compound has demonstrated *in vivo* efficacy in multiple animal models of fungal infection, including 100% survival in a mouse lung *Cryptococcus* infection model. The Company is planning on evaluating the potential effectiveness of ATI-2307 for the treatment of a variety of invasive fungal infections, including those caused by *Cryptococcus* and *Candida* species. The target patient population is proposed to

consist of severely ill and hospitalized patients with suspected or confirmed invasive fungal infection, in which ATI-2307 will be administered via intravenous infusion.

The safety and pharmacokinetics of ATI-2307 have been evaluated in 80 human subjects as part of three Phase 1 Single Ascending Dose (“**SAD**”) and Multiple Ascending Dose (“**MAD**”) clinical studies conducted in the United States. ATI-2307 has been found to be safe and well tolerated at all doses tested in humans.

The Company is developing ATI-2307 for the treatment of invasive fungal infections with a near-term focus on those caused by *Cryptococcus* and *Candida*. Generally regarded as an opportunistic infection, *Cryptococcus* infections occur most commonly in immunosuppressed patients, such as those undergoing chemotherapy for cancer treatment, immunosuppression for transplant, or HIV-positive patients (May 2016). *Cryptococcus* is often invasive and infections frequently progress to the central nervous system, resulting in a disease known as cryptococcal meningitis. Cryptococcal meningitis is a life-threatening disease despite current therapies (Pyrgos 2013, Pappas 2013). The current standard of care for cryptococcal meningitis, which is amphotericin B in combination with flucytosine (Perfect 2010), is also associated with significant toxicity, including the potential for kidney failure (Saliba 2008, Hamill 2013, AmBisome® FDA Label 2012).

The Company is conducting proof of concept, nonclinical studies evaluating the therapeutic effect of ATI-2307 in rabbit and mouse intracranial *Cryptococcus* infection models. These studies are being conducted in collaboration with leading *Cryptococcus* researchers, including Dr. John Perfect at Duke University and Drs. Thomas Patterson and Nathan Wiederhold at the University of Texas Health Science Center at San Antonio. The Company is also evaluating ATI-2307 activity *in vitro* against a panel of clinical isolates, including drug-resistant *Cryptococcus* strains.

The proposed and ongoing nonclinical studies will guide the Company’s development strategy. A portion of the work described above is being supported by the U.S. National Institute of Allergy and Infectious Diseases (“**NIAD**”). The Company held advisory meetings with key opinion leaders in Q1 2021 to discuss potential development pathways and Phase 2 trial designs for *Cryptococcus*.

The Company is also currently evaluating options to advance ATI-2307 as a therapeutic for invasive *Candida* infections through discussions with key opinion leaders and is exploring potential government grant sources to fund such activities. Multiple *Candida* species are capable of human infection, including the most commonly observed *Candida albicans* and the newly emerging pathogen *Candida auris* (Jeffery-Smith 2017). *Candida* species are generally treated with an echinocandin or an azole (Pappas 2015), but growing antifungal resistance is threatening the existing antifungal drugs on the market (Pristov 2019). Physicians often rely on toxic amphotericin B in cases of refractory and highly resistant *Candida* infections (Pappas 2015). In the case of *C. auris*, infections resistant to all three major classes have been reported (Ostrowsky 2020, Ostrowsky 2018, Lockhart 2017). Drug-resistant *Candida* and *C. auris* in particular are now priority pathogens for the CDC (CDC 2019). The Company has also held advisory meetings with key opinion leaders to discuss potential development strategy and regulatory pathways for *Candida*.

In preparation for a Phase 2 clinical trial initiation in 2022, the Company has transferred the analytical methods and manufacturing process for ATI-2307 drug product to a contract development and manufacturing organization (“**CDMO**”) and expects to initiate GMP manufacturing of clinical trial material by December 2021. The Company has also initiated clinical, and regulatory activities to support clinical trial initiation.

Depending on the indication(s) pursued in the clinic, ATI-2307 may be eligible for registration under the Limited Population Pathway for Antibacterial and Antifungal Drugs (“**LPAD**”). Introduced in 2016 as part of the 21st Century Cures Act, the LPAD provides a mechanism for accelerated clinical development and registration for antibiotics and antifungals that treat serious or life-threatening conditions in a limited population, by potentially allowing for smaller, shorter, or fewer clinical trials (FDA, 2018). Additional conditions may need to be met in order to be eligible for development and approval under the LPAD. The Company is evaluating the eligibility and appropriateness of applying the LPAD to ATI-2307 development.

The Company believes that ATI-2307 would be eligible for an Orphan Drug Designation (“**ODD**”) from the FDA if developed for either the treatment of cryptococcal meningitis or certain forms of invasive candidiasis. This would qualify ATI-2307 for seven years of regulatory exclusivity upon FDA approval of the ODD. *Candida* and *Cryptococcus* are also both qualifying pathogens for the Qualified Infectious Disease Product (“**QIDP**”) designation

and the Company believes ATI-2307 would be eligible for an additional five-year exclusivity extension if approved for the treatment of either pathogen. In addition, the Company will apply for Fast-Track status as soon as it has developed data which will support the application. Being assigned Fast-Track status will aid in more interactions with the FDA, a priority review, and a rolling submission.

ATI-1701

Appili licensed the exclusive worldwide rights to biodefense vaccine candidate ATI-1701 from the National Research Council of Canada (“NRC”) in December 2017.

ATI-1701 is a novel, live-attenuated vaccine for *Francisella tularensis* (“*F. tularensis*”). *F. tularensis*, which causes tularemia, is a Category A pathogen which can be aerosolized and is over 1,000 times more infectious than anthrax when inhaled (PHAC PSDS Anthrax 2011, PHAC PSDS Tularemia 2011). Category A pathogens are organisms or biological agents that, according to the National Institutes of Health (“NIH”), pose the highest risk to National Security and public health (NIH website). The signs, symptoms, and prognosis of tularemia depends on the route of infection. Pneumonic tularemia, caused by inhalation of *F. tularensis*, is among the most severe forms of tularemia, causing respiratory issues and difficulty breathing in patients and can be fatal if untreated, (CDC 2018, WHO 2007). Since it is a highly infectious pathogen capable of causing severe illness, medical counter measures for *F. tularensis* are a top biodefense priority for the United States and governments around the world. There is currently no approved vaccine for the prevention of tularemia in the United States or other major global markets.

Preliminary studies in mice conducted by the NRC and colleagues have demonstrated 100% survival of ATI-1701-immunized mice compared to no survival in unvaccinated mice (Conlan 2010, Shen 2010). Drug manufacturing activities have been initiated and animal work commenced in 2019. Preliminary data from an ongoing non-human primate study showed a protective effect from ATI-1701 when animals were challenged with a lethal dose of *F. tularensis* 28 days after vaccination, and complete (100% survival) protection from lethal challenge 90 days after vaccination. Analysis of data is ongoing from an additional experiment where non-human primates were challenged at 365 days post-vaccination. Once complete, this will be followed by pivotal animal studies as well as a human safety Phase 1 study targeted to start in 2023.

ATI-1701 activities have been, and are continuing to be, funded with Appili’s current resources and grant funding received from the US Defense Threat Reduction Agency (“DTRA”). DTRA has decided to transfer the manufacturing to a new CDMO and has requested Appili to provide an updated proposal to include this and other development activities.

ATI-1503

The ATI-1503 program objectives include the development of a new class of Gram-negative targeting antibiotic. The ATI-1503 program builds off the molecular structure of negamycin, a naturally-occurring compound that can kill Gram-negative bacteria, with multiple attractive drug-like properties that support its development. Negamycin has a novel, well-characterized mechanism of action. The molecule has activity against a wide range of Gram-negative bacteria, has a low frequency of resistance, high solubility, and favourable pharmacokinetic properties (Guo 2015, McKinney 2015, Olivier 2014, Polikanov 2014) that support further development of the ATI-1503 program.

The ATI-1503 development team has identified two novel and structurally-distinct lead series based on the negamycin scaffold, each of which has exhibited over 10-fold increases in antibiotic activity compared to the parent negamycin compound. These lead compounds now have low, single-digit minimum inhibitory concentrations (“MICs”) against many Gram-negative bacteria, including carbapenem-resistant *Enterobacteriaceae* and *Acinetobacter*, both of which are top priorities for the CDC. These analogues have demonstrated *in vivo* proof-of-concept against *Klebsiella* and *Escherichia*. These most promising compounds continue to advance through Appili’s structured preclinical screening and evaluation, including multiple *in vivo* efficacy animal models, safety screening, and pharmacokinetic evaluations.

Characterization of *in vivo* toxicology is currently ongoing. Compounds that successfully complete this preclinical development process may be nominated as clinical candidates for investigational new drug (“IND”) enabling studies. In order to support IND enabling studies, the manufacturing route had to be optimized as the original synthetic route was only capable of generating milligram to gram quantities of material. The newly developed manufacturing process

is now amenable to scale up to 100-gram amounts. While Appili has been investigating the characteristics of one of the structural analogs, the Company recognizes that the negamycin molecular structure could potentially yield multiple structurally similar compounds with distinct efficacy, safety, and pharmacokinetic profiles suitable for parallel development. The Company may elect to continue pursuing additional optimization activities to produce follow-on compounds with additional clinical potential and value.

ATI-1503 activities are continuing to be, funded with Appili's current resources and grant funding received from the NRC Industrial Research Assistance Program and the U.S. government's Peer Reviewed Medical Research Program ("PRMRP").

ATI-1501

ATI-1501 is a taste-masked liquid oral suspension formulation of the antibiotic metronidazole. Metronidazole is a front-line antibiotic for the treatment of anaerobic bacterial and parasitic infections (Quintiles 2016, Solomkin 2010, Flagyl® FDA Label 2018). In many jurisdictions, including the United States and Canada, the only approved oral metronidazole products are in solid dose formats. Elderly and pediatric patients with difficulty swallowing typically have to crush the tablets to ingest them. Metronidazole also has a strong bitter and metallic taste that is exacerbated by crushing and can reduce patient adherence to treatment. ATI-1501 is aimed at making it easier for patients with difficulties swallowing and sensitivity to taste to take metronidazole, supporting adherence and clinical outcomes.

The primary commercialization focus for ATI-1501 is the United States market. To be marketed in the United States, ATI-1501 must be approved by the FDA. Since ATI-1501 is a reformulation of an approved pharmaceutical product, the Company expects it to qualify for FDA approval pursuant to Section 505(b)(2) of the FDA Act. The 505(b)(2) regulatory pathway allows companies to use previously published clinical data about the approved active ingredient as part of its application package, a feature that has the potential to reduce clinical costs and time to approval. The quantity of new clinical data required for a 505(b)(2) application is dependent on the reformulation in question and is determined in consultation with the FDA. If the application via the 505(b)(2) pathway is successful, ATI-1501 is expected to be approved for the same approved indications for which metronidazole is currently approved.

In December 2019, Appili entered into a development and commercialization agreement with Saptalis Pharmaceuticals LLC ("Saptalis") for the manufacturing development and commercialization of ATI-1501. Under the terms of the agreement, Appili is eligible to receive multiple milestone and royalty payments on the development and sale of ATI-1501 in the United States. In addition, Saptalis will be responsible for overseeing the regulatory review, manufacturing and preparation for the filing of an NDA with the FDA expected in 2022, as well as the anticipated commercialization of ATI-1501 in the United States, which are the next major development milestones for ATI-1501. Upon signing the commercialization agreement with Saptalis, the Company received the initial upfront payment of USD\$150,000 that was recognized as revenue in December 2019. As of November 2020, Saptalis requested and obtained several Type C meetings with the FDA to discuss potential adjustments to the formulation. The FDA accepted the changes in the formulation on condition of an additional bioequivalence study to be completed. Saptalis is planning this study for December 2021, with the expectation of filing the NDA in 2022.

COVID-19

The World Health Organization declared the outbreak of COVID-19, a global pandemic and a result, governmental authorities had to introduce measures to limit the impact of the pandemic, which resulted in a disruption and collapse of business activities for many organizations. As a result of COVID-19, currently, some of the development activities in Appili's product candidates have been delayed (including as a result of Appili's decision to prioritize its resources towards the development of favipiravir).

We continue to monitor the COVID-19 situation. In addition to adhering to directives from public health officials, we have implemented a pandemic contingency plan to guide our employees, contractors, visitors, facilities and operations. Our plan has included identifying essential business activities to help ensure continuity of business, ensuring social distancing and mask wearing in our offices and operation sites, allowing all employees to continue to work from home, continuing to ask business partners to engage us by telephone or video conference where possible, limiting business travel and requiring self-isolation for employees who have been in close contact with someone who has tested positive COVID-19, as well as increasing the frequency and emphasis on cleaning and sanitizing. As the COVID-19 health

crisis further develops, we will continue to rely on guidance and recommendations from local health authorities and the Centers for Disease Control and Prevention to update our policies.

The extent to which COVID-19 will continue to impact the Company's operations will depend on future developments which are highly uncertain and cannot be predicted with confidence. The continued spread of COVID-19 globally could adversely impact the Company's operations, including among others, manufacturing supply chain and clinical trial activities and timelines, which could have an impact on business and financial results.

The milestones set out in this document are based on management's current expectations with respect to the development and advancement of the Company's products and are subject to certain underlying assumptions and general risks. Due to the nature of the Company's business and stage of operations, there is no assurance that these objective will be achieved, and there can be no assurance with respect to the time or resources that may be required.

Our Business Strategy

The Company was founded to acquire, develop and commercialize novel therapeutics in the area of infectious disease. The strategic decision to focus on infectious disease was driven by the large unmet clinical need in the therapeutic area, as well as the increasing number of regulatory and financial incentives available to support anti-infective R&D. The Company has recruited a team of experienced drug development and commercialization professionals to, among other things: (i) identify high value commercial and R&D anti-infective assets, (ii) leverage available incentive programs to accelerate development, and (iii) maximize market access, reimbursement, and partnerships and alliances to realize stakeholder value. The Appili team has built a portfolio of anti-infective assets through internal innovation and acquisition from partners, and is actively evaluating additional antiviral, antibacterial, antifungal, antiparasitic and vaccine assets for acquisition or partnership.

RECENT DEVELOPMENTS

Overall Performance

The Company has no product revenues, so its ability to ensure continuing operations is dependent on obtaining necessary financing to complete the development of the Company's anti-infective portfolio, which includes five major programs: ATI-2307, ATI-1701, ATI-1503, ATI-1501 and sponsored clinical trials of favipiravir.

The Company had the following recent key developments and achievements during and after Q2 2022:

- On November 12, 2021, the Company announced that the Phase 3 PRESECO clinical trial evaluating oral favipiravir for the treatment of mild-to-moderate COVID-19 did not achieve statistical significance on the primary endpoint of time to sustained clinical resolution. Additional analyses of the trial data are ongoing.
- On October 14, 2021, the Company completed a prospectus offering ("**October 2021 Prospectus Offering**") of 8,434,000 units (each, a "**October 2021 Unit**") at a price of \$0.83 per unit, for aggregate gross proceeds of \$7,000,220. Each October 2021 Unit consisted of one Common Share and one-half of one Common Share purchase warrant, with each whole warrant entitling the holder to acquire one Common Share at an exercise price of \$1.10 for a period of 3 years, expiring on October 14, 2024. Total costs associated with the October 2021 Prospectus Offering are estimated to be approximately \$943,975, including cash costs for commissions of \$490,015, professional fees and regulatory costs of approximately \$206,000 and 590,380 compensation warrants issued as commissions to the agents valued at approximately \$247,960. Each compensation warrant entitles the holder to acquire one Common Share at an exercise price of \$0.83 for a period of 2 years, expiring on October 14, 2023.
- On September 29, 2021, the Company announced a strategic alliance (the "**AiPharma Strategic Alliance**") with AiPharma to advance the global development of Avigan®/Reeqonus™ (favipiravir). Under the terms of the equity transaction, AiPharma will receive that number of Common Shares as is equal to 24% of the issued and outstanding Common Shares immediately prior to the Definitive Agreement (calculated on a non-diluted basis). AiPharma has also been granted certain investor rights, including pre-emptive rights, certain consent rights and registration rights (which rights will be extinguished if the AiPharma holdings fall below

10% of the issued and outstanding Common Shares). It is expected that AiPharma will hold approximately 17.5% of the issued and outstanding Common Shares immediately following closing, which is expected in the last quarter of 2021. In exchange, Appili is expected to receive 6% of issued and outstanding AiPharma shares, calculated as of the date of the Definitive Agreement on a non-diluted basis.

- On September 17, 2021 and September 23, 2021, the Company announced it had completed patient enrollment in the viral shedding sub-study portion of its Phase 3 PRESECO and enrolled the last patient in the Phase 3 PRESECO clinical trial, respectively.
- On August 9, 2021, the Company announced that it had entered into a \$3.5 million convertible security funding agreement (the “**Lind Funding Agreement**”) with Lind Global Fund II, LP (“**Lind**”). Lind is an investment entity managed by The Lind Partners, a New York based institutional fund manager (“**The Lind Partners**”). On August 18, 2021, the Company announced the closing of the financing with Lind, pursuant to which Lind made a \$3.5 million investment in exchange for the issuance by the Company of a secured convertible security (the “**Lind Convertible Security**”) with a principal amount of \$4.095 million and a 24-month maturity date. The Company received net proceeds of \$3.395 million from the transaction (excluding transaction expenses). The Company has the option to buy back the Lind Convertible Security in the first 180 days at a value of \$3,794,000 (the “**Buy-Back Option**”). If the Company chooses the Buy-Back Option, Lind has the option of converting 25% of \$3,794,000 into common shares of the Company (“**Lind Conversion Buy-Back Option**”) at a price equal to 85% of the volume weighted average price per share for the five consecutive trading days immediately prior to the conversion date. As a part of the Lind Funding Agreement, the Company also issued to Lind 2,209,874 common share purchase warrants exercisable for a term of 48 months at an exercise price of \$0.95 per share.

SELECTED FINANCIAL INFORMATION

	Three months ended September 30, 2021 (\$)	Three months ended September 30, 2020 (\$)
Net loss and comprehensive loss for the period	(11,176,662)	(2,475,533)
Basic and diluted loss per share	(0.18)	(0.04)

	As at September 30, 2021	As at March 31, 2021
Cash and short-term investments	10,004,881	16,124,791
Total assets	11,892,590	18,316,955
Long-term liabilities	3,801,257	1,032,600

RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021 (“Q2 2022”), COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2020 (“Q2 2021”)

	<u>Three months ended September 30, 2021</u> (\$)	<u>Three months ended September 30, 2020</u> (\$)
Income		
Interest income	4,937	46,116
	<u>4,937</u>	<u>46,116</u>
Expenses		
Research and development (“ R&D ”)	10,028,364	1,115,278
General and administration (“ G&A ”)	1,114,877	1,406,660
Business development (“ BD ”)	191,498	176,201
Accreted interest	136,182	9,300
Government assistance	(297,823)	(185,790)
	<u>11,173,098</u>	<u>2,521,649</u>
Loss and comprehensive loss before taxes	<u>(11,168,161)</u>	<u>(2,475,533)</u>
Income taxes		
Income tax expense	8,501	-
Net loss and comprehensive loss	<u>(11,176,662)</u>	<u>(2,475,533)</u>

Income

i. Interest income

Interest income decreased by \$41,179 to \$4,937 during Q2 2022 compared to \$46,116 in Q2 2021, due to a lower cash and short-term investments balance during Q2 2022.

Operating expenses

Overall operating expenses increased by \$8,651,449 to \$11,173,098 during Q2 2022 compared to \$2,521,649 in Q2 2021 due mainly to an increase of \$8,913,086 in R&D activities, an increase of \$15,297 in BD costs, and an increase in accreted interest of \$126,882. This was offset by a decrease in G&A costs of \$291,783 and an increase in government assistance of \$112,033. Explanations of the nature of costs incurred, along with explanations for those changes in costs are discussed below.

i. R&D expenses

The Company’s R&D expenses have related primarily to costs incurred in performing research and development activities that include non-clinical, clinical manufacturing, regulatory and clinical trial expenses of its product candidates. The R&D expenses for the period relate to costs incurred for the development of all five product candidates, including favipiravir, ATI-1501, ATI-1503, ATI-1701, ATI-2307, and general R&D.

Specifically, the Company’s R&D expenses for favipiravir include clinical site expenses, fees paid to the contract research organizations (“**CROs**”) associated with the ongoing clinical trials, clinical manufacturing, consulting costs, clinical trial insurance and regulatory fees. ATI-2307 expenses include clinical manufacturing costs, clinical

consultants and Phase 2 clinical trial preparation activities. For ATI-1701, expenses include license fees, patent costs, stability testing and regulatory costs. For ATI-1503, R&D expenses include non-clinical costs which include laboratory materials, chemicals and supplies, pre-clinical biological studies, out-sourced manufacturing, and costs for optimizing the pre-clinical manufacturing process. Finally, the ATI-1501 R&D activities include intellectual property management costs. R&D costs also include the salaries and benefits and stock-based compensation expenses of the CDO, CMO and the regulatory, clinical, preclinical, manufacturing and research staff. General R&D includes consulting fees paid to various independent contractors with specific research and development expertise required by the Company, as well as rental of laboratory facilities, insurance and non-material research projects.

R&D expenses consist of the following:

	<u>Three months ended September 30, 2021</u> (\$)	<u>Three months ended September 30, 2020</u> (\$)
Favipiravir expenses	9,129,950	484,386
ATI-2307 expenses	172,617	116,027
ATI-1701 expenses	67,616	70,446
ATI-1503 expenses	26,637	19,638
ATI-1501 expenses	3,224	29,590
General R&D expenses	17,839	17,866
Amortization of property and equipment	1,836	2,250
Salaries and benefits	475,690	272,392
Stock-based compensation	132,955	102,683
Total	<u>10,028,364</u>	<u>1,115,278</u>

The increase in R&D expenses of \$8,913,086 from \$1,115,278 in Q2 2021 to \$10,028,364 in Q2 2022 is mainly attributable to a \$8,645,564 increase in the favipiravir clinical trials, a \$203,298 increase in salaries and benefits, a \$56,590 increase in the ATI-2307 program, a \$30,272 increase in stock-based compensation, and a \$6,999 increase in the ATI-1503 program. These increases were offset by a \$26,366 decrease in the ATI-1501 program, a \$2,830 decrease in the ATI-1701 program and immaterial decreases in general R&D expenses and amortization.

Favipiravir

The increase in favipiravir expenses is due to the increased clinical expenses paid to the CROs for the PRESECO trial in Q2 2022 due to the increased number of sites and patients enrolled in the US and expanding the study to Brazil and Mexico. The increase is also due to the increased clinical trial insurance, increased statistician costs and increased costs for the quality assurance audits and DSMB meetings.

ATI-2307

The increase in ATI-2307 expenses is due to the increased clinical manufacturing costs and in biological testing performed in Q2 2022 in comparison to Q2 2021.

ATI-1701

The decrease in expenses related to the ATI-1701 program is due to a decrease in IP management costs, offset by increases in pre-clinical manufacturing and clinical manufacturing costs in Q2 2022 in comparison to Q2 2021.

ATI-1503

The increase in expenses related to the ATI-1503 program is due to increased biological testing, offset by decreased consulting fees in Q2 2022 in comparison to Q2 2021.

ATI-1501

The decrease in expenses related to the ATI-1501 program is due to lower IP management and regulatory costs.

General R&D Expenses

There was an immaterial decrease in general R&D expenses in Q2 2022 in comparison to Q2 2021.

Salaries and Benefits and Stock-based compensation

Increases in salaries and benefits in Q2 2022 are mainly due to staff changes. The increase in stock-based compensation expenses is due to stock options being issued since Q2 2021.

ii. G&A expenses

The Company's G&A expenses include salaries and benefits of the senior executive team and the finance and administrative staff, stock-based compensation expenses, professional fees including legal, auditing and tax, costs associated with the public listing on the TSX, regulatory, investor relations and public relations costs, travel expenses, office rent, operating and information technology costs, director compensation, and directors' and officers' insurance premiums.

G&A expenses consist of the following:

	<u>Three months ended September 30, 2021 (\$)</u>	<u>Three months ended September 30, 2020 (\$)</u>
G&A expenses, excluding salaries	484,323	750,430
Salaries and benefits	213,045	292,539
Stock-based compensation	416,131	362,243
Amortization of property and equipment	1,378	1,448
Total	<u>1,114,877</u>	<u>1,406,660</u>

G&A expenses decreased by \$291,783 from \$1,406,660 in Q2 2021 to \$1,114,877 in Q2 2022 due to a \$266,107 decrease in G&A expenses excluding salaries and benefits, a \$79,494 decrease in salary and benefits and an immaterial decrease in amortization, offset by an increase of \$53,888 in stock-based compensation.

G&A expenses, excluding salaries

G&A expenses, excluding salaries, for Q2 2022 decreased by \$266,107 mainly due to decreases in business advisory costs, regulatory fees, legal fees, government grants consulting costs and public relations costs. These decreases are offset by increases in investor relations and insurance costs.

Salaries and Benefits and Stock-based compensation

Salaries and benefits decreased in Q2 2022 by \$79,494 due mainly to staffing changes. The increase in stock-based compensation in Q2 2022 in comparison to Q2 2021 is due to stock options granted since Q2 2021.

iii. BD expenses

BD expenses consist of new program acquisition research costs and business development office rent.

BD expenses increased by \$15,297 due to increased costs associated with evaluating strategic partnerships in Q2 2022, offset by decreased stock-based compensation expense due to staffing changes.

iv. Accreted Interest

Accreted interest relates to the valuation of zero interest bearing government loans which are repayable based on a percentage of future gross revenue or are repayable over 84 or 120 months, as well as the valuation of the Company's convertible security with Lind.

Under IFRS, the zero-interest bearing government loans from the Atlantic Canada Opportunities Agency ("ACOA") must be initially valued at fair value and the difference between the fair value of the loans and the contribution received must be treated as government assistance. These loans are then accreted to their original value over time. For the loan repayable on a percentage of future gross revenue from ATI-1501, management is required to revise the estimated cash flows whenever new information related to ATI-1501 and its potential market, including time of entry, market size, etc., is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate and any adjustments are recognized in the statements of loss and comprehensive loss as accreted interest after initial recognition.

Also, under IFRS, the convertible security is accounted for as a compound financial instrument with a liability component and an embedded derivative component classified as two separate liabilities. The fair value of the liability component was calculated using the discounted cashflow method using a discount rate of 12.10% based on the estimated discount rate of comparable debt. The discount on the liability component is being accreted over the term of the Convertible Security, utilizing the effective interest rate method at a 12.10% discount rate. On issuance, the fair value of the convertible security, determined with the use of a valuation technique that includes unobservable inputs, was \$3,909,981, which along with the warrants valued at \$614,604 as described in note 12, resulted in a loss of \$1,129,585 compared to the funding proceeds received of \$3,395,000. The Company determined that this loss cannot be recognized immediately in the interim condensed consolidated statement of loss and comprehensive loss, but rather should be deferred against the liability components and realized over the term of the Convertible Security in the accreted interest expense, as factors that a market participant would include in pricing the instrument, including time, become observable. In addition, the change in the valuation of the embedded derivative is also included in accreted interest.

The increase of accreted interest by \$126,882 from \$9,300 in Q2 2021 to \$136,182 in Q2 2022 is due mainly to the accreted interest associated with the amortization of the convertible security, as well as the accretion and payments of the ACOA loans.

v. Government assistance

Government assistance consists of investment tax credits, conditionally repayable government loans, repayable government loans and government grants.

Government assistance increased by \$112,033 from \$185,790 in Q2 2021 to \$297,823 in Q2 2022. This is due mainly to increased R&D costs incurred in Q2 2022, which has increased the value of the investment tax credits, compared to Q2 2021.

vi. Income tax expense

Income tax expense was due on profits recognized in the US subsidiary, which was created on October 8, 2020.

vii. Net loss and comprehensive loss

The net loss and comprehensive loss were \$11,176,662 for Q2 2022, a difference of \$8,701,129 compared to the net loss and comprehensive loss of \$2,475,533 for Q2 2021.

RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021, COMPARED TO THE SIX MONTHS ENDED SEPTEMBER 30, 2020

	Six months ended September 30, 2021 (\$)	Six months ended September 30, 2020 (\$)
Net loss and comprehensive loss for the period	(18,545,854)	(5,073,671)
Basic and diluted loss per share	(0.30)	(0.09)

	Six months ended September 30, 2021 (\$)	Six months ended September 30, 2020 (\$)
Income		
Interest income	21,436	67,667
	<u>21,436</u>	<u>67,667</u>
Expenses		
R&D	16,129,809	2,686,260
G&A	2,245,740	2,444,577
BD	572,160	322,562
Accreted interest	160,973	8,400
Government assistance	(570,991)	(320,461)
	<u>18,537,691</u>	<u>5,141,338</u>
Loss and comprehensive loss before taxes	<u>(18,516,255)</u>	<u>(5,073,671)</u>
Income taxes		
Income tax expense	29,599	-
Net loss and comprehensive loss	<u>(18,545,854)</u>	<u>(5,073,671)</u>

Income

Interest income decreased by \$46,231 to \$21,436 during the six months ended September 30, 2021 compared to \$67,667 in the six months ended September 30, 2020 due to a higher cash balance during the six months ended September 30, 2020.

Operating expenses

Overall operating expenses increased by \$13,396,353 to \$18,537,691 during the six months ended September 30, 2021, compared to \$5,141,338 in the six months ended September 30, 2020 due to an increase in R&D expenses by \$13,443,549, an increase in BD expenses of \$249,598, and an increase in accreted interest of \$152,573. These increases were offset by a decrease in G&A expenses of \$198,837 and an increase of government assistance of \$250,530. Explanations of the nature of costs incurred, along with explanations for those changes in costs are discussed below.

i. R&D expenses

The Company's R&D expenses have related primarily to costs incurred in performing R&D activities that include non-clinical, clinical manufacturing, regulatory and clinical trial expenses of its product candidates. The R&D expenses for the period relate to costs incurred for the development of all five product candidates, including favipiravir, ATI-1501, ATI-1503, ATI-1701, ATI-2307, and general R&D.

R&D expenses consist of the following:

	<u>Six months ended September 30, 2021</u> (\$)	<u>Six months ended September 30, 2020</u> (\$)
Favipiravir expenses	14,407,286	1,508,085
ATI-2307 expenses	321,329	366,793
ATI-1701 expenses	90,643	92,550
ATI-1503 expenses	24,044	39,714
ATI-1501 expenses	4,223	43,363
General R&D expenses	65,462	30,688
Amortization of property and equipment	3,671	4,544
Salary and benefits	995,818	482,543
Stock-based compensation	217,333	117,980
Total	<u>16,129,809</u>	<u>2,686,260</u>

The increase in R&D expenses by \$13,443,549 from \$2,686,260 in the six months ended September 30, 2020, to \$16,129,809 in the six months ended September 30, 2021 is mainly attributable to a \$12,899,201 increase in the Favipiravir program, a \$513,275 increase in salary and benefits, a \$99,353 increase in stock based compensation and a \$34,774 increase in general R&D expenses. These increases were offset by a \$45,464 decrease in the ATI-2307 program, a \$39,140 decrease in the ATI-1501 program, a \$15,670 decrease in the ATI-1503 program, a \$1,907 decrease in the ATI-1701 program, as well as immaterial fluctuations in amortization.

Favipiravir

The increase in favipiravir costs is due mainly to increased clinical expenses paid to the CROs for the PRESECO trial due to increased number of sites and patients enrolled in the US and expanding the study to Brazil and Mexico. There were also increased costs for clinical trial insurance, statistician costs, quality assurance audits and DSMB meetings. These increases were offset by decreases in clinical manufacturing costs.

ATI-2307

The expenses related to the ATI-2307 program are mainly clinical manufacturing costs, and patent fees in various jurisdictions in the six months ended September 30, 2021, compared to the six months ended September 30, 2020 which included patent fees, biological testing performed and manufacturing technology transfer costs and analysis.

ATI-1701

The decrease in the ATI-1701 costs is due to a decrease in intellectual property management costs, offset by increases in manufacturing costs in the six months ended September 30, 2021, in comparison to the six months ended September 30, 2020.

ATI 1503

The decrease in ATI-1503 costs is due to a decrease in consulting fees paid as a result of the change of development activities for the program, offset by increased biological testing for the six months ended September 30, 2021.

ATI-1501

The decreased costs in the ATI-1501 program for the six months ended September 30, 2021 in comparison to the six months ended September 30, 2020 is due to decreased regulatory costs.

General R&D Expenses

The increase in general R&D expenses is mainly due to increased R&D consulting fees incurred during the six months ended September 30, 2021.

Salary and Benefits and Stock based compensation

Salary and benefits increased in the six months ended September 30, 2021 due mainly due to staff changes.

The increase in stock-based compensation expense is due to stock options being granted in the six months ended September 30, 2021.

ii. G&A expenses

The Company's G&A expenses include salary and benefits of the senior executive team and the finance and administrative staff, stock-based compensation expenses, professional fees including legal, auditing and tax, costs associated with the public listing on the TSX Venture Exchange and graduation to the TSX, regulatory, investor relations and public relations, travel expenses, office rent, operating and information technology costs, director compensation, and directors' and officers' insurance premiums.

G&A expenses consist of the following:

	<u>Six months ended September 30, 2021</u> (\$)	<u>Six months ended September 30, 2020</u> (\$)
General and administrative expenses, excluding salaries	1,000,077	1,351,610
Salary and benefits	495,656	579,900
Stock-based compensation	747,354	510,472
Amortization of property and equipment	2,653	2,595
Total	<u>2,245,740</u>	<u>2,444,577</u>

G&A expenses decreased by \$198,837 from \$2,444,577 in the six months ended September 30, 2020 to \$2,245,740 in the six months ended September 30, 2021 due to a \$351,533 decrease in G&A expenses, excluding salaries, and a \$84,244 decrease in salaries and benefits and an immaterial fluctuation in amortization. These decreases were offset by a \$236,882 increase in stock-based compensation.

G&A expenses, excluding salaries

G&A expenses, excluding salaries for the six months ended September 30, 2021 decreased mainly due to decreases in business advisory costs, regulatory costs, government grants and relations consulting costs, legal fees as well as decreased advertising and promotion costs. These decreases are offset by increases in insurance costs, investor relations costs and audit fees.

Salary and Benefits and Stock-based compensation

Salaries and benefits decreased in the six months ended September 30, 2021 by \$84,244 due mainly to staffing changes.

The increase in stock-based compensation in the six months ended September 30, 2021 by \$236,882 in comparison to the six months ended September 30, 2020 is due to options being granted in the six months ended September 30, 2021.

iii. BD expenses

BD expenses consist of new program research and associated legal costs, and business development office rent.

BD expenses increased by \$249,598 due to increased costs associated with evaluating strategic partnerships, offset by decreased BD advisory services in the six months ended September 30, 2021.

iv. Accreted Interest

Accreted interest relates to the valuation of zero interest bearing government loans which are repayable based on a percentage of future gross revenue or are repayable over 84 or 120 months, as well as the valuation of the Company's convertible security with Lind.

Under IFRS, these zero-interest bearing government loans from ACOA must be initially valued at fair value and the difference between the fair value of the loans and the contribution received must be treated as government assistance. These loans then are then accreted to their original value over time. For the loan repayable on a percentage of future gross revenue from ATI-1501, management is required to revise the estimated cash flows whenever new information related to ATI-1501 and its potential market is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate and any

adjustments are recognized in the statements of loss and comprehensive loss as accreted interest after initial recognition.

Also, under IFRS, the convertible security is accounted for as a compound financial instrument with a liability component and an embedded derivative component classified as two separate liabilities. The fair value of the liability component was calculated using the discounted cashflow method using a discount rate of 12.10% based on the estimated discount rate of comparable debt. The discount on the liability component is being accreted over the term of the Convertible Security, utilizing the effective interest rate method at a 12.10% discount rate. On issuance, the fair value of the convertible security, determined with the use of a valuation technique that includes unobservable inputs, was \$3,909,981, which along with the warrants valued at \$614,604 as described in note 12, resulted in a loss of \$1,129,585 compared to the funding proceeds received of \$3,395,000. The Company determined that this loss cannot be recognized immediately in the interim condensed consolidated statement of loss and comprehensive loss, but rather should be deferred against the liability components and realized over the term of the Convertible Security in the accreted interest expense, as factors that a market participant would include in pricing the instrument, including time, become observable. In addition, the change in the valuation of the embedded derivative is also included in accreted interest.

The increase of accreted interest by \$152,573 from \$8,400 in the six months ended September 30, 2020 to \$160,973 in the six months ended September 30, 2021 is due mainly to the accreted interest associated with the amortization of the convertible security, as well as the accretion and payments of the ACOA loans.

v. Government assistance

Government assistance consists of investment tax credits, conditionally repayable government loans, repayable government loans and government grants.

Government assistance increased by \$250,530 from \$320,461 in the six months ended September 30, 2020 to \$570,991 in the six months ended September 30, 2021. This is due mainly to increased R&D costs incurred in the six months ended September 30, 2021, which has increased the value of the investment tax credits, compared to the six months ended September 30, 2020.

vi. Income tax expense

Income tax expense was due on profits recognized in the US subsidiary, which was created on October 8, 2020.

vii. Net loss and comprehensive loss

The net loss and comprehensive loss were \$18,545,854 for the six months ended September 30, 2021, which was \$13,472,183 higher than the net loss and comprehensive loss of \$5,073,671 for the six months ended September 30, 2020.

SUMMARY OF QUARTERLY RESULTS

The following consolidated quarterly data was drawn from the audited annual consolidated financial statements and the unaudited interim condensed consolidated financial statements. The information is reported on an IFRS basis.

Quarterly Ended In	Total Income (\$)	Total Expenses (\$)	Loss (\$)	Basic and Diluted Loss Per Share (\$)
Q2 – September 30, 2021	4,937	11,181,599	(11,176,662)	(0.18)
Q1 – June 30, 2021	16,499	7,385,691	(7,369,192)	(0.12)
Q4 - March 31, 2021	19,140	5,004,239	(4,985,099)	(0.08)
Q3 – December 31, 2020	30,146	4,296,488	(4,266,342)	(0.07)
Q2 – September 30, 2020	46,116	2,521,649	(2,475,533)	(0.04)
Q1 – June 30, 2020	21,551	2,619,689	(2,598,138)	(0.05)
Q4 - March 31, 2020	7,394	1,294,467	(1,287,073)	(0.04)
Q3 – December 31, 2019	206,079	1,386,670	(1,180,591)	(0.04)

CASH FLOWS

At September 30, 2021, the Company had cash and short-term investments of \$10,004,881 and negative working capital of \$3,287,283 compared to \$16,124,791 and \$13,645,167, respectively as at March 31, 2021.

To date, operations have been financed through the issuance of equity securities, interest income on funds available for investment, government loans and assistance and tax credits.

Operating activities

During the six months ended September 30, 2021, \$9,341,241 was used in operating activities, including a reported net loss of \$18,545,854 prior to being decreased by \$999,984, \$160,973 \$10,862, and \$6,323 for non-cash items which include stock-based compensation, accreted interest, unrealized loss from changes in foreign currency, and amortization, respectively. This was offset by a net increase of cash of \$8,026,471 as a result of changes in working capital.

Financing activities

During the six months ended September 30, 2021, the Company received proceeds of \$3,500,000 from the issuance of a convertible security, offset by costs associated with the issuance of \$223,775, allocated between the convertible debt and the warrants issued. The Company also received proceeds of \$43,721 through the exercise of warrants. This is offset by \$47,636 and \$36,836 for the payment of accreted interest involving cash and the repayment of long term debt, respectively in the six months ended September 30, 2021.

Investing activities

During the six months ended September 30, 2021, the Company received proceeds of \$5,041,558 when multiple guaranteed investment certificates matured.

LIQUIDITY AND CAPITAL RESOURCES

The Company prepares and updates the cash flow forecasts on a regular basis to manage the Company's liquidity, ensuring that the Company has sufficient cash to meet operational needs.

The Company aims to maintain adequate cash and cash resources to support planned activities which include: clinical trial costs, including regulatory, third-party CRO's and manufacturing for the clinical trials for favipiravir; regulatory, clinical manufacturing, non-clinical studies and Phase 2 clinical trial preparation for ATI-2307; supportive activities for pre-IND and IND-enabling activity costs for ATI-1701 including regulatory, manufacturing and non-clinical activities; chemistry and biological testing expenses to identify a clinical candidate for ATI-1503; other early-stage R&D activities on other exploratory programs; business development costs incurred relating to assessing and evaluating new drug product candidates that fit within the Company's strategic focus; administration costs, and intellectual property maintenance and expansion.

It is common for early-stage biotechnology companies to require additional funding to further develop product candidates until successful commercialization of at least one product candidate. Appili's product candidates are still in the development stage of the product cycle and therefore are not generating revenue to fund operations. The Company continuously monitors its liquidity position, the status of its development programs, including those of its partners, cash forecasts for completing various stages of development, the potential to license or co-develop each product candidate, and continues to actively pursue alternatives to raise capital, including the sale of its equity securities, debt and non-dilutive funding.

At September 30, 2021, the Company had approximately \$11.51 million of existing and identified potential sources of cash including:

- cash and short-term investments of \$10 million; and
- amounts receivable and investment tax credits receivable of \$1.51 million.

The Company was previously granted a three-year U.S. PRMRP award for up to USD\$3.0 million to fund the Company's ATI-1503 program, of which the Company had only drawn down approximately USD\$0.78 million as of September 30, 2021 and has less than one year left to draw down on the remaining amount. The Company also has a USD\$6.3 million DTRA grant, of which USD\$1.7 million should be received directly by the Company and the remaining will fund the development costs for the ATI-1701 program indirectly. The DTRA grant is currently in the process of being moved to a new CDMO and the Company is in the process of submitting a new statement of work. As of September 30, 2021, the Company had drawn down USD\$0.076 million of the previously announced funding.

Subsequent to September 30, 2021, the Company received approximately \$7 million in gross proceeds from the October 2021 Prospectus Offering.

Going Concern

While the Company has cash resources of \$11.51 million as at September 30, 2021 and the recently received approximately \$7 million from the October 2021 Prospectus Offering, as well as access to the remaining PRMRP government grant and potentially the remaining DTRA grant, management does not believe it will be sufficient to fund operations and current working capital requirements, for the next twelve months, unless further financing is obtained in the near term. The ability of the Company to continue as a going concern and finance its current working capital requirements in the near term is dependent upon raising additional capital to fund the Company's R&D activities, general and administration expenses and any expansion of operations through equity financings, non-dilutive funding and partnerships. As there can be no assurance that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company, there is substantial doubt about the Company's ability to continue as a going concern. The Company is currently analyzing financing alternatives that could include equity and/or debt financings, and/or new strategic partnership agreements to fund some or all costs of development. There can be no assurance that the Company will be able to obtain the capital sufficient to meet any or all of the Company needs. The availability of equity or debt financing will be affected by, among other things, the recent results of the favipiravir clinical trial and other R&D activity, the Company's ability to obtain regulatory approvals, the market acceptance of the Company's products, the state of the capital markets generally, strategic alliance agreements and

other relevant commercial considerations. In addition, if the Company raises additional funds by issuing equity securities, the existing security holders will likely experience dilution, and any incurring of indebtedness would result in increased debt service obligations and could require the Company to agree to operating and financial covenants that would restrict the Company's operations. There can be no assurance that the Company will have sufficient capital to fund its ongoing operations, develop or commercialize any products without future financings. Any failure on Appili's part to raise additional funds on terms favorable or at all may require the Company to significantly change or curtail the current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in the Company not taking advantage of business opportunities, in the termination or delay of clinical trials for our products, in curtailment of the product development programs designed. Such adjustments or delays could be material. In addition, failure to secure additional financing as required to fund current working capital requirements may result in the Company defaulting under its existing long term debt arrangements, which may result in the acceleration of obligations under such arrangements.

JUNE 2020 EQUITY OFFERING AND USE OF PROCEEDS

On June 10, 2020, the Company completed an offering of 12,937,500 units of the Company (each, a "**June 2020 Unit**") at a price of \$1.20 per June 2020 Unit, for aggregate proceeds of \$15,525,000 (the "**June 2020 Offering**"). The Company intended to use the net proceeds of the June 2020 Offering to fund the sponsoring of favipiravir clinical trials for COVID-19, and R&D activities for the Company's three other product candidates including ATI-2307, ATI-1701, and ATI-1503, as well as for working capital and general corporate purposes. The Company had intended to use \$8,760,900 of the net proceeds of \$13,504,900 to fund the clinical trial costs for favipiravir however as of September 30, 2021, the Company used \$10,784,400 on the favipiravir program, with the remaining \$6,401,600 funds being used to fund the development of the other pipeline product candidates, BD activities, G&A activities and for working capital purposes.

RELATED PARTY TRANSACTIONS

The Company's Chief Executive Officer is a partner of Bloom Burton & Co., which is a principal shareholder of the Company. For the six months ended September 30, 2021, the Company was charged salary expenses of \$171,743 (September 30, 2020 - \$187,699) for services performed by the Chief Executive Officer. The Company also granted 500,000 stock options (September 30, 2020 - 200,000) to the Chief Executive Officer during the six months ended September 30, 2021.

There were no compensation warrants or cash commission to Bloom Burton Securities Inc. during the six months ended September 30, 2021. During the six months ended September 30, 2020, the Company issued 280,777 compensation warrants valued at \$166,625 and paid \$294,395 in cash commissions to Bloom Burton Securities Inc. resulting from the June Public Offering.

As at September 30, 2021, the Company owed \$7,946 (March 31, 2021 - \$13,084) to a member of the Board of Directors and during the six months ended September 30, 2021, the Company was charged \$57,898 (September 30, 2020 - \$nil) for consulting services by the Board member in relation to research and development activities.

CONTRACTUAL OBLIGATIONS

On November 21, 2019, the Company signed an asset purchase agreement (the "**Asset Purchase Agreement**") with FFTC. receiving exclusive worldwide rights, excluding Japan, to acquire and develop a novel broad-spectrum antifungal drug candidate, ATI-2307. If a payment of US\$500,000 associated with the Asset Purchase Agreement is not made by January 2022, the seller has the right to terminate the Asset Purchase Agreement. Additional payments are due on the achievement of additional milestones, including approval from the United States Food and Drug Administration ("FDA") and other various performance thresholds. If the Company meets all of the contractual FDA approval requirements, a total of US\$1,300,000 would be due under the contract prior to commercialization of the product. No payments have been accrued or made to date.

On October 30, 2020, the Company signed the Collaboration Agreement with DRL and GRA. Under the terms of the Collaboration Agreement, Appili is designing, overseeing, and funding pivotal clinical trials to support global regulatory submissions. Partners DRL, GRA, and FFTC will be responsible for manufacturing, distribution, and

commercialization worldwide outside of Japan, China and Russia. The Company will receive a profit share on Canadian and US commercial sales and is eligible to receive royalties on rest of world sales realized by DRL and GRA, including in Europe and Latin America.

On August 9, 2021, the Company entered into the Lind Funding Agreement pursuant to which the Company agreed to issue to Lind the Lind Convertible Security). The transaction was completed on August 18, 2021. The Lind Convertible Security has a face value of \$4.095 million (representing \$3.5 million in funding plus an implied 8.5% interest rate per annum for the term of the Lind Convertible Security). After deducting a \$105,000 commitment fee as set forth in the Lind Funding Agreement, the Company received net proceeds of \$3.395 million from the funding of the Lind Convertible Security. The Company also paid legal fees and regulatory costs associated with the Lind Convertible Security of \$118,774. The Company intends to use proceeds from the funding of the Lind Convertible Security for general corporate purposes. The Lind Convertible Security has a term of 24 months, subject to earlier repayment and/or conversion in accordance with its terms. The Lind Convertible Security is secured by all of the assets and property of the Company.

On October 14, 2021, the Company completed the October 2021 Prospectus Offering of 8,434,000 October 2021 Units at a price of \$0.83 per unit, for aggregate gross proceeds of \$7,000,220. Each October 2021 Unit consisted of one Common Share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one Common Share at an exercise price of \$1.10 for a period of 3 years, expiring on October 14, 2024. Total costs associated with the October 2021 Prospectus Offering are estimated to be approximately \$943,975, including cash costs for commissions of \$490,015, professional fees and regulatory costs of approximately \$206,000 and 590,380 compensation warrants issued as commissions to the agents valued at approximately \$247,960. Each compensation warrant entitles the holder to acquire one Common Share at an exercise price of \$0.83 for a period of 2 years, expiring on October 14, 2023.

On September 20, 2021, the Company entered into a data licensing agreement (“**Dataset Transfer Agreement**”) with FFTC, to provide FFTC the data from the PRESECO clinical trial. Pursuant the Dataset Transfer Agreement, FFTC paid the Company US \$1,000,000 to receive direct access to PRESECO clinical trial data in support of local regulatory submissions in Japan when it becomes available. The non-refundable payment of US \$1,000,000 was received from FFTC during the six months ended September 30, 2021 and is recorded in deferred revenue until the data transfer to FFTC is completed.

On September 28, 2021, the Company entered into a Definitive Agreement with AiPharma to establish the AiPharma Strategic Alliance. Under the terms of the equity transaction, AiPharma will receive that number of Common Shares as is equal to 24% of the issued and outstanding Common Shares immediately prior to the Definitive Agreement (calculated on a non-diluted basis). AiPharma has also been granted certain investor rights, including pre-emptive rights, certain consent rights and registration rights (which rights will be extinguished if the AiPharma holdings fall below 10% of the issued and outstanding Common Shares). It is expected that AiPharma will hold approximately 17.5% of the issued and outstanding Common Shares immediately following closing. In exchange, Appili will receive approximately 6% of the issued and outstanding AiPharma shares (calculated as of the date of the Definitive Agreement on a non-diluted basis).

There is no other material change in the contractual obligations of the Company since the beginning of the 2022 fiscal year. Details on the contractual obligations of the Company can be found in the financial statements and related notes in the audited annual consolidated financial statements for the year ended March 31, 2021 and unaudited interim condensed consolidated financial statements for the six months ended September 30, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

The Company was not party to any off-balance sheet arrangements as of September 30, 2021.

OUTSTANDING SECURITIES

As of November 12, 2021, the Company had 71,266,120 issued and outstanding Common Shares, 6,621,489 stock options and 21,343,530 warrants outstanding.

RISKS AND UNCERTAINTIES

The Company is a clinical-stage company that operates in an industry that is dependent on a number of factors that include the capacity to raise additional capital on reasonable terms, obtain positive results of clinical trials without serious adverse or inappropriate side effects, and obtain market acceptance of its product by physicians, patients, healthcare payers and others in the medical community for commercial success, etc. An investment in the Common Shares is subject to a number of risks and uncertainties. In addition to the risks set out herein (including with respect to the COVID-19 pandemic), an investor should carefully consider the risks described under the heading “*Risk Factors*” in the Company’s annual information form dated June 23, 2021 filed in respect of the fiscal year ended March 31, 2021 and the prospectus supplement dated October 8, 2021. If any of such described risks occur, or if others occur, the Company’s business, operating results and financial condition could be seriously harmed and investors may lose a significant proportion of their investment. There are important risks which management believes could impact the Company’s business.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures (“**DC&P**”) are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure and internal controls over financial reporting (“**ICFR**”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

The Company maintains DC&P designed to ensure that information required to be disclosed in reports filed under applicable securities laws, is recorded, processed, summarized and reported within the appropriate time periods and that such information is accumulated and communicated to the Company’s management, including the CEO and CFO, to allow for timely decisions regarding required disclosure.

The CEO and the CFO of the Company are responsible for establishing and maintaining the Company’s disclosure controls and procedures, including adherence to the Disclosure Policy adopted by the Company. The CEO and CFO have evaluated whether there were changes to the disclosure controls and procedures during the period ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the disclosure controls and procedures. No such changes were identified through their evaluation.

In designing and evaluating the DC&P, the Company recognizes that any disclosure controls and procedures, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met, and management is required to exercise its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Internal Control over Financial Reporting

The Company’s management, including the CEO and the CFO, are responsible for establishing and maintaining adequate ICFR. The control framework used by the CEO and CFO of the Company to design the Company’s ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The CEO and CFO have evaluated whether there were changes to ICFR during the period ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, ICFR. No such changes were identified through their evaluation. In response to the COVID-19 pandemic, the Company asked its employees to work from home to the extent possible. This change requires certain processes and controls that were previously done or documented manually to be completed and retained in electronic form. Despite the changes required by the current environment, there have been no significant changes in the Company’s internal controls during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, ICFR.

The Company's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared in accordance with the IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in the unaudited interim condensed consolidated financial statements are consistent with those of previous financial years. The Company's significant accounting policies are detailed in the notes to the audited consolidated financial statements for March 31, 2021. The accounting policies used are consistent with those used in the audited annual financial statements, except for the newly adopted policies as described below.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit and loss ("FVPL") as is the case for derivative instruments. The Company's financial liabilities include accounts payable and accrued liabilities, liability component of convertible security and the embedded derivative of the convertible security. Accounts payable and accrued liabilities, and the liability component of the convertible security are each measured at amortized cost, while the embedded derivative portion of the convertible security is measured at FVPL.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the effective interest rate. The amortization of the liability component, including the deferred loss are recognized in accreted interest expense in the interim condensed consolidated statements of loss and comprehensive loss.

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL are carried at fair value in the interim condensed consolidated statements of financial position with changes in the fair value recognized in accreted interest expense in the interim condensed consolidated statements of loss and comprehensive loss.

Recognition of day one gain or loss on derivative financial instruments

The fair value of an investment at initial recognition is often the transaction price, unless there is evidence that the fair value of the instrument is different when compared with other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets. Such financial instruments are initially recognized at the transaction price, which is the best indicator of fair value, although the market value derived by independent valuers may differ. The difference between the transaction price and the market value (the day one gain or loss), is not recognized immediately for accounting purposes in the consolidated statements of loss and comprehensive loss and is instead recognized through the consolidated statements of loss and comprehensive loss progressively as the instrument is settled. Any subsequent measurement of the instrument excludes the balance of the deferred day one gain or loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical

experience and current and expected economic conditions. Actual results could differ from those estimates. Critical judgements in applying the Company's accounting policies are detailed in note 3 of the Company's annual audited consolidated financial statements for the year ended March 31, 2021. The unaudited interim condensed consolidated financial statements have been prepared using the same policies and methods as the annual audited consolidated financial statements of the Company for the fiscal year ended March 31, 2021, with the exception of the additional disclosure in note 2 of the unaudited interim condensed consolidated financial statements. Refer to below and note 3 of the Company's annual audited consolidated financial statements for the year ended March 31, 2021, for more information on accounting estimates and judgements applied.

Calculation of initial fair value and carrying amount of convertible security

Lind Convertible Security

The initial fair value of the Lind Convertible Security was determined by valuing the components of the hybrid financial instrument, including the liability component and the embedded derivative component, which required a number of assumptions and unobservable inputs. The significant assumptions used in determining the value of the Lind Convertible Security include the assumption that the Lind Conversion Buy-Back Option would be exercised, and the discount rate used in the discounted cash flow analysis for the liability component. In determining the appropriate discount rate, the Company considered the interest rates of comparable debt. Management used a discount rate of 12.10% to discount the liability component. The fair value of the embedded derivatives was calculated by subtracting the fair value of the total Lind Convertible Security, less the fair value of the stand-alone liability component.

The Company performed the following sensitivity analysis on the basis that each change in assumption being analyzed is made assuming the other assumptions remain the same. If the discount rate used in determining the initial fair value and carrying value of the liability portion at the inception date had been determined to be higher by 2%, or lower by 2% resulting in a discount rate of 14.10% or 10.10%, the present value of the liability portion at August 18, 2021 would have been \$113,200 lower or \$119,500 higher, respectively and the value of the embedded derivative at August 18, 2021 would have been \$113,200 higher or \$119,500 lower, respectively.

The discount rate used in determining the fair value and the carrying value of the embedded derivative portion at each reporting date is based on the Company's credit spread rate, plus the risk free rate on the reporting date. On September 30, 2021, the discount rate used was 10.05%.

If the discount rate used in determining the fair value and carrying value at each reporting date of the embedded derivative portion had been determined to be higher by 2%, or lower by 2% resulting in a discount rate of 12.05% or 8.05%, the fair value of the embedded derivative portion at September 30, 2021 would have been \$113,600 higher or \$119,800 lower respectively.

Any changes in the amounts recorded in the interim condensed consolidated statements of financial position for the Convertible Security result in an offsetting charge to accreted interest after initial recognition in the interim condensed statement of loss and comprehensive loss.

On November 12, 2021, the market capitalization of Appili fell below \$36 million. In accordance with the terms of the Lind Funding Agreement, the outstanding amount of the Lind Convertible Security may be converted into Common Shares at the discretion of Lind at any time (subject to the share conversion maximum limit set out in the Lind Funding Agreement). Any Common Shares acquired by Lind on conversion, are subject to resale restrictions expiring on December 19, 2021.

FINANCIAL INSTRUMENTS

Financial instruments are defined as a contractual right or obligation to receive or deliver cash on another financial asset. The following table sets out the approximate fair values of financial instruments as at the statement of financial position date with relevant comparatives:

	September 30, 2021		March 31, 2021	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Cash	9,984,586	9,984,586	11,062,938	11,062,938
Short-term investments	20,295	20,295	5,061,853	5,061,853
Amounts receivable	88,202	88,202	347,588	347,588
Accounts payable and accrued liabilities	10,991,032	10,991,032	4,531,495	4,531,495
Long-term debt	1,018,255	1,018,255	1,032,600	1,032,600
Convertible security	2,783,002	4,062,103	-	-

Assets and liabilities, such as commodity taxes, that are not contractual and arise as a result of statutory requirements imposed by governments, do not meet the definition of financial assets or financial liabilities and are, therefore, excluded from amounts receivable and accounts payable and accrued liabilities in this table.

Fair value of items, which are short-term in nature, have been deemed to approximate their carrying value. The above noted fair values, presented for information only, reflect conditions that existed only at September 30, 2021, and do not necessarily reflect future value or amounts, which the Company might receive if it were to sell some or all of its assets to a willing buyer in a free and open market.

The fair value of the long-term debt and the convertible security are estimated based on the expected interest rates for similar borrowings by the Company as at the unaudited interim condensed consolidated statements of financial position dates. As at September 30, 2021, the fair value of the long-term debt is estimated to be equal to the carrying amount. As at September 30, 2021, the convertible debt is held at amortized cost and the embedded derivative portion is held at fair value through profit and loss. The inputs into the determination of the fair value of the long-term debt and the convertible security, including the discount rate and credit spread, are classified as Level 3 in the fair value hierarchy.

The following table outlines the contractual maturities for long-term debt which includes loans with a set repayment schedule, as well as loans that are repayable based on a percentage of revenues, for the Company's financial liabilities. The long-term debt is comprised of the contributions received described in note 7 and the convertible security is comprised of the contributions received described in note 9 of the unaudited interim condensed consolidated financial statements as at September 30, 2021:

	Total	Year 1	Years 2 to 3	Years 4 to 5	After 5 years
Accounts payable and accrued liabilities	10,991,032	10,991,032	-	-	-
Long-term debt	3,817,882	178,899	344,245	377,541	2,917,197
Convertible security	4,095,000	4,095,000	-	-	-
	<u>18,903,914</u>	<u>15,264,931</u>	<u>344,245</u>	<u>377,541</u>	<u>2,917,197</u>

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's annual information dated June 23, 2021 filed in respect of the fiscal year ended March 31, 2021, is available under the Company's profile on SEDAR at www.sedar.com.