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3	tmb-20221130_cal.xml		EX-101.CAL	EX-101.CAL	
4	tmb-20221130_def.xml		EX-101.DEF	EX-101.DEF	
5	tmb-20221130_lab.xml		EX-101.LAB	EX-101.LAB	
6	tmb-20221130_pre.xml		EX-101.PRE	EX-101.PRE	

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**UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, DC 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File Number: **000-55535**

Q BIOMED INC.

(Exact name of registrant specified in its charter)

Nevada

(State or Other Jurisdiction of Incorporation or Organization)

30-0967746

(I.R.S. Employer Identification No.)

c/o Ortoli Rosenstadt LLP

366 Madison Avenue, 11.30.2020 3rd Floor

New York, NY 10017

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(212) 588-0022**

Securities Registered Pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol(s)	Name of Exchange on which Registered
None	N/A	None

Securities Registered Pursuant to Section 12(g) of the Act: Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the most recent price at which the common equity was sold: \$1,300,000 as of May 24, 2023.

As of May 24, 2023, there were 144,094,531 shares of the registrant's common stock, \$0.001 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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CAUTIONARY NOTE

We note that this annual report does not meet fully the requirements of annual reports as required by Form 10-K. Particularly, we note that the financial statements included in this Form 10-K have not been audited and no audit report regarding such financial statements have been included herein. These are not the type of financial statement that an investor would expect to see from a company that has had its financial statements audited by an independent accounting firm per the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. This annual report is unaudited, incomplete and should not be relied upon as accurate, timely or fit for any purpose. Although the Company intends to amend this annual report as soon as practicable and invites any inquiries to be directed to Company management, it may not be able to ever amend this annual report.

FORWARD LOOKING STATEMENTS

This annual report contains forward-looking statements that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or “continue”, the negative of such terms or other comparable terminology. In evaluating these statements, you should consider various factors, including the assumptions, risks and uncertainties outlined in this annual report. Any of these items may cause our actual results to differ materially from any forward-looking statement made in this annual report. Forward-looking statements in this annual report include, among others, statements regarding our capital needs, business plans and expectations.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding future events, our actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Some of the risks and assumptions include:

- our need for additional financing;
- our limited operating history;
- our history of operating losses;
- our lack of insurance coverage;
- the competitive environment in which we operate;
- changes in governmental regulation and administrative practices;
- our dependence on key personnel;
- conflicts of interest of our directors and officers;
- our ability to fully implement our business plan;
- our ability to effectively manage our growth; and
- other regulatory, legislative and judicial developments.

We advise the reader that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to us or persons acting on our behalf. The forward-looking statements in this annual report are made as of the date of this annual report and we do not intend or undertake to update any of the forward-looking statements to conform these statements to actual results, except as required by applicable law, including the securities laws of the United States.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). We are a voluntary filer with the SEC. As a voluntary filer, we are not required to file periodic reports under the Exchange Act. If we were to cease to be a reporting company under the Exchange Act, the information now available to shareholders in the annual, quarterly and other reports filed by us would not be available.

You may read and copy documents referred to in this Annual Report on Form 10-K that have been filed with the SEC at the SEC’s Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. You may obtain information on the operation of the Public Reference

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Room by calling the SEC at 1-800-SEC-0330. You can also obtain copies of our SEC filings by going to the SEC's website at <http://www.sec.gov>.

REFERENCES

As used in this annual report: (i) the terms "we", "us", "our" and the "Company" mean Q BioMed Inc. and, where applicable, our wholly-owned subsidiaries; (ii) "SEC" refers to the Securities and Exchange Commission; (iii) "Securities Act" refers to the United States *Securities Act of 1933*, as amended; (iv) "Exchange Act" refers to the U.S. *Securities Exchange Act of 1934*, as amended; and (v) all dollar amounts refer to United States dollars unless otherwise indicated.

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FORM 10-K

For the fiscal year ended November 30, 2022

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PART I

ITEM 1. BUSINESS

We are a commercial stage biotechnology acceleration and development company focused on acquiring and in-licensing pre-clinical, clinical-stage and approved life sciences therapeutic products. We aim to acquire, or license and have assembled, a pipeline of multiple therapeutics in development stages ranging from early pre-clinical to commercial ready. Our model seeks to diversify risk by broadening the therapeutic areas we work in as well as providing multiple catalysts as we advance assets through the clinical and regulatory process. We aim to maximize risk-adjusted returns by focusing on multiple assets throughout the discovery and development cycle as well as commercial product revenue generation. We expect to benefit from early positioning in illiquid and/or less well known privately-held assets, thereby enabling us to capitalize on valuation growth as these assets move forward in their development.

Currently, we have a portfolio of five therapeutic products, including an FDA approved radiopharmaceutical for metastatic bone cancer pain (Strontium-89 and Metastron™) and three development stage products: QBM-001 for rare pediatric non-verbal autism spectrum disorder, Utroside-B for liver cancer, and the MANNIN Platform starting with MAN19 for Acute Respiratory Distress Syndrome caused by infectious diseases like COVID19. The MANNIN platform has several potential therapeutics in development in various indications, including vascular (glaucoma, Cystic kidney disease) and infectious diseases. The infectious diseases the Mannin drug platform may ultimately treat include influenza, COVID-19, Ebola and others. We recently converted our license and joint development agreement with Mannin into an equity stake in Mannin. This is now an asset we believe will grow significantly as they approach milestones and potentially their own IPO in a few years.

In 2020, we began generating revenue from our Strontium-89 product for pain palliation in bone metastases. We are exploring a therapeutic expansion post-marketing clinical trials or data aggregation for Strontium-89. We intend to advance our QBM-001 asset to address a non-verbal learning disorder in autistic children and are assessing additional technologies to focus our pipeline in the rare disease space to complement our orphan drug designated liver cancer drug candidate and the rare autism spectrum program. Mannin intends to file investigational new drug applications or equivalent in 2023 with the Canadian regulators for MAN-19 for Acute Respiratory Diseases Syndrome (caused by COVID-19). Additional Mannin indications will also be advanced towards clinical trials for other vascular diseases.

Following is a summary of our product pipeline.

Our Strategy

Our goal is to become a leading biotechnology acceleration and development company with a diversified portfolio of therapeutic products and product candidates. To achieve this goal, we are executing on the following strategy:

- ***Strategically collaborate or in- and out-license select programs.***

We seek to collaborate or in- and out-license certain potentially therapeutic candidate products to biotechnology or pharmaceutical companies for preclinical and clinical development and commercialization.

- ***Highly leverage external talent and resources.***

We plan to maintain and further build our team which is skilled in evaluating technologies for development and product development towards commercialization. By partnering with industry specific experts, we are able to identify undervalued assets that we can fund and assist in enhancing inherent value. We plan to continue to rely on the extensive experience of our management team to execute on our objectives.

- ***Evaluate commercialization and monetization strategies on a product-by-product basis in order to maximize the value of our product candidates or future potential products.***

As we move our drug candidates through development toward regulatory approval, we will evaluate several options for each drug candidate's commercialization or monetization strategy. These options include building our own internal sales force; entering into a joint marketing partnership with another pharmaceutical or biotechnology company, whereby we jointly sell and market the product; and out-licensing any product that we develop by ourselves or jointly with another party, whereby

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another pharmaceutical or biotechnology company sells and markets such product and pays us a royalty on sales. Our decision will be made separately for each product and will be based on a number of factors including capital necessary to execute on each option, size of the market to be addressed and terms of potential offers from other pharmaceutical and biotechnology companies. It is too early for us to know which of these options we will pursue for our drug candidates, assuming their successful development.

- *Acquire commercially or near-commercially ready products and build out the current market for such.*

In addition to acquiring pre-clinical products, in assembling a diversified portfolio of healthcare assets, we plan on acquiring assets that are either FDA approved or are reasonably expected to be FDA approved within 12 months of our acquiring them. We anticipate hiring a contract sales organization to assume the bulk of the sales and distribution efforts related to any such product.

General Information

We were incorporated in the State of Nevada on November 22, 2013. In June 2015, we became a biomedical acceleration and development company focused on licensing, acquiring and providing strategic resources to life sciences and healthcare companies.

Our Drug Discovery Approach

We aim to acquire, or license and have assembled, a pipeline of multiple therapeutics in development stages ranging from early pre-clinical to commercial ready. Our model seeks to diversify risk by broadening the therapeutic areas we work in as well as providing multiple catalysts as we advance assets through the clinical and regulatory process.

Our mission is to:

- license and acquire pre-commercial innovative life sciences assets in different stages of development and therapeutic areas from academia or small private companies;
- license and acquire FDA approved drugs and medical devices with limited current and commercial activity; and
- accelerate and advance our assets to the next value inflection point by providing: (A) strategic capital, (B) business development and financial advice and (C) experienced sector specific advisors.

Our Research and Development Activities

As a biomedical acceleration and development company, research and development is a core aspect of our business. In the fiscal years ended November 30, 2022 and 2021, we incurred approximately \$137,000 and \$1.1 million, respectively, in research and development activities.

Strontium-89 Chloride USP Injection

We have been working hard to commercialize Strontium-89 for the non-opiate treatment of metastatic cancer bone pain. In November 2019, the Department of Health and Human Services approved our supplemental abbreviated new drug application for a new drug product manufacturing site, IsoTherapeutics Group, LLC. In 2020, IsoTherapeutics began manufacturing our FDA approved non-opioid cancer bone pain drug Strontium-89 Chloride USP.

On February 13, 2020, we launched our FDA approved non-opioid drug Strontium-89 (Strontium Chloride Sr-89 Injection, USP) which has been shown to relieve the persistent pain associated with cancer that has metastasized to bone. In several multicenter, placebo-controlled trials in cancer patients with persistent pain after external beam radiation therapy for bone metastases, pain relief occurred in more patients treated with a single injection of Strontium-89 than in patients treated with an injection of placebo, with a greater percentage of patients experiencing pain scores of zero with no use of rescue opioid analgesics. Median duration of pain palliation has been shown to be 2 to 5 months. Strontium-89 can be re-dosed every 90 days.

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An estimated 10 million people are living with this condition, and due to the opioid crisis, doctors and patients are looking for an alternative to treat metastatic cancer associated bone pain. Given that Strontium-89 can be administered every three months and has proven effective in approximately 80% of the patients who received the drug, Q BioMed is hopeful that a broad market is available and can be accessed with the right resources.

Through our US distribution partner, Jubilant Radiopharma™, we have the capability to reach patients in all 50 states. Our contract manufacturing facility, which is FDA approved to manufacture Strontium-89, is manufacturing commercial-scale quantities on a regular schedule. COVID-19 restrictions on hospital access, people and supply chains slowed our commercial rollout substantially. Any expired and scrapped inventories have been written off. We are fully commercial ready in terms of product availability, infrastructure and distribution and expect to have a meaningful sales revenues 22 once funding is available.

We plan to launch the Strontium-89 in global markets, including Europe, as we navigate the regulatory approval process, and we have already seen interest from this region. With the necessary funding, we also plan to undertake further research for Strontium-89 for potential label extension into therapeutic use for survival benefit in metastatic bone cancer through a Phase IV study as well as to explore combination studies for enhancing the value proposition of the drug through better outcomes.

We have commercial infrastructure set-up, including medical information and pharmacovigilance, government contracting and marketing plans. We have a distribution partnership with Jubilant Radiopharma who have all the capabilities we require to access the U.S. market, including warehousing/inventory management, invoicing and customer service/ordering. Jubilant also has a sales team that calls on major providers, a national network of nuclear pharmacies in the United States and distribution and coverage throughout the United States.

The global demand for access to generic drugs and non-opioid therapies has given Q BioMed access to a global market we continue to be extremely excited about its prospects to re-establish a deserved niche in the late stage cancer treatment landscape.

Mannin Research Inc.

On October 29, 2015, we entered into a Patent and Technology License and Purchase Option Agreement, as amended in March 2019, with Mannin Research Inc. (Mannin) whereby we were granted a worldwide, exclusive license on, and option to acquire, certain Mannin intellectual property, or IP, within a four-year term. Under the 2019 amendment, the option to acquire was extended to October 29, 2021 and is now expired. On September 1, 2020, we further amended the license agreement allowing Mannin to grant an exclusive license to Mannin GmbH (its wholly owned German subsidiary) in order fully take advantage of the German government grant to Mannin. We have subsequently converted our rights under the Agreements into a 15% equity stake with a \$20M royalty on sales of its products.

The Mannin IP and Tie2 platform technology was initially focused on developing a first-in-class eye drop treatment for glaucoma, but was shifted in 2020 to quickly advance a therapeutic for acute respiratory distress syndrome (ARDS) that causes the most severe COVID19 infections to require intubation, ICU and poor outcomes. The technology platform may be expanded in scope beyond ophthalmological uses and may include cystic kidney disease, cardiovascular diseases and infectious disease. This platform technology has application in many disease states that result in 'leaky' vessels and the inefficient flow of fluids, like COVID-19. The total addressable market for these indications is in excess of \$150 billion a year. During the years ended November 30, 2022 and 2021, we respectively incurred approximately \$0.12 and 1.1 million of research and development expenses under our license with Mannin.

Mannin COVID-19, Glaucoma and Others – More Government Funding

In March 2021, Mannin Research Inc. was granted an additional CAD\$1.7 million from the Canadian governments COVID response budget, adding to the approximate \$7.7 million granted in Europe, which together will fund 65-75 percent of every dollar incurred to advance the Acute Respiratory Distress Syndrome therapy for COVID patients as well as a portfolio of therapeutic assets for vascular diseases currently in development at Mannin, including: glaucoma, cardiovascular diseases, acute kidney disease, and other infectious diseases.

The MAN-19 therapeutic is a recombinant fusion protein that treats the patient, instead of targeting the virus. It is not a cure for COVID-19, but it strengthens a patient's blood vessels and protects them against ARDS, breathing problems, sepsis and other infections that may cause the body's organs to begin shutting down. It is designed to keep COVID-19 patients out of the ICU and off a ventilator. Initial manufacturing and preclinical testing has shown promise, and pending upcoming toxicology testing, the drug is poised for clinical

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trials to start in 2023. If the drug proves both safe and effective, our goal is to have it available for emergency use by patients by early 2024. The next steps are to complete the final toxicology studies, data aggregation and achieve approval of a Phase 1 clinical trial. The market for this kind of treatment in the current pandemic climate is substantial and global. As a result, there is a need to develop more effective treatments. We believe that this technology will play a role in the broader treatment landscape and not only for COVID-19, but also for other infectious diseases that cause ARDS. The Canadian government has named Mannin as one of a handful of companies to qualify for government grant funding under their Strategic Innovation Fund for in country biomanufacturing capabilities and as such Mannin can expect to receive in excess of \$150M through this program as it scales up its manufacturing and facility expansion to cater for the Canadian population demand for therapeutics and vaccines.

MAN-01 and GDF15

There are over 60 million patients worldwide with primary open-angle glaucoma. MAN-01 aims to reduce the pressure build-up in the eye by assisting with, and correcting, drainage problems in tiny vessels in the eye called the Schlemm's Canal. MAN-01 is being designed to target these unique and extremely important vessels, as over 70% of all fluid in the eye flows through the Schlemm's Canal. Currently, the MAN-01 program is finalizing its preclinical lead candidate optimization by completing a series of ophthalmic in vivo studies to demonstrate efficacy. After successful completion of the in vivo studies, Mannin Research will begin preparing for preclinical toxicology and filing of its IND. Our research shows that the drug's mechanism of action may ameliorate vessel damage in several other diseases such as: kidney disease, cardiovascular disease, and against infectious diseases, such as influenza and the current COVID-19 outbreak. We believe these programs comprise a multi-disease platform technology that has several valuable applications. Adding the GDF15 biomarker to our portfolio is a significant step to securing a unique product offering that put precision medicine and patient specific treatment in the hands of clinicians. GDF15 is a companion diagnostic marker to the MAN-01 drug for determining the severity of glaucoma using the expression levels of Growth Differentiation Factor 15 (GDF15). Determining the severity of glaucoma using this biomarker will aid in treatment decisions for patients diagnosed with, and being treated for, glaucoma. Recent buyouts in the Biotechnology space has us believing that large pharma companies could be looking for valuable assets like this with multiple downlines because of expiring patent protection on current drugs. Our collaborators at the Washington University in St. Louis are currently examining the effectiveness of GDF15 as a clinical biomarker in a clinical trial. In parallel, Q BioMed and Mannin Research are working with the Biointerfaces Institute at McMaster University in Ontario, Canada to develop a GDF15 biomarker diagnostic kit for monitoring glaucoma severity and progression. The aim is to develop a simple integrated diagnostic test that can be performed at a physician's office with no external, expensive equipment. QBioMed owns the exclusive license to the GDF15 IP from Washington University.

The MAN Platform for other indications:

Mannin presented positive data on a potential new treatment for acute kidney injury (AKI) at the American Society of Nephrology's annual meeting held on November 7, 2019 in Washington DC.

The data presented demonstrates the Ang-Tie2 signaling pathway as a promising therapeutic target for renal protection from acute kidney injury following ischemic reperfusion. Ischemia-reperfusion (IR) injury to the kidney occurs in a range of clinically important scenarios including hypotension, sepsis and in surgical procedures such as cardiac bypass surgery and kidney transplantation, leading to AKI. In-hospital mortality for patients with AKI has recently been estimated to be between 20 and 25% and mortality rates in excess of 50% have been reported in critically ill patients with AKI requiring dialysis. For those patients who survive, complications include chronic kidney disease (CKD) and end-stage renal disease (ESRD); cardiovascular events, and reduced quality of life. In the United States, AKI is associated with an increase in hospitalization costs that range from \$5.4 to \$24.0 billion. No effective treatments have been approved by the FDA. This represents a very significant opportunity to advance a therapeutic in an underserved patient population.

ASD-002

On April 21, 2017, we entered into a License Agreement on Patent & Know-How Technology with ASDERA whereby we were granted a worldwide, exclusive, license on certain ASDERA intellectual property, which was previously referred to as ASD-002 in our pipeline, and was intended to treat Disruption of Active Language Development (DALD) in toddlers developing Autism Spectrum Disorders. Under that agreement, we paid ASDERA \$50,000 and issued 125,000 shares of our Common Stock. On November 27, 2019, we notified ASDERA that we considered the agreement to have been rescinded retroactively as of April 21, 2017. As a result of such rescission, we believe that we have no continuing material obligations to ASDERA. However, we will continue to develop unique technologies for the benefit of underserved patient populations.

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QBM-001

Among the more than 60,000 US children who develop autism spectrum disorders, or ASD, every year, approximately 20,000 become nonverbal and will have to rely on assisted living for the rest of their lives. In parallel to ASD-002, we have been developing a product, QBM-001, intended to treat the rare condition - pediatric minimally verbal autism. Many of the children who miss this potential treatment window between the age of 2 and 5 years old may become non-verbal for the rest of their lives. Currently, there is no treatment for this rare disorder.

QBM-001 is not intended to treat other ASDs or to be used beyond the specific group and the estimated treatment window. The “treatment window” results from independent research that revealed a decreased density in the cortex region of the brain in minimally verbal children with autism, who were 7 years of age. A biomarker study performed by us has directed us to conclude that QBM-001 cannot be used for other autistic groups. The study analyzed over 2000 known autistic markers and found two distinct biomarkers for children with pediatric minimally verbal autism. The biomarkers did not overlap with the high functioning group of autistic children, nor the intermediate group, which struggles with, but develops limited language. The biomarkers gave us insight into what was wrong with the children and has given us unique insight on how to ameliorate their condition with the goal of helping them develop the ability to speak.

The biomarker study also led us to evaluate and identify a rat model that contains the biomarkers and is thus a good model to test QBM-001. In addition, we have access to cell lines from deceased children who had pediatric minimally verbal autism. QBM-001 consists of a combination of products that target different mechanisms of action. Having the cell lines and rat model available to us provides us with an excellent preclinical path to validate the safety and efficacy of QBM-001.

QBM-001 - Addressing Rare Pediatric Minimally Verbal Autism

Causes of non-verbal learning disorder have been linked to several complications that range from a specific mutated gene as with Fragile X Syndrome, Rett Syndrome, Phelan McDermid Syndrome or autoimmunity, where the body’s immune system is attacking parts of the brain. Trauma, microbial infections and environmental factors have also been linked to non-verbal learning disorder. Ongoing research is helping to further explain the root cause of why children become non-verbal or minimally verbal.

Cognitive intervention is the only form for treatment that has shown to help improve speech capability and social interaction in autistic children, however, with minimal benefit with children with pediatric minimally verbal autism. As intervention does not lead to speech progression, being minimally verbal carries a lifetime burden of over \$5 million per person for cost of care. This is further compounded by additional expenses during the lifespan of the person due to loss in productivity in addition to severe emotional strain for the child and the parents.

As there are no treatment options for these patients, we believe there is a significant economic opportunity to bring a drug to market in this indication. The active ingredients in our compound are well known and have been approved by worldwide regulators for many years. Using a novel delivery and formulation for the ingredients, we intend to advance this drug through the 505(b)2 pathway.

RGCB and OMRF Intellectual Property

On June 15, 2017, we entered into a Technology License Agreement with RGCB and OMRF whereby they granted us a worldwide, exclusive, license on intellectual property related to Uttroside-B. Uttroside-B is a chemical compound derived from the plant *Solanum nigrum* Linn, also known as Black Nightshade or Makoi. We seek to use the Uttroside-B IP to create a chemotherapeutic agent against liver cancer.

The initial cost to acquire the exclusive license for Uttroside-B was \$10,000. In addition to royalties based upon net sales of the product candidate, if any, we are required to make additional payments upon the following milestones:

- the completion of certain preclinical studies;
- the filing of an investigational new drug application with the US Food and Drug Administration or the filing of the equivalent application with an equivalent governmental agency;

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- successful completion of each of Phase I, Phase II and Phase III clinical trials;
- FDA approval of the product candidate;
- approval by the foreign equivalent of the FDA of the product candidate;
- achieving certain worldwide net sales; and
- a change of control of our Company.

Subject to the terms of the exclusive license for Uttroside-B, we will be in control of the development and commercialization of the product candidate and are responsible for the costs of such development and commercialization. We are obligated to undertake a good-faith commitment to (i) fund the pre-clinical trials and (ii) to initiate a Phase II clinical trial within six years of the date of the Agreement. Failure to show a good-faith effort to meet those goals would mean that the exclusive license for Uttroside-B would revert to the licensors.

UTTROSIDE-B - A Novel Chemotherapeutic for Liver Cancer

The liver is the football-sized organ in the upper right area of the belly. Symptoms of liver cancer are uncommon in the early stages. Liver cancer treatments vary, but may include removal of part of the liver, liver transplant, chemotherapy, and in some cases radiation. Primary liver cancer (hepatocellular carcinoma) tends to occur in livers damaged by birth defects, alcohol abuse, or chronic infection with diseases such as hepatitis B and C, hemochromatosis (a hereditary disease associated with too much iron in the liver), and cirrhosis. In the United States, the average age at onset of liver cancer is 63 years. Men are more likely to develop liver cancer than women, by a ratio of 2 to 1.

There are currently few marketed drugs for the treatment of liver cancer. Sorafenib, a tyrosine kinase inhibitor, is the first to market and market leader. Current sales of sorafenib are estimated at \$1 billion per year.

Uttroside-B appears to affect phosphorylated JNK (pro survival signaling) and capcase activity (apoptosis in liver cancer). It is a natural compound fractionated Saponin derived from the Solarim Nigrum plant. It is a small molecule that showed in early investigation to increase the cytotoxicity of a variety of liver cancer cell types and importantly to be up to ten times more potent than Sorafenib in pre-clinical studies.

As it is not feasible to use the plant as the source for a drug, we successfully synthesized the molecule thereby creating an exact replica of the naturally occurring chemical compound. In a joint research program with India-based Chemveda Life Sciences in 2017, we initiated this very complex and challenging synthesis program. After 2 years, the exceptional chemists at Chemveda and our scientists, succeeded. The synthetic molecule has now been tested in comparison to the original plant molecule and the results confirm the same efficacy against the same liver cancer cell lines. We are now optimizing the synthesis of the molecule and are conducting free clinical testing on the initial output from that process and are preparing to advance this into a preclinical program. Due to lack of funding no additional capital has been deployed to this program ring the year ended November 30, 2022.

Note on COVID-19

To date, the COVID-19 pandemic has materially affected our Strontium-89 commercializing effort. The Pandemic impacted how patients and physicians interact and our ability to connect with our physician customers and clinic administrators and various government regulators was severely limited and has delayed our entry into the market. Any expired and scrapped inventories have been written off.

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With respect to COVID-19 and Acute Respiratory Distress syndrome, we are working with Mannin on developing a potential treatment. It is in the early stages of development but could prove to be an important tool in treating several infectious diseases that result in respiratory complications. Mannin Research, has received requests from, and submitted responses to, governmental organizations worldwide and philanthropic groups for information about the potential use of its biologic treatment for COVID-19. The potential treatment is based on the understanding that vascular leakage is a key driver of organ injury in diseases such as Acute Respiratory Distress Syndrome (ARDS) caused by viruses, including COVID-19. The Angiotensin-Tie2 signaling pathway for the treatment of vascular permeability associated with pulmonary edema from respiratory infections like COVID-19, but also ARDS, SARS, seasonal Influenzas and others. There were 45 million symptomatic flu cases, 810,000 hospitalizations and 61,000 deaths – in the United States alone during the 2017-2018 flu season, according to the CDC. We are in the late stages of investigations and preclinical evaluation of this potential drug and are collaborating with others on a global basis to advance this program as rapidly as possible. COVID-19 variants continue to evolve and cause concern and demonstrate the need for a non-variant specific treatment. We also believe it could be utilized for seasonal influenzas and future similar pandemic viral threats as a stockpile drug.

Patents and Intellectual Property Rights

If products we acquire do not have adequate intellectual protection, we will take the necessary steps to protect our proprietary therapeutic product candidate assets and associated technologies that are important to our business consisting of seeking and maintaining domestic and international patents. These may cover our products and compositions, their methods of use and processes for their manufacture and any other inventions that may be commercially important to the development of our business. We also rely on trade secrets to protect aspects of our business. Our competitive position depends on our ability to obtain patents on our technologies and our potential products, to defend our patents, to protect our trade secrets and to operate without infringing valid and enforceable patents or trade secrets of others. We seek licenses from others as appropriate to enhance or maintain our competitive position.

We hold a license to all intellectual property related to our licensed the drug candidates. We own the intellectual property for our SR89, our generic Strontium-89 Chloride product candidate for metastatic cancer bone pain therapy, and MetastronTM, our branded Strontium-89 Chloride product candidate for metastatic cancer bone pain therapy. We are not subject to a license for QBM-001, the combination drug candidate related to a nonverbal disorder associated with autism. We have received patents for our liver cancer drug candidate in several jurisdictions including Japan, Canada, Europe and the United States.

We have applied for some patents in our own right. Most patents and applications are held in the licensors' or inventors' names and are assignable under license agreements to us.

Competition

We operate in highly competitive segments of the biotechnology and biopharmaceutical markets. We face competition from many different sources, including commercial pharmaceutical and biotechnology enterprises, academic institutions, government agencies, and private and public research institutions. Our product candidates, if successfully developed and approved, will compete with established therapies, as well as new treatments that may be introduced by our competitors. Many of our competitors have significantly greater financial, product development, manufacturing and marketing resources than us. Large pharmaceutical companies have extensive experience in clinical testing and obtaining regulatory approval for drugs. In addition, many universities and private and public research institutes are active in the fields in which we research, some in direct competition with us. We also may compete with these organizations to recruit management, scientists and clinical development personnel. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. New developments, including the development of other biological and pharmaceutical technologies and methods of treating disease, occur in the pharmaceutical and life sciences industries at a rapid pace. Developments by competitors may render our product candidates obsolete or noncompetitive. We will also face competition from these third parties in recruiting and retaining qualified personnel, establishing clinical trial sites and patient registration for clinical trials and in identifying and in-licensing new product candidates.

Raw Materials and Third-Party Manufacturing

We began commercially producing our sole product, Strontium-89, in February 2020. To date, we have sourced all the raw material needed for Strontium-89 from Polatom in Poland. Due to the limited production of Strontium-89 to date, we do not consider it a substantial risk that we have only one supplier of this raw material. As we ramp up production, we are in the process of adding a US

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based supplier of the raw material, and are working through the regulatory approval required to formally add that raw material to our approved ANDA.

Likewise, Strontium-89 has been manufactured solely by IsoTherapeutics in Houston, Texas. Although we will continue to rely on them for the manufacture of Strontium-89, we do not currently have any intention of finding an additional manufacturer. Were our relationship with IsoTherapeutics to terminate or they were otherwise unable to manufacture Strontium-89, we would not be able to produce more Strontium-89 until a replacement FDA approved manufacturer is found.

Government Regulation

The clinical development, manufacturing, labeling, storage, record-keeping, advertising, promotion, import, export, marketing and distribution of our product candidates are subject to extensive regulation by the FDA in the United States and by comparable health authorities in foreign markets. In the United States, we are not permitted to market our product candidates until we receive approval of a Biologics License Application (“BLA”) from the FDA. The process of obtaining BLA approval is expensive, often takes many years and can vary substantially based upon the type, complexity and novelty of the products involved. In addition to the significant clinical testing requirements, our ability to obtain marketing approval for these products depends on obtaining the final results of required non-clinical testing, including characterization of the manufactured components of our product candidates and validation of our manufacturing processes. The FDA may determine that our product manufacturing processes, testing procedures or facilities (or those of third parties upon which we rely) are insufficient to justify approval. Approval policies or regulations may change, and the FDA has substantial discretion in the pharmaceutical approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed.

The FDA or another regulatory agency can delay, limit or deny approval of a product candidate for many reasons, including, but not limited to:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA that a product candidate is safe and effective for any indication;
- the FDA may not accept clinical data from trials which are conducted by individual investigators or in countries where the standard of care is potentially different from the United States;
- the results of clinical trials may not meet the level of statistical significance required by the FDA for approval;
- we may be unable to demonstrate that a product candidate’s clinical and other benefits outweigh its safety risks;
- the FDA may disagree with our interpretation of data from preclinical studies or clinical trials;
- the FDA may fail to approve our manufacturing processes or facilities or those of third-party manufacturers with which we or our collaborators contract for clinical and commercial supplies; or
- the approval policies or regulations of the FDA may significantly change in a manner rendering our clinical data insufficient for approval.

With respect to foreign markets, approval procedures vary among countries and, in addition to the aforementioned risks, can involve additional product testing, administrative review periods and agreements with pricing authorities. In addition, recent events raising questions about the safety of certain marketed pharmaceuticals may result in increased cautiousness by the FDA and comparable foreign regulatory authorities in reviewing new pharmaceuticals based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals. Any delay in obtaining, or inability to obtain, applicable regulatory approvals would prevent us from commercializing our product candidates.

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Costs and Effects of Compliance with Environmental Laws

Federal, state, and international environmental laws may impose certain costs and restrictions on our business. We do not believe that we have spent or lost money due to these laws and regulations.

Product Liability and Insurance

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials and the eventual sale and use of any product candidates, and claims could be brought against us if use or misuse of one of our product candidates causes, or merely appears to have caused, personal injury or death. While we have and intend to maintain product liability insurance relating to our clinical trials, our coverage may not be sufficient to cover claims that may be made against us and we may be unable to maintain such insurance. Any claims against us, regardless of their merit, could severely harm our financial condition, strain our management and other resources or destroy the prospects for commercialization of the product which is the subject of any such claim. We are unable to predict if we will be able to obtain or maintain product liability insurance for any products that may be approved for marketing. Additionally, we have entered into various agreements where we indemnify third parties for certain claims relating to our product candidates. These indemnification obligations may require us to pay significant sums of money for claims that are covered by these indemnifications. We had product liability insurance in place at the time of product launch.

Employees

As of May 24, 2023, we had seven consultants and management consultants, two of whom we consider full time and five of whom we consider part time.

ITEM 1A. RISK FACTORS

Although risk factors are not required for smaller reporting companies, we stress the following risk:

We note that this annual report does not meet fully the requirements of annual reports as required by Form 10-K. Particularly, we note that the financial statements included in this Form 10-K have not been audited and no audit report regarding such financial statements have been included herein. Although we believe that these financial statements satisfy the current public information requirements of Rule 144(c)(2), these are not the type of financial statement that an investor would expect to see from a company that has had its financial statements audited by an independent accounting firm per the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. This annual report is unaudited, incomplete and should not be relied upon as accurate, timely or fit for any purpose. Although the Company intends to amend this annual report as soon as practicable and invites any inquiries to be directed to Company management, it may not be able to ever amend this annual report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company maintains a corporate office at 366 Madison Avenue, 3rd Floor, New York, NY 10017. Such office is solely for the purpose of maintaining a physical presence to receive correspondence, and it is at no cost as our Chief Legal Officer maintains his offices at that location. The company also maintains an office in Grand Cayman, where the Company's President and Chairman, Mr. Denis Corin, resides, at the cost of \$30,000 per annum.

ITEM 3. LEGAL PROCEEDINGS

As previously reported, on July 12, 2022 the Company was notified that WSI PBG, LLC ("WSI") filed a complaint against the Company seeking to recover \$196,216 in unpaid consulting fees, plus costs and expenses of litigation. The Company elected not to litigate this suit so as not to increase its liability exposure. Not unexpectedly, on August 24, 2022, WSI obtained a judgment against the Company in the amount of \$203,784. The Company is exploring its options in addressing this judgment, including terms of settlement that would result in a satisfaction of this Judgment over a limited period of time.

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On July 19, 2022, we received notice that the Activus Group (“Activus”) filed a complaint for fees it alleges are due in the amount \$129,600 plus fees and expenses for consulting services provided by Activus as a result of an agreement between the parties. We have not filed an answer and are currently determining our next steps in settlement.

On August 15, 2022, the Company received notice that another of its unpaid contractors, Diligent Health Solutions, LLC. (“DHS”), had filed suit against the Company seeking \$106,000 in unpaid consulting fees. Here, too, the Company elected not to litigate this suit so as not to increase its liability exposure. As a result of the foregoing, DHS obtained a default judgment against the Company in the amount of \$111,000. The company is exploring its options in addressing this judgment, including terms of settlement that would result in a satisfy of this Judgment over a limited period of time.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Common Stock

Our common stock is listed on the Over the Counter QB (“OTCQB”) under the symbol “QBIO”. The market for our common stock is limited, volatile and sporadic. The following table sets forth, for the periods indicated, the high and low bid prices of our common stock on the OTCQB as reported by Google Finance. The following quotations reflect inter-dealer prices, without retail mark-up, markdown, or commissions, and may not reflect actual transactions.

	<u>High Bid</u>	<u>Low Bid</u>
Fiscal Year 2022		
February 28, 2023	\$ 0.015	\$ 0.012
Fiscal Year 2022		
November 30, 2022	\$ 0.019	\$ 0.014
August 31, 2022	\$ 0.032	\$ 0.026
May 31, 2022	\$ 0.109	\$ 0.09
February 28, 2022	\$ 0.324	\$ 0.27
Fiscal Year 2021		
November 30, 2021	\$ 0.90	\$ 0.45
August 31, 2021	\$ 0.99	\$ 0.66
May 31, 2021	\$ 1.25	\$ 0.89
February 29, 2021	\$ 1.59	\$ 0.90

The last reported sales price for our shares on the OTCQB as of May 24, 2023, was \$0.01 per share. As of May 24, 2023, we had approximately 54 shareholders of record and an estimated 6000 round lot shareholders.

Preferred Stock

We are authorized to issue shares of preferred stock. We currently have outstanding:

- 227,998 shares of Series A Preferred Shares with a nominal liquidation value of \$10.00 that are convertible into shares of our common stock at \$1.00 per share; and
- 296,000 shares of Series B Preferred Shares with a nominal liquidation value of \$10.00 that are convertible into shares of our common stock at the lower of: (a) \$2.70 or (b) 93% of the average of the four lowest daily VWAPs during the 10 consecutive trading days immediately preceding the conversion date, provided that the conversion price may not be less than \$0.35.
- 1,000,000 Series C Preferred Shares with a nominal conversion value of \$0.05 per share. The shares not convertible for 5 years from designation and then at higher of (a) 110% of the volume weighted average price of the Common Stock on the Trading Day immediately prior to the filing of this Certificate of Designation or within the 5 years at (b) 110% of (i) the initial public offering price if such conversion occurs in connection with a listing on a national securities exchange

There is no public market for our preferred shares. For a more complete summary of our preferred shares, see Note 10 “Stockholders’ Deficit” in our audited financial statements included in this report.

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Holders

As of May 24 2023, we had 144,094,531 shares of \$0.001 par value common stock issued and outstanding. Our Transfer Agent is VStock Transfer, LLC, 18 Lafayette Place, Woodmere, NY 11598, Phone: (212) 828-8436.

Dividends

We have never declared or paid any cash dividends on our common stock. For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business and do not anticipate paying any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend upon then existing conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors considers relevant.

Unregistered Sales of Equity Securities and Use of Proceeds

On December 29, 2020, we issued 239,562 shares of Common Stock in exchange for services rendered by third parties.

On February 1, 2021, we issued 220,086 shares of Common Stock in exchange for services rendered by third parties, and 50,000 shares of Common stock for services provided by the related party.

On February 16, 2021, we issued 100,000 shares for \$100,000 to accredited investors.

On February 26, 2021, we issued 32,225 shares of Common Stock in exchange for services rendered by third parties.

On February 28, 2021, we issued 11,103 shares of Common Stock in exchange for services rendered by third parties.

On May 20, 2021, we entered into a series of securities purchase agreements for the sale of 1,213,333 units at a \$0.75 per unit sales price. We raised approximately \$0.9 million in cash. Each unit consisted of one common share and one warrant to purchase one share of common stock at an exercise price of \$1.25.

On August 27, 2021, we issued 85,628 shares of Common Stock in exchange for services rendered by third parties.

On November 30, 2021, we issued 49,200 shares of Common Stock in exchange for services rendered by third parties.

Between July and September 2021, we issued 777,851 shares of Common Stock upon the conversion of \$0.5 million convertible notes and accrued interest.

During the year ended November 30, 2021, we issued 533,610 shares of Common Stock for dividends payment on preferred stock.

On December 2, 2021, we issued 277,877 shares of Common Stock for dividends payment on preferred stock.

Between January and February, 2022, we issued 1,577,648 shares of Common Stock upon the conversion of \$0.7 million convertible notes and accrued interest.

On February 1, 2022, we issued 99,575 shares of Common Stock in exchange for services rendered by third parties.

On September 7, 2022, we issued 3,765,517 shares of Common Stock for services rendered by third parties.

On September 12, 2022, we issued 3,042,552 shares of Common stock upon the conversion of \$57,000 of convertible notes and accrued interest.

On October 4, 2022, we issued 3,515,302 shares of Common Stock upon the conversion of \$43,000 of convertible notes and accrued interest.

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On October 8, 2022, we issued 3,765,517 shares of Common Stock upon the conversion of \$40,000 of convertible notes and accrued interest.

On October 8, 2022, we issued 6,918,238 shares of Common Stock for services rendered by third parties.

On November 7th 2022 we issued 3,515,302 shares of common stock upon the conversion of \$43,383 of convertible notes and accrued interest.

On November 8th 2022 we issued 6,918,238 shares of common stock upon the conversion of \$110,000 of preferred series B stock.

On November 9th 2022 we issued 3,576,435 shares of common stock upon the conversion of \$46,479 of convertible notes and accrued interest.

On December 12th 2022 we issued 4,077,094 shares of common stock upon the conversion of \$44,348 of convertible notes and accrued interest.

On December 22nd 2022 we issued 3,564,832 shares of common stock upon the conversion of \$39,569 of convertible notes and accrued interest.

On January 4 2023 we issued 2,817,039 shares of common stock upon the conversion of \$26,769 of convertible notes and accrued interest.

On January 6 2023 we issued 3,048,780 shares of common stock upon the conversion of \$25,000 of convertible notes and accrued interest.

On January 13 2023 we issued 3,174,603 shares of common stock upon the conversion of \$20,000 of convertible notes and accrued interest.

On January 20 2023 we issued 4,679,501 shares of common stock upon the conversion of \$32,288 of convertible notes and accrued interest.

On January 24 2023 we issued 4,111,8429 shares of common stock upon the conversion of \$25,082 of convertible notes and accrued interest.

On January 26 2023 we issued 5,084,746 shares of common stock upon the conversion of \$30,000 of convertible notes and accrued interest.

On February 3 2023 we issued 4,540,772 shares of common stock upon the conversion of \$25,882 of convertible notes and accrued interest.

On February 7 2023 we issued 2,639,237 shares of common stock upon the conversion of \$16,100 of convertible notes and accrued interest.

On February 13 2023 we issued 5,869,163 shares of common stock upon the conversion of \$27,000 of convertible notes and accrued interest.

On February 13 2023 we issued 5,982,513 shares of common stock upon the conversion of \$32,305 of convertible notes and accrued interest.

On February 14 2023 we issued 5,212,174 shares of common stock upon the conversion of \$24,000 of convertible notes and accrued interest.

On February 22 2023 we issued 4,964,194 shares of common stock upon the conversion of \$18,860 of convertible notes and accrued interest.

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The issuances of the securities mentioned above qualified for the exemption from registration contained in Section 4(2) of the Securities Act of 1933.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. This discussion contains certain forward-looking statements that involve risk and uncertainties. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those set forth under the Section entitled "Risk Factors", and other documents we file with the Securities and Exchange Commission. Historical results are not necessarily indicative of future results.

Overview

Q BioMed Inc. (or "the Company") was incorporated in the State of Nevada on November 22, 2013 and is a commercial stage biomedical acceleration and development company focused on licensing, acquiring and providing strategic resources to life sciences and healthcare companies. We intend to mitigate risk by acquiring multiple assets over time and across a broad spectrum of healthcare related products, companies and sectors. We intend to develop these assets to provide returns via organic growth, revenue production, out-licensing, sale or spin out. Our mission is to solve problems by accelerating the development of important therapies and availability of those therapies to patients.

Our intent is to monetize the current pipeline and build a platform for future growth. There are 4 areas of focus: commercial product revenue growth, partnerships, joint venture equity value and future development platform.

Commercial Product

We believe that Strontium89 has great potential in the cancer palliation space. As a result of a world in which opioids were a treatment of choice for those patients unlucky enough to be diagnosed with painful metastatic cancers in the bone, we felt that Strontium89 had become a neglected and forgotten drug. We have stayed committed to our belief that Strontium89 was a valuable treatment and have focused on advancing that asset from concept, a neglected drug, to a fully approved, reimbursed commercial product. Since we acquired Strontium89, we have built an infrastructure to commercialize the product, including manufacturing, branding, pharmacovigilance, reporting, federal supply contract, and entering into distribution agreements in the United States and several other countries.

Partnership Opportunities

UTTROSIDE B - Liver Cancer Chemotherapeutic

Along with our developmental partners, we are advancing an innovative treatment for liver cancer, a disease indication that currently has a high unmet need. This molecule was identified in India, traditionally used to treat liver ailments. Subsequent research on that isolated molecule showed promising data, indicating that the molecule was more cytotoxic, killing cancer cells more effectively, in liver cancer cells lines than the current first line liver cancer chemotherapeutic. We have advanced this from a naturally occurring unsustainable plant product to a commercially viable and scalable synthetic drug candidate. This provides an opportunity to partner this asset with a larger oncology focused institution. Currently, there are only two approved first-line liver cancer therapies. We have received Orphan Drug Designation, and we are now preparing to advance this toward clinical partnership. We have been successfully prosecuting our patent portfolio and have received patents or notice of allowance in several countries including Japan, Canada, USA and just recently Europe. We are looking for clinical partnerships to advance this product towards the patients that need it.

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Development Platform - Rare Disease Focus

During 2023 we will focus our future development platform on the Rare Disease Space. This focuses our resources on an area in which we already have a presence. Our liver cancer drug candidate, Utrosoid B, has already received Orphan Drug Designation. We expect to partner this asset in 2023 and will grow our development platform through in-licensing or acquisition once we have the capital to do so.

This rare disease platform will also complement our early-stage treatment for young minimally verbal children on the Autism Spectrum. While our immediate focus is on the above-mentioned assets, we are also developing a new drug candidate to treat young children with pediatric minimally verbal autism. The advancement of this program will depend on the availability of funds and resources as we prioritize our clinical development milestones. There is no effective treatment available to help an estimated 250,000 children born with the condition worldwide each year, 20,000 of them in the United States. We are working on a discovery and development program to address this highly unmet need.

Corporate Strategic Goals

Our mission is to solve problems by accelerating the development of important therapies and the availability of those therapies to patients. We have been busy building a portfolio that we believe has significant value ranging from blockbuster potential drugs to revenue-producing opportunities.

Historical Pipeline Overview

Strontium-89 - FDA Approved Drug Launched

In January 2021, we announced that treatment with Strontium-89 in the hospital out-patient setting is fully reimbursed by Medicare. In March 2021, we were approved as a federal supplier which allows us to sell into federal hospital systems, notably the U.S. Department of Veteran Affairs and the U.S. Department of Defense. We have deployed a VA sales force, and we are preparing to launch an institutional contract sales force to increase our presence and uptake in non-government hospitals. Revenue for our fiscal 2021, while still fairly low, is up by over 600% over our fiscal 2020. In January 2021, we received full reimbursement from Medicare and Medicaid, were approved as a federal supplier in March 2021, and engaged a federal sales team working mostly with the U.S. Departments of Veterans' Affairs, the Department of Defense and Indian Health Services.

In mid-2020, we began the regulatory registration process for full commercial access in the European Union. These efforts have seen some delay due to Brexit related regulatory requirements. In parallel, we are midway through the registration process in many other countries. Due to some legacy data from previous owners not being available in current reporting standards to complete the filings, we have begun the process of creating our own source documents to complete the filings in non-US jurisdictions. We expect this to be complete in the first half of our fiscal 2022. We have already identified and contracted with a few international distribution partners in anticipation of approval in those countries.

We are assessing several potential clinical trial programs that may expand the indication beyond palliation into a therapeutic use that may increase utilization in years to come.

Mannin Platform Drugs for ARDS, Glaucoma, Kidney Diseases and others

In March 2021, our technology partner Mannin Research Inc. (Mannin) was granted an additional CAD\$1.7 million from the Canadian governments COVID response budget, adding to the approximate \$7.7 million granted in Europe, which together will fund 65-75 percent of every dollar incurred to advance the Acute Respiratory Distress Syndrome therapy for COVID patients as well as a portfolio of therapeutic assets for vascular diseases currently in development at Mannin, including: glaucoma, cardiovascular diseases, acute kidney disease, and other infectious diseases.

With the uptake of vaccines for COVID-19 growing, the infection numbers are still soaring around the world due to new variants and communities growing apathy and resistance to mandates and social restrictions. Together with Mannin Research Inc., our technology partner, we are pursuing a treatment for Acute Respiratory Distress Syndrome, the condition that causes the most severe symptoms in COVID patients usually resulting in hospitalization and death. The treatment is not dependent on targeting any specific viral variant but

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rather is virus agnostic, which we believe makes it an invaluable treatment for Corona viruses and other viral diseases like influenza, pneumonia and any future viral pandemic outbreaks.

The MAN-19 therapeutic is a recombinant fusion protein that treats the patient, instead of targeting the virus. It is not a cure for COVID-19, but it strengthens a patient's blood vessels and protects them against ARDS, breathing problems, sepsis and other infections that may cause the body's organs to begin shutting down. It is designed to keep COVID-19 or other ARDS patients out of the ICU and off a ventilator. Pending upcoming toxicology testing, we believe that clinical trials for the drug will start in 2023. If the drug proves both safe and effective, our goal is to have it available for use by patients by mid 2024.

The market for this kind of treatment in the current and future pandemic climate is substantial and global. COVID-19 is not going away any time soon. As a result, there is a need to develop more effective treatments. We believe that this technology will play a role in the broader treatment landscape and not only for COVID-19, but also for other infectious diseases that cause ARDS.

GDF 15 Diagnostic for Glaucoma – In Clinical Trial and Product Development and FDA approval anticipated early 2022

In early 2019, we licensed a diagnostic biomarker known as GDF-15 for determining the severity of glaucoma from Washington University in St. Louis. GDF-15 is a perfect companion diagnostic for the MAN-01 and MAN-11 drugs, as well as a novel tool for practicing ophthalmologists and drug developers, because it is designed to assess the efficacy of the treatment or disease progression in their practice. This product represents a unique opportunity, and we believe that current clinical trials are yielding promising results. In partnership with Mannin Research Inc. and McMaster University, we are nearing the completion of development of an in-vitro-diagnostic (IVD) with both point-of-care (detection in a doctor's office) as well as an external laboratory-based detection (i.e. for use in existing CLIA laboratories using existing diagnostic equipment). With appropriate funding, we anticipate completion of the IVD device and submission to the FDA (510K) for in vitro diagnostic approval.

UTTROSIDE B - Liver Cancer Chemotherapeutic

Along with our developmental partners, we are advancing an innovative treatment for liver cancer, a disease indication that currently has a high unmet need. Currently, there are only two approved first-line therapies. Uttroside-B was discovered in the leaf of the Black Nightshade plant in India. As it is not feasible to use the plant as the source for a drug, we successfully synthesized the molecule thereby creating an exact replica of the naturally occurring chemical compound. We have received several patents for this drug candidate and Orphan Drug Designation from the FDA.

QBM-001 - Early Stage Treatment for young minimally verbal children on the Autism Spectrum

While our immediate focus is on the above-mentioned assets, we are also developing a new drug candidate to treat young children with pediatric minimally verbal autism. The advancement of this program will depend on the availability of funds and resources as we prioritize our clinical development milestones. There is no effective treatment available to help an estimated 250,000 children born with the condition worldwide each year, 20,000 of them in the United States. We are working on a discovery and development program to address this highly unmet need.

We believe we have significant value in our commercial and pipeline assets and we are seeking partnership and the requisite funding in order to fully realize the value therein.

Financial Overview

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our audited consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). The preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported

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amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenue generated, and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Intangible Assets

Intangible assets subject to amortization include acquired intellectual property for a marketable product acquired in November 2018.

The intellectual property is being amortized over the estimated life remaining at the time of acquisition, which is 10 years.

Intangible assets are monitored for potential impairment whenever events or circumstances indicate that the carrying amount may not be recoverable and are also reviewed annually to determine whether any impairment is necessary. Management has assessed the economic life of our Metastron asset to be at least equal to its remaining use life of eight years. As such, management modelled the recoverability test using seven years of estimated future cash flows. Based on this projection, the \$350,000 net carrying value of our Metastron asset is fully recoverable and therefore there was no impairment loss as of November 30, 2023 and 2022.

Derivative Financial Instruments

We do not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. We evaluate all of our financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the Statement of Operations. Depending on the features of the derivative financial instrument, we use either the Black-Scholes option-pricing model or a binomial model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The Company evaluates embedded conversion features within convertible debt under ASC 815 *Derivatives and Hedging* to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 *Debt with Conversion and Other Options* for consideration of any beneficial conversion features.

Stock Based Compensation

Effective December 1, 2018, the Company adopted ASU 2018-07, by which the accounting for share-based payments to non-employees and employees is substantially aligned. Non-employee share-based payment awards are measured at grant-date fair value of the equity instruments that the Company is obligated to issue when the good has been delivered or the service has been rendered and any other conditions necessary to earn the right to benefit from the instruments have been satisfied. There was no cumulative effect of the adoption of this standard.

Share-based compensation cost is recorded for all option grants and awards of non-vested stock based on the grant date fair value of the award and is recognized over the service period required for the award.

Stock-based compensation expense is recognized in the consolidated financial statements based on the fair value of the awards granted. Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which generally represents the vesting period. We calculate the fair value of stock options using the Black-Scholes option-pricing model at grant date.

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Research and Development

We expense the cost of research and development as incurred. Research and development expenses comprise costs incurred in funding research and development activities, license fees, and other external costs. Nonrefundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity is performed or when the goods have been received, rather than when payment is made, in accordance with ASC 730, *Research and Development*.

Recent accounting pronouncements

For a summary of recent accounting pronouncements applicable to our consolidated financial statements, see Note 3, Summary of Significant Accounting Policies, in Part II, Item 8, Notes to Consolidated Financial Statements.

Results of Operation for the years ended November 30, 2022 and 2021

	For the twelve months ended	
	November 30, 2022	November 30, 2021
Net Sales	\$ 284,352	\$ 195,597
Cost of sales	293,340	246,846
Gross loss	<u>(8,988)</u>	<u>(51,249)</u>
Operating expenses:		
General and administrative expenses	3,311,249	6,263,475
Research and development expenses	125,378	1,073,841
Total operating expenses	<u>3,436,628</u>	<u>7,337,316</u>
Loss from operations	(3,445,616)	(7,388,565)
Other (income) expenses:		
Interest expense	1,384,465	506,922
Change in fair value of derivatives	(273,782)	304,153
Loss on debt extinguishment	384,311	40,910
Loss on issuance of convertible note	12,809	—
Settlement of registration liability	241,875	—
Total other (income) expenses	<u>(1,393,523)</u>	<u>851,985</u>
Net loss	<u>(2,052,093)</u>	<u>(8,240,550)</u>

Net Sales

During the year ended November 30, 2022 and 2021, we recognized approximately \$271,000 and \$196,000 of revenue from sales of Strontium89, respectively. This increase was due to more doses being sold during the year ended November 30, 2022, compared to the prior year.

Cost of Sales

During the year ended November 30, 2022, we recognized approximately \$293,000 in cost of sales. These costs were related to raw materials cost, manufacturing cost, distribution cost and write-offs of expired inventory.

During the year ended November 30, 2021, we recognized approximately \$247,000 in cost of sales. These costs were related to raw materials cost, manufacturing cost and distribution cost.

Operating expenses

We incur various costs and expenses in the execution of our business. The decrease in operating expenses was mainly due to significantly less stock-based compensation recognized in the year ended November 30, 2022, compared to the 2021 fiscal year. In addition, the common stock price traded relatively higher in 2021 compared to 2022.

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Interest expense

The following table summarizes interest expense incurred during the year ended November 30, 2022 and 2021, respectively (amounts are rounded to nearest thousand):

	<u>For the Years ended</u>	
	<u>November 30, 2022</u>	<u>November 30, 2021</u>
Interest expense based on the coupon interest rate of the outstanding debt	\$ 252,000	\$ 96,000
Accretion of debt discount	1,073,000	408,000
Other	60,000	3,000
Total interest expense	<u>\$ 1,385,000</u>	<u>\$ 507,000</u>

Change in fair value of embedded derivatives

We recognized a gain of approximately \$274,000 and a loss of approximately \$304,000 resulting from the change in fair value of embedded contingent put options in convertible notes during the years ended November 30, 2022 and 2021 respectively. The fluctuation is mainly due to the change in stock price during the reporting periods.

Loss on debt extinguishment

We recognized a loss of approximately \$384,000 and \$41,000 due to the conversion of outstanding debentures into shares of common stock during the year ended November 30, 2022 and 2021, respectively.

Net loss

During the years ended November 30, 2022 and 2021, we incurred net losses of approximately \$ 2.1 million and \$8.2 million, respectively. Our management expects to continue to incur net losses for the foreseeable future, due to our need to continue to establish a broader pipeline of assets, expenditure on R&D and to implement other aspects of our business plan.

Liquidity and Capital Resources

We prepared the accompanying consolidated financial statements assuming that we will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

We have not yet established a significant ongoing source of revenues and must cover our operating through debt and equity financings to allow us to continue as a going concern. We had approximately \$50,000 in cash as of November 30, 2022. Our ability to continue as a going concern depends on our ability to obtain adequate capital to fund operating losses until we generate adequate cash flows from operations to fund our operating costs and obligations. If we are unable to obtain adequate capital, we could be forced to cease operations.

We depend upon our ability, and will continue to attempt, to secure equity and/or debt financing. We cannot be certain that additional funding will be available on acceptable terms, or at all. Our management determined that there was substantial doubt about our ability to continue as a going concern within one year after the consolidated financial statements were issued, and management's concerns about our ability to continue as a going concern within the year following this report persist.

The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might result from this uncertainty.

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Cash Flows

The following table sets forth the significant sources and uses of cash for the periods addressed in this report:

	For the twelve months ended	
	November 30, 2022	November 30, 2021
Net Cash (used in) provided by		
Operating activities	\$ 1,941,404	\$ (4,302,036)
Investing activities	(3,143,201)	—
Financing Activities	907,761	4,468,900
Net (decrease) increase in cash	(294,036)	166,864

Net cash used in operating activities was approximately \$1.2 million for the year ended November 30, 2022, as compared to approximately \$4.3 million for the year ended November 30, 2021. During the year ended November 30, 2022, operating activities provided \$1.9 million of cash, resulting from a net loss of \$2.1 million, partially offset by loss on debt extinguishment of \$384,000, loss on issuance of convertible note of \$13,000, settlement on registration liability of \$242,000, shared based compensation related to stock options modification of \$212,000, share based compensation related to warrants modification of \$300,000, share based compensation for services of \$392,000, amortization expense of \$50,000, and non-cash interest expense resulting from accretion of debt discounts of \$0.9 million, offset by change in fair value of derivatives of \$273,000 and changes in our operating assets and liabilities of approximately \$1.8 million. During the year ended November 30, 2021, net cash used in operating activities results from the net loss of approximately \$8.2 million for the year ended November 30, 2021, partially offset by \$2.3 million of share-based compensation, change in fair value of embedded conversion options of \$0.3 million, loss on extinguishment of debt of \$41,000, and non-cash interest expense resulting from accretion of debt discounts of \$0.4 million and changes in our operating assets and liabilities of approximately \$0.8 million.

Net cash used by investing activities was approximately \$3.1 million which relates to the investment in Mannin.

Net cash provided by financing activities was approximately \$910k for the year ended November 30, 2022 as compared to approximately \$4.5million for the year ended November 30, 2021. During the year ended November 30, 2022, net cash provided by financing activities relates to proceeds received from the issuance of common stock and debentures, cash advances and proceeds received for warrants modification. During the year ended November 30, 2021, net cash provided by financing activities relates to proceeds received from the issuance of common stock and debentures and is offset by the repayment of notes to related parties.

Obligations and Commitments

Legal

Periodically, we review the status of significant matters, if any exist, and assesses its potential financial exposure. If the potential loss from any claim or legal claim is considered probable and the amount can be estimated, we accrue a liability for the estimated loss. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based on the best information available at the time. As additional information becomes available, we reassess the potential liability related to pending claims and litigation.

Advisory Agreements

We entered into customary consulting arrangements with various counterparties to provide consulting services, business development and investor relations services, pursuant to which we agreed to issue shares of common stock as services are received.

Lease Agreement

In December 2016, we entered into a lease agreement for office space located in Cayman Islands for \$30,000 per annum. The initial term of the agreement ended in December 2019 and has been further renewed in 2023 for another three years, at a reduced rate of \$15,000 per year. This agreement does not identify a specific asset and does not convey the use of substantially all of the shared office capacity. As such, this agreement does not contain a lease under ASC 842. We recognize monthly license payments as incurred over the term of the arrangement.

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Rent expense is classified within general and administrative expenses on a straight-line basis and included in the accompanying Consolidated Statements of Operations as follows:

	For the year ended November 30,	
	2022	2021
Rent expense	\$ 30,000	\$ 30,000

License Agreements

Mannin

On October 29, 2015, we entered into a Patent and Technology License and Purchase Option Agreement (“Exclusive License”) with a vendor whereby we were granted a worldwide, exclusive, license on, and option to, acquire certain intellectual property (“Mannin IP”) which initially focused on developing a first-in-class eye drop treatment for glaucoma within the four-year term of the Exclusive License. Pursuant to the exclusive license from Mannin, we may purchase the Mannin IP within six years of entry into the agreement. During the years ended November 30, 2021 and 2020, we respectively incurred approximately \$0.8 million and \$1.0 million of research and development expenses under our license with Mannin. The purchase option under the license agreement has now expired.

On March 26, 2019, we entered into an amendment to the Patent and Technology License and Purchase Option Agreement that it initially entered into with Mannin Research Inc. on October 29, 2015 (the “Mannin Agreement”). Under such amendment, the term of the option granted under the Mannin Agreement was extended to October 29, 2021 in exchange for our issuing 100,000 shares to Mannin Research Inc. on April 9, 2019.

On September 1, 2020, we further amended the license agreement allowing Mannin to grant an exclusive license to Mannin GmbH (its wholly owned German subsidiary) in order fully take advantage of the German government grant to Mannin. The agreement also confirms our ongoing investment into the Tie2 platform to create, and therefore maintain economic value for us and our shareholders. We have agreed to contribute funds in Mannin GmbH. We paid Mannin \$1.5 million in cash payable in three instalments. In addition, we paid to Mannin \$0.75 million in shares of our common stock valued as of June 15, 2020, in full satisfaction of R&D payables, contracted by Mannin in development of the Tie2 platform. We continue to have the right to 100% of the revenues derived from the Mannin Tie2 technology platform, until such time that Mannin and its subsidiaries have independently raised at least \$2 million in funds, expected to happen in 2022, at which time the parties have agreed to a profit share structure reducing our future capital commitments to Mannin R&D.

During the years ended November 30, 2022 and 2021, we incurred approximately \$180,000 million and \$0.8 million, respectively, in research and development expenses to fund the costs of development of the eye drop treatment for glaucoma pursuant to the Exclusive License.

Washington University

On March 9, 2019, we entered into an Exclusive License Agreement with Washington University for license of a diagnostic marker for determining the severity of glaucoma using the expression levels of Growth Differentiation Factor 15. The agreement calls for us to pay an initial fee of approximately \$88,000, pay annual maintenance fees ranging from \$15,000 to \$75,000, make additional payments upon the following milestones:

- The first commercial sale of a companion diagnostic product;
- Initiation of a clinical trial for a diagnostic product to support FDA PMA or 510(k) regulatory approval or the foreign equivalent;
- PMA or 510(k) regulatory approval by the FDA or the foreign equivalent; and
- The first commercial sale of a diagnostic product.

In addition to the above payments, royalty payments based upon sales of a companion diagnostic product or diagnostic product are required.

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Related Party Transactions

We entered into consulting agreements with certain management personnel and stockholders for consulting and legal services. Consulting and legal expenses resulting from such agreements were included within general and administrative expenses in the accompanying Consolidated Statements of Operations as follows:

	For the Years ended	
	November 30, 2022	November 30, 2021
Consulting and legal expenses	\$ 308,833	\$ 420,000

On May 29, 2022 the company issued 250,000 shares at a nominal value of 10c per share to Mr Rosenstadt , the company’s Chief Legal Officer and director, in lieu of cash for his monthly services.

On, May 29, 2022 the company issued 200,000 shares at a nominal value of 10c per share to Mr Corin, the company’s Chief Executive Officer, as partial payment of his monthly salary in lieu of cash.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following documents (pages F-1 to F-23) form part of the report on the Consolidated Financial Statements

	PAGE
Consolidated Balance Sheets	F-2
Consolidated Statements of Operations	F-3
Consolidated Statement of Changes in Stockholders’ Deficit	F-4
Consolidated Statements of Cash Flows	F-5
Notes to Consolidated Financial Statements	F-6

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

We have not had any disagreements with our accountants or auditors that would need to be disclosed pursuant to Item 304 of Regulation S-K promulgated under the Securities Act of 1933.

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ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management is required to maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports, filed under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As required by the SEC Rules 13a-15(b) and 15d-15(b), an evaluation is required to be carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses described below, including the lack of audited financial statements in this annual report.

To address these material weaknesses, management engaged financial consultants, performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

Management's Annual Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") for the Company. Our internal control system was designed to, in general, provide reasonable assurance to the Company's management and board regarding the preparation and fair presentation of published financial statements, but because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of November 30, 2020, management has completed a proper evaluation, risk assessment and monitoring of the Company's internal controls over financial reporting based on the 2013 Committee of Sponsoring Organizations (COSO) framework. Management concluded that, during the period covered by this report, that our internal controls and procedures were effective to detect the inappropriate application of US GAAP. Management has identified the following material weaknesses set forth below in our internal control over financial reporting.

1. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible, however segregation of duties has been implemented, with regards to the initiation of transactions, the custody of assets and the recording of transactions performed by separate individuals.
2. We do not have in-house personnel with sufficient experience with United States generally accepted accounting principles to address complex transactions. These functions have been outsourced.
3. We have determined that oversight over our external financial reporting and internal control over our financial reporting is ineffective as we do not have an audit committee in place.
4. We have not had our independent accountants audit our financial statements for the year ended November 30, 2022 and provide us with a report for such audit.

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We have begun to take steps to remediate some of the weaknesses described above, including by engaging a financial reporting advisor with expertise in accounting for complex transactions. We have drafted a full set of compliance documents and will be rolling those out in due course. We intend to continue to address these weaknesses as resources permit.

Notwithstanding the material weaknesses identified herein, we believe that our consolidated financial statements contained in this Annual Report fairly present our financial position, results of operations and cash flows for the years covered thereby in all material respects.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

Our internal control over financial reporting has not changed during the fourth quarter covered by this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth information with respect to persons who are serving as directors and officers of the Company. Each director holds office until the next annual meeting of shareholders or until his successor has been elected and qualified.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Held Position Since</u>
Denis Corin	50	Chief Executive Officer and Director (Chairman)	2015
William Rosenstadt	54	Chief Legal Officer and Director	2015
Rick Panicucci	62	Director	2018

Biography of Directors and Officers

Mr. Denis Corin has been the Chief Executive Officer and Chairman of the Board of the Company since April 21, 2015. Mr. Corin is a management consultant. He has worked for large pharmaceutical (Novartis) and diagnostic instrumentation companies (Beckman Coulter) in their sales organizations responsible for sales in multi-product disciplines including pharmaceuticals and diagnostics and diagnostic automation equipment. After Novartis and Beckman Coulter, he served as Director of Investor Relations in the small-cap biotech arena at MIV Therapeutics Inc, a company specializing in next generation drug delivery and drug eluting cardiovascular stents. Mr. Corin served as an executive and on the board of directors of TapImmune Inc. from July 2009 to May 2012. He received his Bachelor's degrees in Economics and Marketing from the University of Natal, South Africa in 1996.

Mr. William Rosenstadt was appointed as the Company's Chief Legal Officer and member of the Company's board of directors on June 1, 2015. Mr. Rosenstadt is a practicing corporate and securities lawyer. He is also the founding member and the managing partner of Ortol Rosenstadt LLP, a law firm, formed in 2006. Mr. Rosenstadt received his Juris Doctorate from Benjamin N. Cardozo School of Law in 1995 and his Bachelor of Arts from Syracuse University in 1990.

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Dr. Rick Panicucci was appointed as a member of the Company’s board of directors on February 13, 2018. Dr. Panicucci specializes in the early stages of drug discovery for various companies. His responsibilities include solid state chemistry and formulation development of all small molecule therapeutics in early development and developing novel drug delivery technologies for small molecules and large molecules including siRNA. Since September 2015, Dr. Panicucci has been working with one of our licensors, Mannin Research Inc., in the development plan for MAN-01, a novel drug candidate that we license for the topical treatment of open-angle glaucoma. Since February 2015, he has served as the Vice President of Pharmaceutical Development at WuXi AppTec, where he is responsible for providing scientific leadership in the areas of Developability, Formulation Development and GMP Manufacturing. Prior to WuXi he held the position of Global Head of Chemical and Pharmaceutical Profiling (CPP) at Novartis from 2004 to 2015, where he led the development and implementation of innovative dosage form designs and continuous manufacturing paradigms. He has also held positions as the Director of Formulation Development at Vertex Pharmaceuticals and Senior Scientist at Biogen.

Dr. Panicucci received his Ph.D. in Physical Organic Chemistry at the University of Toronto and has two postdoctoral fellowships at the University of California at Santa Barbara and the Ontario Cancer Institute. Dr. Panicucci will continue advise on the scientific and commercial development of our MAN-01 glaucoma drug with Mannin Research Inc. He will also now provide insight and guidance on all our pipeline assets.

In connection with his service as a director, we have entered into an agreement with Dr. Panicucci pursuant to which he will earn options to acquire up to 50,000 shares of our common stock. The options will vest in quarterly installments of 12,500 each and are exercisable for 5 years at \$3.00 per option.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of Forms 3, 4 and 5, we believe that those persons who, at any time during our most recent fiscal year, were either a director, officer or beneficial owner of more than ten percent of our common stock filed those reports required by section 16(a) of the Exchange Act. We do not believe that all of those reports were filed on a timely basis.

ITEM 11. EXECUTIVE COMPENSATION

Our directors do not receive any stated salary for their services as directors or members of committees of the board of directors, but have received stock options for director services and, by resolution of the board, a fixed fee may be allowed for attendance at each meeting. Directors may also serve the Company in other capacities as an officer, agent or otherwise, and may receive compensation for their services in such other capacity. No such fees have been paid to any director since incorporation. Reasonable travel expenses are reimbursed.

Summary Compensation Table

The following table sets forth information concerning all cash compensation awarded to, earned by or paid to all individuals serving as the Company’s principal executive officers during the last two completed fiscal years ended November 30, 2022 and 2021, respectively and all non-cash compensation awarded to those same individuals in those time periods.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Warrant Awards (\$)	Options Awards (\$)	All other compensations (\$)	Total (\$)
Denis Corin	2022	\$ 300,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 300,000
Chief Executive Officer	2021	\$ 300,000	\$ —	\$ —	\$ —	\$ 72,000	\$ —	\$ 372,000
William Rosenstadt	2022	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 300,000	\$ 300,000
General Counsel and Director	2021	\$ —	\$ —	\$ 34,825	\$ —	\$ 72,000	\$ 300,000	\$ 406,825

(1) Mr. Denis Corin was appointed as Chief Executive Officer and Director on April 21, 2015.

(2) Mr. William Rosenstadt was appointed as Chief Legal Officer and Director on June 5, 2015.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of February 10, 2022, certain information regarding the ownership of our common stock by (i) each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock, (ii) each of our directors, (iii) our Principal Executive Officer and (iv) all of our executive officers and directors as a group. Unless otherwise indicated, the address of each person shown is c/o Ortolini Rosenstadt LLP, 366 Madison Avenue 3rd Floor, New York, New York 10017. Beneficial ownership, for purposes of this table, includes options to purchase common stock that are either currently exercisable or will be exercisable within 60 days of the date of this annual report.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner ⁽¹⁾	Deemed Outstanding	Percent of Class ⁽²⁾	Votes	Percent of voting rights
Directors and Officers:					
Denis Corin ⁽³⁾	38,525,133	177,427,864	21.7 %	71,858,466	20.9 %
William Rosenstadt ⁽⁴⁾	37,388,704	177,427,864	21.1 %	70,721,666	20.6 %
Rick Panicucci ⁽⁵⁾	475,000		0.001 %		*0.0 %
Directors and Officers as a Group (3 persons)	76,388,837	210,761,197	36.2 %	145,580,704	41.4 %
Major Stockholders:					
Ari Jatwes ⁽⁶⁾	35,533,333	177,427,864	20.0 %	68,866,666	20.0 %

* less than 1%

- (1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon the exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding as of May 24, 2022.
- (2) This percentage is based upon 144,094,531 shares of common stock and 1,000,000 Series C Pref Shares convertible into 200,000,000 common shares outstanding as of May 24, 2023 and any warrants exercisable by such person within 60 days of the date as of which the information is provided. The percentage is therefore based on 244,000,000 shares on a deemed converted basis.
- (3) In addition to 2,641,800 shares, includes shares underlying (i) 150,000 five-year warrants issued in July 2016 for director fees, (ii) 350,000 five-year warrants issued in June 5, 2017 as a bonus for officer services through the date thereof, (iii) 150,000 five-year options issued on June 5, 2017 for services as a director and officer through June 1, 2018, (iv) 150,000 five-year options issued in June 2018 for services as a director and officer through June 1, 2019, (v) 150,000 five-year options issued in June 2019 for services as a director and officer through June 1, 2020, all of which are exercisable within 60 days of the date as of which the information is provided, (vi) 750,000 five year warrants issued on February 2, 2020, (vii) 300,000 options issued on August 28, 2020, (viii) 500,000 options issued on October 27, 2020 and (ix) 50,000 options issued on November 26, 2021 and 333,333,333 pref C shares convertible into 33,333,333 common shares as of the closing price of \$0.01 on May 24th. Each Pref C Share has 200 votes.
- (4) In addition to 926,910 shares, includes shares underlying (i) 250,000 five-year warrants issued in January 2016 to the law firm where Mr. Rosenstadt is a partner, (ii) 50,000 five-year warrants issued in July 2016 which were issued to the law firm where Mr.

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Rosenstadt is a partner, (iii) 150,000 five-year warrants issued in July 15, 2016 for director fees through June 1, 2017, (iv) 350,000 five-year warrants issued in June 2017 as a bonus for officer services through the date thereof, (v) 150,000 five-year options issued on June 5, 2017 for services as a director and officer through June 1, 2018, (vi) 150,000 five-year options issued in June 2018 for services as a director and officer through June 1, 2019, (vii) 150,000 five-year options issued in June 2019 for services as a director and officer through June 1, 2020, all of which are exercisable within 60 days of the date as of which the information is provided, (vii) 173,641 options issued on October 16, 2019, (viii) 750,000 options issued on the February 10, 2020, (ix) 225,000 warrants issued on April 7, 2020, (x) 300,000 options issued August 28, 2020, (xi) 500,000 options issued on October 27, 2020 and (xii) 50,000 options issued on November 26, 2021. and 333,333,333 pref C shares convertible into 33,333,333 common shares as of the closing price of \$0.01 on May 24th. Each Pref C Share has 200 votes.

- (5) Includes (i) 50,000 five-year warrants issued in September 2019 for director fees, (ii) 50,000 options issued in February 2018, (iii) 150,000 options issued in December 2019, (iv) 200,000 options issued in October 2020, and (v) 25,000 options issued on November 26, 2021.
- (6) In addition to 765,000 shares, includes shares underlying (i) 75,000 warrants issued in July 2016, (ii) 85,000 warrants issued in June 2017, (iii) 150,000 options issued in June 2017, (iv) 50,000 options issued in July 2018, (v) 50,000 options issued in September 2019, (vi) 300,000 warrants issued in February 2020, (vii) 200,000 options issued in August 2020, (viii) 500,000 options issued in October 2020 and (ix) 25,000 options issued on November 26, 2021. and 333,333,333 pref C shares convertible into 33,333,333 common shares as of the closing price of \$0.01 on May 24th. Each Pref C Share has 200 votes.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We entered into consulting agreements with certain management personnel and stockholders for consulting and legal services. Consulting and legal expenses resulting from such agreements were approximately \$308,333 and \$420,000 for the year ended November 30, 2022 and 2021, respectively. In addition to the arrangements, discussed in the sections titled “Directors, Executive Officers & Corporate Governance” and “Executive Compensation”, we pay our securities counsel Ortolini Rosenstadt LLP, where our director William Rosenstadt serves as managing partner, a monthly fee of \$25,000 and a per transaction fee on certain extraordinary transactions. We do not have any obligations outstanding to other persons who beneficially own more than 10% of our common stock.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth fees billed to us by our independent auditors for the years ended November 30, 2022 and 2021 for (i) services rendered for the audit of our annual consolidated financial statements and the review of our quarterly consolidated financial statements, (ii) services rendered that are reasonably related to the performance of the audit or review of our consolidated financial statements that are not reported as Audit Fees, and (iii) services rendered in connection with tax preparation, compliance, advice and assistance.

Marcum LLP

SERVICES	2022	2021
Audit fees	\$ 92,000	\$ 61,000
Audit-related fees	—	—
Tax fees	\$ 3,296	—
All other fees	—	—
Total fees	\$ 95,296	\$ 61,000

Audit fees and audit related fees represent amounts billed for professional services rendered for the audit of our annual consolidated financial statements and the review of our interim consolidated financial statements. Before our independent accountants were engaged to render these services, their engagement was approved by our Directors.

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PART IV

ITEM 15. EXHIBITS, CONSOLIDATED FINANCIAL STATEMENTS SCHEDULE

The following exhibits are filed as part of this registration statement. Exhibit numbers correspond to the exhibit requirements of Regulation S-K.

<u>Exhibit No.</u>	<u>Description</u>
3.1	Articles of Incorporation filed as Exhibit 3 (a) to Form S-1 filed on January 13, 2014 and incorporated herein by reference
3.2	Amendment to Articles of Incorporation, dated July 20, 2015, filed as Exhibit 3.1 to our periodic report filed on Form 8-K on August 3, 2015 and incorporated herein by reference
3.3	Amendment to Articles of Incorporation, dated October 27, 2015, filed as Exhibit 3.1 to our periodic report filed on Form 8-K on October 29, 2015 and incorporated herein by reference
3.4	Articles of Incorporation filed as Exhibit 3 (b) to Form S-1 filed on January 13, 2014 and incorporated herein by reference
4.1	Form of Warrant in connection with our February 1, 2018 offering filed as Exhibit 4.1 to our registration statement on Form S-1 filed on January 12, 2018
4.2	Form of Warrant as filed as Exhibit 4.2 to our current report on Form 8-K filed on June 9, 2017 and incorporated herein by reference
4.3	Form of Warrant as filed as Exhibit 10.3 to our current report on Form 8-K filed on August 2, 2017 and incorporated herein by reference
10.1	Advisory Agreement, dated June 1, 2015, with Ari Jatwes filed as Exhibit 10.6 to our current report on Form 8-K filed on January 13, 2016 and incorporated herein by reference
10.3	Executive Services Agreement, dates June 1, 2017, between Denis Corin and Q BioMed Cayman SEZC filed as Exhibit 10.1 to our current report on Form 8-K filed on June 9, 2017 and incorporated herein by reference
10.4	Form of Non-Qualified Stock Option Agreement filed as Exhibit 4.1 to our current report on Form 8-K filed on June 9, 2017 and incorporated herein by reference
10.5	Patent and Technology License and Purchase Option Agreement, dated October 29, 2015, with Mannin Research Inc. filed as Exhibit 10.1 to our annual report on Form 10-K filed on March 11, 2016 and incorporated herein by reference +
10.6	Technology License Agreement, dated June 15, 2017, among Q BioMed Inc., Oklahoma Medical Research Foundation and Rajiv Gandhi Centre for BioTechnology filed as Exhibit 10.1 to our current report on Form 8-K filed on June 15, 2017 and incorporated herein by reference +
10.7	Securities Purchase Agreement, dated August 28, 2019, filed as Exhibit 10.1 to our current report on Form 8-K (as amended) on September 6, 2019 and incorporate herein by reference
10.8	Form of Debenture pursuant to the Securities Purchase Agreement entered into on August 28, 2019, filed as Exhibit 10.2 to our current report on Form 8-K (as amended) on September 6, 2019 and incorporate herein by reference
10.9	Securities Purchase Agreement, dated October 11, 2019, filed as Exhibit 10.1 to our current report on Form 8-K on October 15, 2019 and incorporate herein by reference
10.10	Form of Debenture pursuant to the Securities Purchase Agreement entered into on October 11, 2019, filed as Exhibit 10.2 to our current report on Form 8-K on October 15, 2019 and incorporate herein by reference
10.11	Securities Purchase Agreement, dated December 5, 2019, filed as Exhibit 10.1 to our current report on Form 8-K on December 12, 2019 and incorporate herein by reference
10.12	Form of Debenture pursuant to the Securities Purchase Agreement entered into on December 5, 2019, filed as Exhibit 10.2 to our current report on Form 8-K on December 12, 2019 and incorporate herein by reference
10.13	Securities Purchase Agreement in connection with our April 6, 2020 private placement of Preferred Shares filed as Exhibit 10.1 to our current report on Form 8-k filed on April 7, 2020

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10.14	Registration Rights Agreement filed as Exhibit 10.2 to our current report on Form 8-k filed on April 7, 2020
10.15	Form of Securities Purchase Agreement entered into with the Selling Stockholders, filed as Exhibit 10.4 to our current report on Form 8-k filed on December 29, 2020
10.16	Securities Purchase Agreement, dated December 23, 2020, filed as Exhibit 10.1 to our current report on Form 8-k filed on December 29, 2020
10.17	Form of Debenture filed as Exhibit 10.2 to our current report on Form 8-k filed on December 29, 2020
10.18	Amendment Agreement, dated December 23, 2020, filed as Exhibit 10.3 to our current report on Form 8-k filed on December 29, 2020
10.19	Form of Securities Purchase Agreement with Selling Stockholders, filed as Exhibit 10.4 to our current report on Form 8-k filed on December 29, 2020
10.20	Form of Resale Warrant filed as Exhibit 10.5 to our current report on Form 8-k filed on December 29, 2020
10.21	Securities Purchase Agreement, dated February 12, 2021, filed as Exhibit 10.1 to our current report on Form 8-k filed on February 16, 2021
10.22	Form of Debenture filed as Exhibit 10.2 to our current report on Form 8-k filed on February 16, 2021
10.23	Amendment To Patent and Technology License and Purchase Option Agreement, dated March 26, 2019, among the Company and Mannin Research Inc.
31	Certification of Principal Executive Officer and Acting Principal Accounting Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a)
32	Certification of Principal Executive Officer and Acting Principal Accounting Officer pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit)

*Filed herewith

+ Portions of this exhibit have been omitted pursuant to a request for confidential treatment, and the SEC has granted confidential treatment pursuant to Rule 406 under the Securities Act. Confidential information has been omitted from the exhibit in places marked "*****" and has been filed separately with the SEC.

ITEM 16. FORM 10-K SUMMARY

We have elected not to provide a summary of the information provided in this annual report on Form 10-K.

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Q BIOMED INC.
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Q BIOMED INC.
Consolidated Balance Sheets

	As of November 30, 2022 (Unaudited)	As of November 30, 2021
ASSETS		
Current assets:		
Cash	\$ 49,973	\$ 344,009
Accounts receivable	11,535	80,097
Inventory	—	22,253
Prepaid expenses and other current assets	10,808	13,121
Total current assets	72,316	459,480
Investment	3,143,201	—
Intangible assets, net	300,000	350,000
Total Assets	\$ 3,515,517	\$ 809,480
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 2,132,063	\$ 1,345,319
Accrued expenses	1,545,052	954,309
Accrued expenses - related party	—	71,500
Accrued interest payable	254,686	70,677
Debt	4,109,981	3,053,037
Derivative liabilities	91,158	—
Total current liabilities	8,132,940	5,494,842
Total Liabilities	8,132,940	5,494,842
Commitments and Contingencies (Note 8)		
Stockholders' Deficit:		
Preferred stock, \$0.001 par value; 100,000,000 shares authorized as of November 30, 2022 and 2021	—	—
Convertible Series A, 500,000 shares designated - 227,998 shares issued and outstanding at November 30, 2022 and 2021, respectively	2,160,916	2,161,195
Convertible Series B, 1,000,000 shares designated - 345,000 and 400,000 shares issued and outstanding at November 30, 2022 and 2021, respectively	2,874,623	3,915,512
Convertible Series C, 100,000,000 shares designated – 1,000,000 and no shares issued and outstanding at November 30, 2022 and November 30, 2021, respectively	50,000	—
Common stock, \$0.001 par value; 250,000,000 shares authorized; 84,328,041 and 28,647,788 shares issued and outstanding as of November 30, 2022 and 2021, respectively	84,328	28,648
Additional paid-in capital	56,308,513	53,335,901
Accumulated deficit	(66,095,802)	(64,126,618)
Total Stockholders' Deficit	(4,617,422)	(4,685,362)
Total Liabilities and Stockholders' Deficit	\$ 3,515,517	\$ 809,480

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

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Q BIOMED INC.
Consolidated Statements of Operations

	For the years ended	
	November 30, 2022 (Unaudited)	November 30, 2021
Net Sales	\$ 284,352	\$ 195,597
Cost of sales	293,340	246,846
Gross loss	(8,988)	(51,249)
Operating expenses:		
General and administrative expenses	3,311,249	6,263,475
Research and development expenses	125,378	1,073,841
Total operating expenses	3,436,628	7,337,316
Loss from operations	(3,445,616)	(7,388,565)
Other (income) expenses:		
Interest expense	1,384,465	506,922
Change in fair value of embedded derivatives	(273,782)	304,153
Gain on Mannin conversion	(3,143,201)	—
Loss on debt extinguishment	384,311	40,910
Loss on issuance of convertible note	12,809	—
Settlement of registration liability	241,875	—
Total other expenses	(1,393,523)	851,985
Net loss	(2,052,093)	(8,240,550)
Accumulated dividend on convertible preferred stock	(473,831)	(500,724)
Deemed dividend for induced conversion of convertible preferred stock	(968,160)	—
Net loss attributable to common stockholders	\$ (3,494,084)	\$ (8,741,274)
Net loss per share - basic and diluted	\$ (0.08)	\$ (0.33)
Weighted average shares outstanding, basic and diluted	44,756,818	26,779,270

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

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Q BIOMED INC.
Consolidated Statement of Changes in Stockholders' Deficit

For the Twelve Months Ended November 30, 2022

	Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of November 30, 2020	227,998	\$ 2,161,980	503,134	\$ 4,968,368			23,816,489	\$ 23,816	\$ 47,656,423	\$ (55,886,068)	\$ (1,075,481)
Issuance of common stock for cash	—	—	—	—	—	—	100,000	100	99,900	—	100,000
Issuance of common stock and warrants for cash	—	—	—	—	—	—	1,213,333	1,213	908,787	—	910,000
Issuance common stock for dividend payment on preferred stock	—	(182,398)	—	(340,627)	—	—	533,610	534	522,491	—	—
Issuance of common stock to convert notes payable	—	—	—	—	—	—	945,631	946	702,668	—	703,614
Issuance of common stock to convert Series B preferred stock	—	—	(103,334)	(1,031,340)	—	—	1,245,089	1,245	1,030,095	—	—
Issuance cost related to issuance of convertible notes	—	—	—	—	—	—	35,000	35	34,790	—	34,825
Beneficial conversion feature related to convertible notes	—	—	—	—	—	—	—	—	290,967	—	290,967
Issuance of warrants in conjunction with convertible note	—	—	—	—	—	—	—	—	252,683	—	252,683
Accumulated dividend on preferred stock	—	181,613	—	319,111	—	—	—	—	(500,724)	—	—
Share based compensation for services	—	—	—	—	—	—	758,636	759	2,337,821	—	2,338,580
Net loss	—	—	—	—	—	—	—	—	—	(8,240,550)	8,240,550
Balance as of November 30, 2021	227,998	\$ 2,161,195	400,000	\$ 3,915,512			28,647,788	\$ 28,648	\$ 53,335,901	\$ (64,126,618)	\$ (4,685,362)
Issuance of common stock and warrants for cash	—	—	—	—	—	—	400,000	400	99,630	—	100,030
Cash proceeds from warrants modification	—	—	—	—	—	—	—	—	20,000	—	20,000
Issuance common stock for dividend payment on preferred stock	—	(182,399)	—	(292,600)	—	—	5,497,333	5,497	469,501	—	—
Issuance of common stock to convert Series B preferred stock	—	—	(104,000)	(1,040,000)	—	—	25,655,298	25,655	1,982,505	—	968,160
Issuance of common stock to convert notes payable	—	—	—	—	—	—	21,025,054	21,025	2,056,361	—	2,077,386
Issuance of common stock to extinguish accrued liabilities	—	—	—	—	—	—	676,627	676	73,223	—	73,899
Issuance of common stock to settle derivative liability	—	—	—	—	—	—	545,000	545	61,810	—	62,355
Accumulated dividend on preferred stock	—	182,120	—	291,711	—	—	—	—	(473,831)	—	—
Share based compensation for services	—	—	—	—	—	—	1,880,941	1,881	390,121	—	392,002
Share based compensation for warrants modification	—	—	—	—	—	—	—	—	277,897	—	277,897
Share based compensation for options modification	—	—	—	—	—	—	—	—	182,436	—	182,436
Adoption of ASU 2020-06	—	—	—	—	—	—	—	—	(290,967)	82,909	(208,058)
Reclassification of warrants and options from equity to liability	—	—	—	—	—	—	—	—	(907,914)	—	(907,914)
Deemed dividend for induced conversion of Series B preferred	—	—	—	—	—	—	—	—	(968,160)	—	(968,160)
Issuance of preferred stock to extinguish loan payable	—	—	—	—	1,000,000	50,000	—	—	—	—	50,000
Net loss	—	—	—	—	—	—	—	—	—	(2,052,093)	(2,052,093)
Balance as of November 30, 2022 (Unaudited)	227,998	\$ 2,160,916	296,000	\$ 2,874,623	1,000,000	\$ 50,000	84,328,041	\$ 84,328	\$ 56,308,513	\$ (66,095,802)	\$ (4,617,422)

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

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Q BIOMED INC.
Consolidated Statement of Cash Flows

	For the years ended	
	November 30, 2022 (Unaudited)	November 30, 2021
Cash flows from operating activities:		
Net loss	\$ (2,052,093)	\$ (8,240,550)
Adjustments to reconcile net loss to net cash used in operating activities		
Share based compensation for services	392,002	2,338,580
Share based consideration related to warrants modification	299,883	—
Share based compensation related to stock options modification	211,936	—
Change in fair value of derivatives	(273,783)	—
Change in fair value of embedded conversion option	—	304,153
Accretion of debt discount	922,599	408,009
Amortization expense	50,000	50,000
Settlement on registration liability	241,875	—
Loss on issuance of convertible note	12,809	—
Loss on debt extinguishment	384,311	40,910
Changes in operating assets and liabilities:		
Accounts receivable	68,563	(80,097)
Prepaid expenses and other current assets	24,566	10,965
Accounts payable and accrued expenses	1,474,728	838,693
Accrued interest payable	184,009	27,301
Net cash provided by (used in) operating activities	1,941,404	(4,302,036)
Cash flows from investing activities:		
Investment	\$ (3,143,201)	\$ —
Net cash used by investing activities	(3,143,201)	—
Cash flows from financing activities:		
Proceeds received from issuance of convertible notes, net	652,731	3,458,900
Proceeds received from issuance of common stock and warrants	100,030	1,010,000
Proceeds received from issuance of notes to related parties	—	30,000
Cash advances	135,000	—
Proceeds received for warrants modification	20,000	—
Repayment of notes to related parties	—	(30,000)
Net cash provided by financing activities	907,761	4,468,900
Net (decrease) increase in cash	(294,036)	166,864
Cash at beginning of the year	344,009	177,145
Cash at end of the year	\$ 49,973	\$ 344,009
Supplemental disclosures:		
Cash paid for interest to related parties	\$ —	\$ (441)
Cash paid for income taxes	\$ —	\$ —
Supplemental disclosures for noncash investing and financing activities:		
Issuance of common stock to convert notes payable and accrued interest	\$ 2,077,386	\$ 703,614
Issuance of common stock to convert Series B preferred stock	\$ 1,040,000	\$ 1,031,340
Deemed dividend for induced conversion of Series B preferred stock	\$ 968,160	\$ —
Accumulated dividend on convertible preferred stock	\$ 473,831	\$ 500,724
Issuance of common stock for dividend payment on preferred stock	\$ 474,799	\$ 523,025
Issuance of common stock to extinguish accrued liabilities	\$ 73,899	\$ —
Issuance of common stock to settle derivative liability	\$ 62,355	\$ —
Reclassification of warrants and options from equity to liability due to reassessment under ASC 815	\$ 907,914	\$ —
Adoption of ASU 2020-06	\$ 208,058	\$ —
Beneficial conversion feature related to convertible notes	\$ —	\$ 290,967
Offering cost	\$ —	\$ 69,825

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

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Q BIOMED INC.

Notes to Consolidated Financial Statements

Note 1 - Organization of the Company and Description of the Business

Q BioMed Inc. ("Q BioMed"), and its wholly owned subsidiaries Q BioMed Cayman SEZC and QBMG Q BioMed Germany UG (collectively, "the Company"), is a biomedical acceleration and development company focused on licensing, acquiring and providing strategic resources to life sciences and healthcare companies. Q BioMed intends to mitigate risk by acquiring multiple assets over time and across a broad spectrum of healthcare related products, companies and sectors. The Company intends to develop these assets to provide returns via organic growth, revenue production, out-licensing, sale or the spinoff of new public companies.

The accompanying consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Note 2 - Basis of Presentation and Going Concern

The accompanying consolidated financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the "SEC").

The Company currently operates in one business segment focusing on licensing, acquiring and providing strategic resources to life sciences and healthcare companies. The Company is not organized by market and is managed and operated as one business. A single management team reports to the chief operating decision maker, the Chief Executive Officer, who comprehensively manages the entire business. The Company does not currently operate any separate lines of business.

Going Concern

The accompanying consolidated financial statements are prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company has and is expected to incur net losses and cash outflows from operations in pursuit of extracting value from its acquired intellectual property. These matters, amongst others, raise doubt about the Company's ability to continue as a going concern.

Management anticipates that the Company will have to raise additional funds and/or generate revenue from drug sales within twelve months to continue operations. Additional funding will be needed to implement the Company's business plan that includes various expenses such as fulfilling our obligations under licensing agreements, legal, operational set-up, general and administrative, marketing, employee salaries and other related start-up expenses. Obtaining additional funding will be subject to a number of factors, including general market conditions, investor acceptance of our business plan and initial results from our business operations. These factors may impact the timing, amount, terms or conditions of additional financing available to us. If the Company is unable to raise sufficient funds, management will be forced to scale back the Company's operations or cease its operations.

Management has determined that there is substantial doubt about the Company's ability to continue as a going concern within one year after the consolidated financial statements are issued. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

COVID 19

The impact of the worldwide spread of a novel strain of coronavirus ("COVID-19") has been unprecedented and unpredictable, but based on the Company's current assessment, the Company does not expect any material impact on its long-term strategic plans, operations and its liquidity due to the worldwide spread of COVID-19. However, the Company is continuing to assess the effect on its operations by monitoring the spread of COVID-19 and the actions implemented to combat the virus throughout the world and its assessment of the impact of COVID-19 may change.

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Q BIOMED INC.

Notes to Consolidated Financial Statements

Note 3 – Summary of Significant Accounting Policies

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates, and such differences may be material to the consolidated financial statements. The more significant estimates and assumptions by management include among others: the valuation allowance of deferred tax assets resulting from net operating losses, the valuation of warrants on the Company's stock and the valuation of embedded derivatives within the Company's convertible notes payable.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in a financial institution which, at times are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At November 30, 2022 and 2021, the Company had a cash balance that is insured by the FDIC limit. The Company had not experienced losses on these accounts.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of and during the years ended November 30, 2022 and 2021. The respective carrying value of cash and accounts payable approximated their fair values as they are short term in nature.

Intangible Assets

Intangible assets subject to amortization include acquired intellectual property for a marketable product acquired in November 2018. The intellectual property is being amortized over the estimated life remaining at the time of acquisition, which is 10 years.

Intangible assets are monitored for potential impairment whenever events or circumstances indicate that the carrying amount may not be recoverable and are also reviewed annually to determine whether any impairment is necessary. Management has assessed the economic life of the Company's Metastron asset to be at least equal to its remaining use life of eight years. As such, management modelled the recoverability test using seven years of estimated future cash flows. Based on this projection, the \$350,000 net carrying

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Q BIOMED INC.

Notes to Consolidated Financial Statements

value of the Company's Metastron asset is fully recoverable and therefore there was no impairment loss as of November 30, 2022 and 2011.

Debt Issuance Costs

Direct costs incurred to issue non-revolving debt instruments are recognized as a reduction to the related debt balance in the accompanying Consolidated Balance Sheets and amortized to interest expense over the contractual term of the related debt using the effective interest method.

Embedded Conversion Features

The Company evaluates embedded conversion features within convertible debt to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in the Statement of Operations. If the conversion feature does not require recognition of a bifurcated derivative, the convertible debt instrument is evaluated for consideration of any beneficial conversion feature ("BCF") requiring separate recognition. When the Company records a BCF, the intrinsic value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument (offset to additional paid-in capital) and amortized to interest expense over the life of the debt.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the Statement of Operations. Depending on the features of the derivative financial instrument, the Company uses either the Black-Scholes option-pricing model or a binomial model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

Common Stock Warrants

The Company classifies as equity any warrants that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies as assets or liabilities any warrants that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control), (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement) or (iii) that contain reset provisions that do not qualify for the scope exception. The Company assesses classification of its common stock warrants at each reporting date to determine whether a change in classification between assets and liabilities is required. The Company evaluated these warrants to assess their proper classification and determined that the common stock warrants meet the criteria for equity or liability classification in the balance sheet. The warrants classified as liability are initially recorded at fair value, with gains and losses arising from changes in fair value recognized in other income (expense) in the consolidated statements of operations at each period end while such instruments remain outstanding.

Revenue Recognition

The core principle of Topic 606 (FASB ASC 606) is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The revenue recognition guidance contained in Topic 606, to follow the five-step revenue recognition model along with other guidance impacted by this standard: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transportation price; (4) allocate the transportation price; (5) recognize revenue when or as the entity satisfies a

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performance obligation. Previous practices were broadly consistent with this approach, and the company determined the amount of revenue based on the amount customer paid or promised to pay.

The Company satisfies its performance obligation to deliver products when the customer has received the products, which is when title to the goods has transferred and the customer has control of the products. Payments from customers are generally received within 90 days of when the product is delivered.

Because the Company's agreements have an expected duration of one year or less, the Company has elected the practical expedient in ASC 606-10-50-14(a) to not disclose information about its remaining performance obligations.

Stock Based Compensation

Effective December 1, 2018, the Company adopted ASU 2018-07, by which the accounting for share-based payments to non-employees and employees is substantially aligned. Non-employee share-based payment awards are measured at grant-date fair value of the equity instruments that the Company is obligated to issue when the good has been delivered or the service has been rendered and any other conditions necessary to earn the right to benefit from the instruments have been satisfied. There was no cumulative effect of the adoption of this standard.

Share-based compensation cost is recorded for all option grants and awards of non-vested stock based on the grant date fair value of the award and is recognized over the service period required for the award.

Stock-based compensation expense is recognized in the consolidated financial statements based on the fair value of the awards granted. Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which generally represents the vesting period. The Company calculates the fair value of stock options using the Black-Scholes option-pricing model at grant date.

General and administrative expenses

The significant components of general and administrative expenses consist of stock-based compensation, investor relations fees, consulting, and professional fees.

Research and development

The Company expenses the cost of research and development as incurred. Research and development expenses include costs incurred in funding research and development activities, license fees, and other external costs. Nonrefundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity is performed or when the goods have been received, rather than when payment is made. For the year 2022, \$3.6 million was converted from Licensing fees and Share awards expensed in Research and Development in recognition of shares received in Investment in an Associate - Mannin. We incurred a 500k loss between the value of shares received and the amount expended in Research and Development

Income Taxes

Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

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Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

The Company applies a more-likely-than-not recognition threshold for all tax uncertainties, which only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities. As of November 30, 2021 and 2020, the Company reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities, therefore this standard has not had a material effect on the Company.

The Company's policy for recording interest and penalties associated with audits is to record such expenses as a component of income tax expense. There were no amounts accrued for penalties or interest during the years ended November 30, 2022 and 2021. Management is currently unaware of any issues under review that could result in significant payments, accruals, or material deviations from its position.

Modification of Equity Classified Awards

From time-to-time equity classified awards may be modified. On the modification date, the Company estimates the fair value of the awards immediately before and immediately after modification. The incremental increase in fair value is recognized as expense immediately to the extent the underlying equity awards are vested and on a straight-line basis over the same remaining amortization schedule as the unvested underlying equity awards. The classification of stock-based awards, including whether such instruments should be recorded as liabilities or as equity, is reassessed on the modification date.

Induced Conversion of Convertible Preferred Stock

The Company accounts for gains or losses on extinguishment of equity-classified preferred stock as deemed dividends, to be included in the net loss per common stockholder used to calculate earnings per share. The difference between (1) the fair value of the consideration transferred to the holders of the preferred stock and (2) the carrying amount of the preferred stock (net of issuance costs) is subtracted from (or added to) net loss to arrive at net loss available to common stockholders in the calculation of earnings per share.

Sequencing Policy

The Company adopted a sequencing policy under ASC 815-40-35 ("ASC 815") whereby in the event that reclassification of contracts from equity to liabilities is necessary pursuant to ASC 815 due to the Company's inability to demonstrate it has sufficient authorized shares as a result of certain financial instruments with a potentially indeterminable number of shares, shares will be allocated on the basis of the earliest issuance date of potentially dilutive financial instruments, with the earliest financial instruments receiving the first allocation of shares. Pursuant to ASC 815, issuance of stock-based awards to the Company's employees, non-employees or directors recognized under ASC 718 are not subject to the sequencing policy. Any modifications of awards (e.g., options or warrants) that remain subject to vesting, or any modifications of awards that continue to be held by active employees, are not subject to the sequencing policy. Modifications of vested awards held by non-employees are subject to the sequencing policy.

Recent Accounting Standards

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40). This ASU reduces diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. This ASU provides guidance for a modification or an exchange of a freestanding equity-classified written call option that is not within the scope of another Topic. It specifically addresses: (1) how an entity should treat a modification of the terms or conditions or an exchange of a freestanding equity-

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classified written call option that remains equity classified after modification or exchange; (2) how an entity should measure the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange; and (3) how an entity should recognize the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange. This ASU will be effective for all entities for fiscal years beginning after December 15, 2021. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. Early adoption is permitted, including adoption in an interim period. The Company is still evaluating the impact of adoption the ASU 2021-04 on its condensed consolidated financial statements.

Recently Adopted Accounting Standards

In August 2020, the FASB issued ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity, which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and it also simplifies the diluted earnings per share calculation in certain areas. This ASU is effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. This update permits the use of either the modified retrospective or fully retrospective method of transition. The Company elected to early adopt this guidance on December 1, 2021, on a modified retrospective basis. The adoption resulted in approximately \$291,000 decrease in additional paid in capital from the derecognition of the bifurcated equity component, \$208,000 increase in debt from the derecognition of the discount associated with the bifurcated equity component and \$83,000 decrease to the opening balance of accumulated deficit.

Note 4 – Loss per share

Basic net loss per share was calculated by dividing net loss by the weighted-average shares of common stock outstanding during the period. Diluted net loss per share was calculated by dividing net loss by the weighted-average shares of common stock outstanding during the period using the treasury stock method or the two-class method, whichever is more dilutive. The table below summarizes potentially dilutive securities that were not considered in the computation of diluted net loss per share because they would be anti-dilutive (amounts are rounded to nearest thousand).

Potentially dilutive securities	November 30, 2022	November 30, 2021
Series A convertible preferred stock	2,280,000	2,280,000
Series B convertible preferred stock	8,457,000	11,429,000
Series C convertible preferred stock	1,000,000	—
Common stock purchase warrants	11,752,000	11,752,000
Stock Options	4,450,000	4,450,000
Convertible Notes	86,360,000	4,898,000
Potentially dilutive securities	114,299,000	34,809,000

Note 5 – Intangible Asset Acquisition

On November 23, 2018, the Company entered into an Asset Sale Agreement (“ASA”) with GE Healthcare Limited (“GE”) whereby the Company acquired GE’s radiopharmaceutical drug, Metastron® and all related intellectual property including, but not limited to sales and distribution data, market authorizations and trademarks for Metastron® in various countries in exchange for an upfront payment of \$0.5 million, a one-time milestone payment based on future sales, and royalty payments based on future sales. The Company did not acquire any workforce, manufacturing, inventory, sales agreements, or distribution agreements associated with Metastron®. The first commercial sale of Metastron™ by the Company will occur only after the successful transfer or assignment of all intellectual property,

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material sales and distribution data, technical transfer, and the establishment of new manufacturing sites by the Company and under the appropriate regulatory filings required by the jurisdictions in which Metastrom™ is sold.

The acquired assets are concentrated in a single asset and the set is not considered a business. As such, the transaction is recognized as the acquisition of a finite-lived intangible asset. The one-time milestone payment based on future sales, and royalty payments based on future sales will be recognized when the payments are probable and estimable, which is expected to be when the related sales targets are achieved and the payments payable to GE. The acquired asset is being amortized on a straight-line basis over its estimated 10-year life. Amortization expense for the years ended November 30, 2022, and 2021 was \$50,000. The estimated remaining amortization expense for each of the five succeeding fiscal year:

Year ended November 30,	
2023	50,000
2024	50,000
2025	50,000
2026	50,000
2027	50,000
Thereafter	50,000
	\$ 300,000

Note 6 – Investment

For the year ended November 30, 2022, \$3.6 million was converted from Licensing fees and Share awards expensed in Research and Development in recognition of shares received in Investment in an Associate - Mannin. We incurred a \$500k loss between the value of shares received and the amount expended in Research and Development.

Note 7 – Debt

The table below summarizes outstanding convertible notes as of November 30, 2022, and 2021 (amounts are rounded to nearest thousand):

	November 30, 2022	November 30, 2021
Convertible Notes Payable:		
Principal value of 2021 Debentures	\$ 2,408,000	\$ 3,506,000
Fair value of bifurcated contingent put option	1,099,000	867,000
Debt discount	(70,000)	(1,320,000)
2021 Convertible notes payable, net	3,437,000	3,053,000
Principal value of 2022 Debentures	560,000	—
Fair value of bifurcated contingent put option	333,000	—
Debt discount	(305,000)	—
2022 Convertible notes payable, net	588,000	3,053,000
Cash advances	85,000	—
Total carrying value of convertible notes payable	\$ 4,110,000	\$ 3,053,000

2022 Convertible Notes Payable

2022 Debentures

July 2022 Debenture

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On July 1, 2022, the Company entered into a Securities Purchase Agreement with an accredited investor (“DL”) pursuant to which the Company issued to DL a Convertible Promissory Note (the “DL Note”) in the aggregate principal amount of \$119,888. The DL Note includes an original issue discount of \$16,888 (includes \$1,250 due diligence fee retained by DL). The Company also incurred an additional \$3,000 of issuance cost resulting from the payment of the lender’s legal fees. The DL Note has a maturity date of July 1, 2023, and the Company has agreed to pay interest on the unpaid principal balance of the DL Note at the rate of 10.0% per annum from the date on which the DL Note is issued (the “Issue Date”) until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. The Company has the right to prepay the DL Note, provided it makes a payment including a prepayment to DL as set forth in the DL Note. The outstanding principal amount of the DL Note may not be converted prior to the period beginning on the date that is 180 days following the Issue Date. Following the 180th day, DL may convert the DL Note into shares of the Company’s common stock at a conversion price equal to 80% of the average of 3 lowest trading price with a 10-day look back immediately preceding the date of conversion.

The contingent share-settled redemption feature, contingent acceleration upon merger, acquisition, and event of default within the DL Note are all contingent put options that are required to be bifurcated as a single compound embedded derivative at fair value, with subsequent changes in fair value recognized in the Condensed Consolidated Statement of Operations. The fair value estimate is a Level 3 measurement. The Company estimated the fair value of put option on the merger, acquisition, and event of default by estimating the probability of the occurrence of triggering date (the “Probability factor”) and applying the probability to the discounted maximum redemption premium for any given payment with the following key inputs:

	July 1, 2022
Strike price	\$ 0.05
Terms (years)	1.0
Volatility	138 %
Risk-free rate	2.8 %
Dividend yield	0 %
Probability factor	20 %

The aggregate fair value of the embedded put option on the issuance date was approximately \$104,000, which exceeded the net proceeds of \$100,000, resulting in an approximate loss of \$4,000 upon the on issuance of the convertible note.

August 2022 Debenture

On August 10, 2022 (the “Effective Date”), the Company entered into a Securities Purchase Agreement with an accredited investor (“the Lender”) pursuant to which the Company issued to the Lender a Convertible Promissory Note (the “August Note”) in the aggregate principal amount of \$275,000 for a purchase price of \$250,000. The August Note has a maturity date of February 6, 2023, and the Company has agreed to pay interest on the unpaid principal balance of the August Note at the rate of 10.0% per annum. Upon the later of the date the obligations under this Note are satisfied or the 6-month anniversary and for 30 days thereafter, the Lender has the exclusive right to elect conversion of any original issue discount or interest amount due under this August Note, into shares of the Company’s common stock at a conversion price per share equal to \$0.035. The conversion option does not apply to the principal amount. The conversion option and contingent put upon an event of default are required to be bifurcated as a single compound embedded derivative at fair value under ASC 815, because it is not considered to be classified in stockholders’ equity. The subsequent changes in fair value

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are recognized in the Condensed Consolidated Statement of Operations. The fair value estimate is a Level 3 measurement. The Company estimated the fair value with the following key inputs:

	<u>August 10, 2022</u>
Strike price	\$ 0.04
Terms (years)	0.5
Volatility	200 %
Risk-free rate	3.1 %
Dividend yield	0 %

The aggregate fair value of the conversion option on the issuance date was approximately \$23,000, which was recognized as an additional debt discount.

As additional consideration for making the August Note, the Company agreed to issue 300,000 unregistered common shares within 10 business days to the Lender (the "Commitment shares"). The commitment to issue the shares was valued at the Effective Date fair value of approximately \$11,000 and recognized as an additional debt discount. The commitment is a forward contract, recognized at fair value, as a result of applying the Company's sequencing policy, and recognized at fair value with changes in fair value recognized in the Company's Condensed Consolidated Statements of Operations until settled on August 24, 2022.

September 2022 Debenture

On September 15, 2022, the Company entered into a securities purchase agreement with an accredited investor, pursuant to which the Company sold a convertible debenture (the "September Debenture") in the principal amount of \$102,637.

The September Debenture has a maturity date of xxx, 2023, provided that in case of an event of default, the debenture may become at the holder's election immediately due and payable. The September Debenture carries an interest rate of 6% per annum, provided that any principal or interest which is not paid when due shall bear interest at the rate of 22% per annum from the due date until payment (the "Default Interest"). The Company may prepay the Debenture at 120% of the outstanding aggregate principal amount within the first 60 days of issuance and at 130% of the sum of the outstanding principal amount, the accrued and unpaid interest on the unpaid principal amount and any Default Interest from 61 to 180 days after issuance.

October 2022 Debenture

On October 18, 2022, the Company entered into a securities purchase agreement with an accredited investor, pursuant to which the Company sold a convertible debenture (the "October Debenture") in the principal amount of \$63,250.

The October Debenture has a maturity date of xxx, 2023, provided that in case of an event of default, the debenture may become at the holder's election immediately due and payable. The October Debenture carries an interest rate of 6% per annum, provided that any principal or interest which is not paid when due shall bear interest at the rate of 22% per annum from the due date until payment (the "Default Interest"). The Company may prepay the Debenture at 120% of the outstanding aggregate principal amount within the first 60 days of issuance and at 130% of the sum of the outstanding principal amount, the accrued and unpaid interest on the unpaid principal amount and any Default Interest from 61 to 180 days after issuance.

November 2022 Debenture

On November 22, 2022, the Company entered into a securities purchase agreement with an accredited investor, pursuant to which the Company sold a convertible debenture (the "November Debenture") in the principal amount of \$62,387.

The November Debenture has a maturity date of xxx, 2023, provided that in case of an event of default, the debenture may become at the holder's election immediately due and payable. The November Debenture carries an interest rate of 6% per annum, provided that

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any principal or interest which is not paid when due shall bear interest at the rate of 22% per annum from the due date until payment (the "Default Interest"). The Company may prepay the Debenture at 120% of the outstanding aggregate principal amount within the first 60 days of issuance and at 130% of the sum of the outstanding principal amount, the accrued and unpaid interest on the unpaid principal amount and any Default Interest from 61 to 180 days after issuance.

2021 Debentures

February Debenture

On February 12, 2021, the Company issued a debenture for \$0.5 million (the "February Debenture") pursuant to a securities purchase agreement with an accredited investor dated February 12, 2021. The February Debenture may be converted at any time on or prior to maturity at the lower of \$1.15 or 93% of the average of the four lowest daily VWAPs during the 10 consecutive trading days immediately preceding the conversion date, provided that as long as we are not in default under the 2020 Debenture, the conversion price may never be less than \$1.00. The debenture has a maturity date of February 12, 2022, provided that in case of an event of default, the debenture may become at the holder's election immediately due and payable. The debenture bears interest at the rate of 5.5% per annum, and on issuance, the Company paid to the holder a commitment fee equal to 2% of the amount of the debenture.

The aggregate fair value of the contingent put options on the issuance date was approximately \$28,000, which was recognized as an additional debt discount.

On January 21, 2022, the Company issued 1,055,000 shares of common stock to convert \$0.5 million of outstanding debt and interest and extinguished \$95,000 of embedded derivative liability upon the conversion. The conversion price was reduced to \$0.50. The Company recognized a loss on debt extinguishment of approximately \$232,000 as a result of the reduction of conversion price for the nine months ended August 31, 2022.

July Debenture

On July 26, 2021, the Company entered into a securities purchase agreement with an accredited investor, pursuant to which the Company sold a convertible debenture (the "July Debenture") in the principal amount of \$806,250 and a warrant to purchase up to 645,000 shares of common stock (the "Warrant") for a total purchase price of \$750,000. The Company also paid \$18,750 for the lender's legal fee.

The July Debenture has a maturity date of April 26, 2022, provided that in case of an event of default, the debenture may become at the holder's election immediately due and payable. The July Debenture carries an interest rate of 10% per annum, provided that any principal or interest which is not paid when due shall bear interest at the rate of 15% per annum from the due date until payment (the "Default Interest"). The Company may prepay the Debenture at 120% of the outstanding aggregate principal amount within the first 60 days of issuance and at 130% of the sum of the outstanding principal amount, the accrued and unpaid interest on the unpaid principal amount and any Default Interest from 61 to 180 days after issuance.

The holder may convert the July Debenture in its sole discretion at any time on or prior to maturity at the lower of \$1.00 or 85% of the average of the four (4) lowest VWAPs during the 20 Trading Days prior to the date of such calculation. The "Variable Conversion Price" shall equal, subject to an initial floor price of \$0.35 (the "Floor Price"), the lower of \$1.00 and 85% of the average of the four (4) lowest VWAPs during the 20 Trading Days prior to the date of such calculation. The initial Floor Price shall be readjusted to \$0.10 if following the Issue Date, VWAP of the Company shall be less than \$0.35 for a total of ten days.

The Warrant has an exercise price of \$1.25 and may be exercised in cash or via cashless exercise, exercisable for five (5) years from issuance. The grant date relative fair value of the Warrant was estimated to be \$253,000 as determined based on the relative fair value allocation of the proceeds received. The Warrant were valued using the Black-Scholes option pricing model using the following inputs:

The contingent share-settled redemption feature and contingent prepayment provision within the July Debenture are all contingent put options that are required to be bifurcated as a single compound embedded derivative at fair value, with subsequent changes in fair value

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recognized in the Consolidated Statement of Operations. The fair value estimate is a Level 3 measurement. The Company estimated the fair value with the following key inputs:

	<u>July 1, 2022</u>
Strike price	\$ 0.05
Terms (years)	1.0
Volatility	138 %
Risk-free rate	2.8 %
Dividend yield	0 %
Probability factor	20 %

The aggregate fair value of the contingent put options on the issuance date was approximately \$209,000, which was recognized as an additional debt discount.

On December 15, 2021, the Company and the holder entered into a Mutual Release Agreement pursuant to which the holder agreed to add the \$241,875 to the outstanding principal balance of July Debenture, for no consideration received by the Company, in order to resolve a breach of certain registration provisions of the securities purchase agreement.

The July Debenture is past maturity and is currently in default. However, the Company has not received any default notice from the holder.

During the year ended November 30, 2022, the Company issued an aggregate 3,633,862 shares of common stock to convert approximately \$413,000 of outstanding debt and extinguished approximately \$159,000 embedded derivative liability upon the conversion. The Company recognized a loss on debt extinguishment of approximately \$152,000 as a result of the reduction of conversion price for the year ended November 30, 2022.

September Debenture

On September 29, 2021, the Company entered into a securities purchase agreement with an accredited investor (“Lender”), pursuant to which the Company sold a convertible debenture (the “September Debenture”) in the principal amount of \$2,200,000 with twelve-months term. The September Debenture includes an original issue discount of \$185,000 and \$15,000 for the payment of the Lender’s legal fees and carries an interest rate of 6% per annum. The Company also incurred other issuance costs of \$247,350. On October 26, 2021, the September Debenture maturity date was extended for an additional 3 months to December 20, 2022.

The Company may prepay the September Debenture at 105% of the outstanding aggregate principal amount plus accrued interest within the first 60 days of issuance, at 112% of the outstanding aggregate principal amount plus accrued interest from 61-120 days after issuance and at 124% of the outstanding aggregate principal amount plus accrued interest from 121-180 days after issuance. The Debenture may not be prepaid after 180 days.

The Lender has the right to convert all or any amount of the outstanding aggregate principal amount at any time at a fixed conversion price of \$1.00 per share. The conversion price after six months shall be fixed at \$0.50 per share.

However, in the event the Company’s Common Stock trades below \$0.50 per share for more than ten (10) consecutive trading days, the Lender is entitled to convert all or any amount of the outstanding aggregate principal amount into shares of the Company’s Common Stock at a Conversion Price for each share of Common Stock equal to 85% of the average of the 4 lowest VWAP’s in the prior 20 trading days. As a result of entering into the “September Debenture”, for which such instruments contained a variable conversion feature with no floor, the Company has adopted sequencing policy (see Note 3).

The contingent share-settled redemption feature and contingent prepayment provision within the September Debenture are all contingent put options that are required to be bifurcated as a single compound embedded derivative at fair value, with subsequent changes in fair

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value recognized in the Condensed Consolidated Statement of Operations. The fair value estimate is a Level 3 measurement. The Company estimated the fair value with the following key inputs:

	September 29, 2021	
Strike price	\$	0.50
Terms (years)		1.0
Volatility		66 %
Risk-free rate		0.1 %
Dividend yield		— %

The aggregate fair value of the contingent put options on the issuance date was approximately \$278,000, which was recognized as an additional debt discount.

On April 8, 2022, the Company issued 245,000 shares of common stock as commitment shares pursuant to the securities purchase agreement. The commitment to issue the shares was valued at the Effective Date fair value of approximately \$177,000 and recognized as an additional debt discount. The commitment is a forward contract, recognized at fair value, as a result of applying the Company's sequencing policy, and recognized at fair value with changes in fair value recognized in the Company's Condensed Consolidated Statements of Operations until settled on April 8, 2022.

For the year ended November 30, 2022, the Company issued 21,025,054 shares of common stock to convert approximately \$305,000 of outstanding debt and extinguished \$146,000 of embedded derivative liability upon the conversion.

The fair value of the contingent put option in all outstanding debentures with the feature are revalued as of November 30, 2022 and 2021 based on the following weighted average key inputs:

	November 30, 2022		November 30, 2021	
Strike price	\$	0.55	\$	0.71
Terms (years)		0.3		0.8
Volatility		200 %		71 %
Risk-free rate		2.9 %		0.2 %
Dividend yield		0 %		0 %

The following table presents changes in Level 3 liabilities measured at fair value for the years ended November 30, 2022, and 2021. Both observable and unobservable inputs were used to determine the fair value of positions that the Company has classified within the Level 3 category. Unrealized gains and losses associated with liabilities within the Level 3 category include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long- dated volatilities) inputs (amounts are rounded to nearest thousand).

Balance December 1, 2020	\$	—
Additional derivative liability		603,000
Debt extinguishment		(40,000)
Change in fair value		304,000
Balance November 30, 2021	\$	867,000
Issuance of convertible notes		271,000
Debt extinguishment		(425,000)
Change in fair value		721,000
Balance November 30, 2022	\$	1,434,000

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Debt Conversion

The following table summarizes debt conversion during the years ended November 30, 2021, and 2020 (amounts are rounded to nearest thousand):

Debt Amendment

On October 26, 2021, the Company entered into an extension agreement with the holder of September 2021 Debenture (the “Holder”) to extend the maturity date from September 30, 2022, to December 29, 2022. The amendment was recognized as a troubled debt restructuring.

On July 22, 2021, the Company entered into an amendment agreement to the securities purchase agreement with the Holder, pursuant to which, the floor price of the 2020 Debenture was reduced to \$0.50 per share. Additionally, the maturity date of the 2020 Debenture was extended to December 31, 2021. The amendment was recognized as a debt extinguishment, resulting in a gain on debt extinguishment of approximately \$15,000.

	For the Years ended	
	November 30, 2022	November 30, 2021
Interest expense based on the coupon interest rate of the outstanding debt	\$ 252,000	\$ 96,000
Accretion of debt discount	1,073,000	408,000
Other	60,000	3,000
Total interest expense	<u>\$ 1,385,000</u>	<u>\$ 507,000</u>

Note 8 – Commitments and Contingencies

Equity Financing

On May 5, 2021, the Company entered into an agreement with Aedesius Holdings Ltd. (“Aedesius”) pursuant to which the Company has agreed with Aedesius that the Company would sell it up to 16,000,000 units (the “Units”) for a total aggregate of up to \$20,000,000.

Aedesius failed to perform on its obligation and to date has not invested any monies in the Company. As a result, the Company has terminated any and all rights with respect to future fundings and will pursue whatever rights and remedies the Company has at its disposal for breach of contract.

Legal

Periodically, the Company reviews the status of significant matters, if any exist, and assesses its potential financial exposure. If the potential loss from any claim or legal claim is considered probable and the amount can be estimated, the Company accrues a liability for the estimated loss. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based on the best information available at the time. As additional information becomes available, the Company reassesses the potential liability related to pending claims and litigation.

As previously reported, on July 12, 2022, the Company was notified that WSI PBG, LLC (“WSI”) filed a complaint against the Company seeking to recover \$196,216 in unpaid consulting fees, plus costs and expenses of litigation. The Company elected not to litigate this suit so as not to increase its liability exposure. Not unexpectedly, on August 24, 2022, WSI obtained a judgment against the Company in the amount of \$203,784. The Company is exploring its options in addressing this judgment, including terms of settlement that would result in a satisfaction of this Judgment over a limited period of time.

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On July 19, 2022, we received notice that the Activus Group (“Activus”) filed a complaint for fees it alleges are due in the amount of \$129,600 plus fees and expenses for consulting services provided by Activus as a result of an agreement between the parties. We have not filed an answer and are currently determining our next steps in settlement.

On August 15, 2022, the Company received notice that another of its unpaid contractors, Diligent Health Solutions, LLC. (“DHS”), had filed suit against the Company seeking \$106,000 in unpaid consulting fees. Here, too, the Company elected not to litigate this suit so as not to increase its liability exposure. As a result of the foregoing, DHS obtained a default judgment against the Company in the amount of \$111,000. The company is exploring its options in addressing this judgment, including terms of settlement that would result in a satisfy of this Judgment over a limited period of time.

Advisory Agreements

The Company entered into customary consulting arrangements with various counterparties to provide consulting services, business development and investor relations services, pursuant to which the Company agreed to issue shares of common stock as services are received.

On March 11, 2022, the Company entered into an engagement letter agreement (“Agreement”) with EF Hutton, division of Benchmark Investments, LLC (“EF Hutton”) to effectuate the Corporation’s Firm Commitment Public Offering and Uplisting and to engage EF Hutton to act as the placement agent for a bridge or other private offering consisting of approximately \$2 million. The Company shall be responsible for EF Hutton’s external counsel’s legal costs irrespective of whether the Offering is consummated or not, subject to a maximum of \$50,000 in the event that there is not a Closing. The Company incurred \$15,000 of expense for the year ended November 30, 2022, and no payment was made as of November 30, 2022.

Lease Agreement

In December 2016, one of our subsidiaries entered into a lease agreement for its office space located in Cayman Islands for \$30,000 per annum. The initial term of the agreement ended in December 2019, and the Company has renewed its office lease agreement for another three years with the same terms. This agreement does not identify a specific asset and does not convey the use of substantially all of the shared office capacity. As such, this agreement does not contain a lease under ASC 842. The Company recognizes monthly license payments as incurred over the term of the arrangement.

Rent expense is classified within general and administrative expenses on a straight-line basis and included in the accompanying Consolidated Statements of Operations as follows:

	For the year ended November 30,	
	2022	2021
Rent expense	\$ 30,000	\$ 30,000

License Agreements

Mannin

On October 29, 2015, the Company entered into a Patent and Technology License and Purchase Option Agreement (“Exclusive License”) with a vendor whereby the Company was granted a worldwide, exclusive, license on, and option to, acquire certain intellectual property (“Mannin IP”) which initially focused on developing a first-in-class eye drop treatment for glaucoma within the four-year term of the Exclusive License.

On March 26, 2019, the Company entered into an amendment to the Patent and Technology License and Purchase Option Agreement that it initially entered into with Mannin Research Inc. on October 29, 2015 (the “Mannin Agreement”). Under such amendment, the

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term of the option granted under the Mannin Agreement was extended to October 29, 2021, in exchange for the Company issuing 100,000 shares to Mannin Research Inc. on April 9, 2019.

On September 1, 2020, the Company further amended the license agreement allowing Mannin to grant an exclusive license to Mannin GmbH (its wholly owned German subsidiary) in order fully take advantage of the German government grant to Mannin. The agreement also confirms our ongoing investment into the Tie2 platform to create, and therefore maintain economic value for us and our shareholders. The Company has agreed to contribute funds in Mannin GmbH. We shall pay Mannin \$1.5 million in cash payable in three instalments, thereof \$0.7 million of which has been paid, \$0.4 million of which was due on December 31, 2020, and \$0.4 million to be paid by June 30, 2021. In addition, we paid Mannin \$0.75 million in shares of our common stock valued as of June 15, 2020, in full satisfaction of R&D payables, contracted by Mannin in development of the Tie2 platform. We continue to have the right to 100% of the revenues derived from the Mannin Tie2 technology platform, until such time that Mannin and its subsidiaries have independently raised at least \$2.0 million in funds, at which time the parties have agreed to a profit share structure reducing our future capital commitments to Mannin R&D.

During the years ended November 30, 2022, and 2021, the Company incurred approximately \$0.1 and \$1.1 million, respectively, in research and development expenses to fund the costs of development of the eye drop treatment for glaucoma pursuant to the Exclusive License.

For the year ended November 30, 2022, \$3.6 million was converted from Licensing fees and Share awards expensed in Research and Development in recognition of shares received in Investment in an Associate - Mannin. We incurred a \$500k loss between the value of shares received and the amount expended in Research and Development.

Washington University

On March 9, 2019, the Company entered into an Exclusive License Agreement with Washington University for license of a diagnostic marker for determining the severity of glaucoma using the expression levels of Growth Differentiation Factor 15. The agreement calls for the Company to pay an initial fee of approximately \$88,000, pay annual maintenance fees ranging from \$15,000 to \$75,000, make additional payments upon the following milestones:

- The first commercial sale of a companion diagnostic product;
- Initiation of a clinical trial for a diagnostic product to support FDA PMA or 510(k) regulatory approval or the foreign equivalent;
- PMA or 510(k) regulatory approval by the FDA or the foreign equivalent; and
- The first commercial sale of a diagnostic product.

In addition to the above payments, royalty payments based upon sales of a companion diagnostic product or diagnostic product are required.

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Note 9 – Related Party Transactions

The Company entered into consulting agreements with certain management personnel and stockholders for consulting and legal services. Consulting and legal expenses resulting from such agreements were included within general and administrative expenses in the accompanying Consolidated Statements of Operations as follows (amounts are rounded to nearest thousand):

	For the Years ended	
	November 30, 2022	November 30, 2021
Consulting and legal expenses	\$ 308,000	\$ 420,000

On February 1, 2021, the Company issued 35,000 shares to Mr. Rosenstadt, the Company’s Chief Legal Officer and director, for his services performed in connection with December 2020 financing. The fair value was approximately \$35,000, which was recorded as part of debt issuance cost to the 2020 Debenture (see note 5).

On April 16, 2021, the Company entered into two unsecured promissory note agreements (the “Notes”) with certain management personnel for an aggregate principal amount of \$30,000. The Notes bear interest at 5% per annum and are payable by August 31, 2021. During the quarter ended August 31, 2021, the Company made full repayment of \$30,000 to the management personnel, including all outstanding interest.

On May 29, 2022 the company issued 250,000 shares at a nominal value of 10c per share to Mr. Rosenstadt , the company’s Chief Legal Officer and director, in lieu of cash for his monthly services.

On May 29, 2022, the company issued 200,000 shares at a nominal value of 10c per share to Mr Corin, the company’s Chief Executive Officer, as partial payment of his monthly salary in lieu of cash.

Note 10 - Stockholders’ Deficit

As of November 30, 2022, and 2021, the Company is authorized to issue up to 250,000,000 shares of its \$0.001 par value common stock and up to 100,000,000 shares of its \$0.001 par value preferred stock.

Preferred Shares

The original issue price and the liquidation value per share, as of November 30, 2022, of each class of preferred stock is as follows:

	Original Issue Price Per Share	Liquidation Value Per Share
Series A Preferred Share	\$ 10.00	\$ 10.20
Series B Preferred Share	\$ 10.00	\$ 10.25
Series C Preferred Share	\$ 0.05	\$ —

During the years ended November 30, 2022 and 2021, the Company issued total 5,497,333 shares and 533,610 shares of common stock as dividend payment on Series A and Series B preferred stock for the amount of \$0.5 million and \$0.5 million, respectively.

During the year ended November 30, 2022, the Company issued 25,655,298 shares of common stock to convert 104,000 shares of Series B preferred stock. The Company recognized deemed dividend for the difference between the carrying amount of the preferred stock and the fair value of the common stock exchanged for such preferred stock of approximately \$1 million for the year ended November 30, 2022, in the Consolidated Statements of Operations.

During the year ended November 30, 2022, the Company issued 1,000,000 shares of Series C preferred stock in the amount of \$50,000 for settlement of an amount due to officers and directors.

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The Company had accumulated dividends payable on the Preferred Shares of approximately \$0.5 million and \$0.1 million as of November 30, 2022, and 2021, respectively.

Common Shares

2022 Activities

Issuance of common shares for services

During the year ended November 30, 2022, the Company issued an aggregate of 1,880,941 shares of the Company's common stock to various vendors for advisory services, valued at approximately \$88,000 based on the estimated fair market value of the stock on the date of grant. The Company also recognized approximately \$240,000 related to the vesting of stock options and restricted awards. The \$240,000 was recognized within general and administrative expenses in the accompanying Consolidated Statement of Operations for the year ended November 30, 2022.

Issuance of common shares for cash

On February 14, 2022, the Company entered into a series of securities purchase agreements for the sale of 400,000 units at a \$0.25 unit sales price. The Company raised \$100,000 in cash. Each unit consisted of one common share and one warrant to purchase one share of common stock at an exercise price of \$0.50. The common warrants issued on February 22, 2022, have a fair value of \$0.28 per share, see Note 11.

Issuance of common shares for debt conversion

During the year ended November 30, 2022, the Company issued 21,025,054 shares of common stock to convert approximately \$1,246,000 of outstanding debt and interest and extinguished approximately \$365,000 of embedded derivative liabilities. Additionally, the Company reversed approximately \$118,000 of unamortized debt discount upon the conversion. The Company recognized approximately \$384,000 of debt extinguishment loss for the year ended November 30, 2022.

Issuance of common stock for preferred stock conversion

During the year ended November 30, 2022, the Company issued 25,655,298 shares of common stock to convert approximately 104,000 shares of Series B preferred stock.

Issuance of common shares for preferred stock dividends

During the year ended November 30, 2022, the Company issued a total of 5,497,333 shares of common stock as dividend payment on Series A and Series B preferred stock.

2021 Activities

Issuance of common shares for services

During the year ended November 30, 2021, the Company issued an aggregate of 758,636 shares of the Company's common stock to various vendors for advisory services, valued at approximately \$0.7 million based on the estimated fair market value of the stock on the date of grant and was recognized within general and administrative expenses in the accompanying Condensed Consolidated Statements of Operations.

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Issuance of common shares for cash

On February 26, 2021, the Company issued 100,000 shares of common stock for cash proceeds of \$0.1 million.

On May 20, 2021, the Company entered into a series of securities purchase agreements for the sale of 1,213,333 units at a \$0.75 per unit sales price. The Company raised approximately \$0.9 million in cash. Each unit consisted of one common share and one warrant to purchase one share of common stock at an exercise price of \$1.25. The common warrants issued on May 20, 2021 have a fair value of \$0.80 per share.

Issuance of common shares for debt conversion

During the year ended November 30, 2021, the Company issued 945,631 shares of common stock to convert \$0.7 million of outstanding debt and interest.

Issuance of common shares for preferred stock conversion

Between January and February 2021, the Company issued 1,245,089 shares of common stock to convert approximately 103,000 shares of Series B preferred stock.

Financing Agreements

On September 15, 2022, the Company entered into a securities purchase agreement with an accredited investor, pursuant to which the Company sold a convertible debenture (the "September Debenture") in the principal amount of \$102,637.

On October 18, 2022, the Company entered into a securities purchase agreement with an accredited investor, pursuant to which the Company sold a convertible debenture (the "October Debenture") in the principal amount of \$62,250.

On November 22, 2022, the Company entered into a securities purchase agreement with an accredited investor, pursuant to which the Company sold a convertible debenture (the "November Debenture") in the principal amount of \$62,387.

Note 11 - Warrants and Options

Summary of warrants

The following represents a summary of all outstanding warrants to purchase the Company's common stock, including warrants issued to vendors for services and warrants issued as part of the units sold in the private placements, at November 30, 2022 and 2021 and the changes during the period then ended (warrants amount and intrinsic value are rounded to nearest thousand):

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Intrinsic Value
Outstanding at November 30, 2021	11,752,000	\$ 1.97	2.60	\$ —
Issued	400,000	0.50	2.23	—
Forfeited/expired	(932,000)	—	—	—
Outstanding and exercisable at November 30, 2022	<u>11,220,000</u>	<u>\$ 1.01</u>	<u>3.8</u>	<u>\$ —</u>

Grant date fair value of all outstanding warrants was based on the following key inputs:

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	For the year ended November 30,			
	2022		2021	
Strike price	\$	1.25	\$	1.25
Term (years)		5.0		5.0
Volatility		114 %		114 %
Risk-free rate		0.4 %		0.8 %
Dividend yield		0.0 %		0.0 %

Modification date fair value of all outstanding warrants was based on the following key inputs:

	After Modification		Before Modification	
Strike price	\$	1.77	\$	2.51
Term (years)		3.5		0.8
Volatility		123 %		77 %
Risk-free rate		0.5 %		0.4 %
Dividend yield		0.0 %		0.0 %

Warrants issued on February 22, 2022, were classified as liabilities. The fair value of the warrants on grant date was based on the following key inputs:

	February 22, 2022	
Strike price	\$	0.50
Terms (years)		3.0
Volatility		126 %
Risk-free rate		1.7 %
Dividend yield		0.0 %

Modification of Warrants

On February 1, 2022, the Company modified an aggregate of 245,625 warrants (the "Warrants") that were originally granted to certain investors and consultants. The exercise price of the Warrants was reduced to \$0.65 per share and the maturity dates of the Warrants were extended until August 1, 2024.

The Company received \$20,000 cash from one of the investors as consideration for this modification. The Company immediately recognized approximately \$17,000 incremental stock-based compensation on February 1, 2022 based on the following weighted average assumptions:

	After Modification		Before Modification	
Strike price	\$	0.65	\$	2.33
Term (years)		2.5		2.1
Volatility		135 %		127 %
Risk-free rate		1.0 %		1.0 %
Dividend yield		0.0 %		0.0 %

Between April and May 2022, the Company modified an aggregate of 4,765,807 warrants (the "Warrants") that were originally granted to certain investors and officers during 2017 and 2021. The exercise price of the Warrants was reduced to between \$0.50 and \$0.65 per share and the maturity date of the Warrants were extended for an additional 5 years.

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The Company immediately recognized approximately \$261,000 incremental stock-based compensation during the quarter ended May 31, 2022, based on the following weighted average assumptions:

	After Modification	Before Modification
Strike price	\$ 0.51	\$ 1.76
Term (years)	6.9	2.1
Volatility	118 %	128 %
Risk-free rate	2.7 %	2.2 %
Dividend yield	0.0 %	0.0 %

On August 31, 2022, the Company modified an aggregate of 3,608,641 warrants (the "Warrants") that were originally granted to certain officers during 2017 and 2021. The exercise price of the Warrants was reduced to \$0.10 per share.

The Company immediately recognized approximately \$22,000 incremental stock-based compensation during the quarter ended August 31, 2022, based on the following weighted average assumptions:

	After Modification	Before Modification
Strike price	\$ 0.10	\$ 0.50
Term (years)	2.7	2.7
Volatility	151 %	151 %
Risk-free rate	3.5 %	3.5 %
Dividend yield	0.0 %	0.0 %

The new warrants issued in February 2022 and warrant modifications, described above, resulted in reclassifying such modified warrants to purchase an aggregate of 5,461,432 common shares from equity to liability as a result of applying the reassessment under ASC 815. The warrants are subsequently recognized at fair value with changes in fair value recognized in the Company's Consolidated Statements of Operations.

Options issued for services

The following represents a summary of all outstanding options to purchase the Company's common stock at November 30, 2022 and 2021 and the changes during the period then ended (options amount and intrinsic value are rounded to nearest thousand):

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Intrinsic Value
Outstanding at November 30, 2021	4,450,000	\$ 1.13	4.0	\$ 1,000
Issued	3,000,000	0.10	5.0	—
Forfeited/expired	—	—	—	—
Outstanding at November 30, 2022	7,450,000	\$ 0.10	6.5	\$ —
Exercisable at November 30, 2022	5,200,000	\$ 0.10	7.5	\$ —

Fair value of all options issued as of November 30, 2021 was calculated with the following key inputs:

	For the year ended November 30, 2021
Strike price	\$ 0.45
Term (years)	5.0
Volatility	111 %
Risk-free rate	1.2 %
Dividend yield	0.0 %

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Stock-based Compensation

The Company recognized general and administrative expenses of approximately \$ million and \$2.3 million as a result of the shares, outstanding warrants and options issued to consultants and employees during the years ended November 30, 2022 and 2021, respectively.

As of November 30, 2021, the estimated unrecognized stock-based compensation associated with these agreements is approximately \$210,000 and was fully recognized by November 30, 2022.

Note 12 – Income Taxes

At November 30, 2022, the Company has a net operating loss (“NOL”) carryforward for Federal and state income tax purposes totaling approximately \$33 million available to reduce future taxable income. Of this amount, approximately \$10 million will begin to expire in 2034. Under the Tax Cuts and Jobs Act, all NOLs incurred after December 31, 2017, are carried forward indefinitely for federal tax purposes. The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) signed in to law on March 27, 2020, provided that NOLs generated in a taxable year beginning in 2018, 2019, or 2020, may now be carried back five years and forward indefinitely. In addition, the limitation of NOL utilization up to 80% of taxable income limitation is temporarily removed, allowing NOLs to fully offset taxable income. Some of the state net operating losses follow the Federal Tax Cuts and Jobs Act and are carried over indefinitely, and others have various expiration dates.

The NOL carry forward is subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. Under the Internal Revenue Code (“IRC”) Sections 382 and 383, annual use of the Company’s net operating loss carryforwards to offset taxable income may be limited based on cumulative changes in ownership. The Company has not completed an analysis to determine whether any such limitations have been triggered as of November 30, 2021. The amount of the annual limitation, if any, will be determined based on the value of the Company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years.

The Company has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets. Based on the Company’s history of operating losses since inception, the Company has concluded that it is more likely than not that the benefit of its deferred tax assets will not be realized. Accordingly, the Company has provided a full valuation allowance for deferred tax assets as of November 30, 2022, and 2021. The valuation allowance increased by approximately \$0.3 million and \$2.6 million for the fiscal years ended November 30, 2022 and 2021.

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The tax effects of the temporary differences and carry forwards that give rise to deferred tax assets consist of the following (amounts are rounded to nearest thousand):

	<u>As of November 30,</u>	
	<u>2022</u>	<u>2021</u>
Deferred tax assets:		
Net operating loss carryforward	\$ 11,579,000	\$ 11,438,000
Stocked based compensation	7,171,000	6,889,000
License agreement	70,000	183,000
Charitable contributions	4,000	4,000
Other accrued tax expenses	386,000	329,000
Total deferred income tax assets	<u>19,210,000</u>	<u>18,853,000</u>
Deferred tax liability:		
Convertible debt	\$ (204,000)	\$ (102,000)
Total deferred income tax liability	<u>(204,000)</u>	<u>(102,000)</u>
Net deferred income tax assets	19,006,000	18,751,000
Valuation allowance	(19,006,000)	(18,751,000)
Deferred tax asset, net of allowance	<u>\$ —</u>	<u>\$ —</u>

A reconciliation of the statutory income tax rates and the Company's effective tax rate is as follows:

	<u>For the year ended November 30,</u>	
	<u>2022</u>	<u>2021</u>
Expected federal income tax benefit	21.0 %	21.0 %
State taxes net of federal benefit	7.6 %	10.6 %
Deferred tax true-up	0.0 %	0.0 %
Gain/loss on conversion and extinguishment of debt	0.0 %	0.0 %
Loss on settlement	0.0 %	0.0 %
Change in fair value of embedded conversion option and related accretion of interest expense	(3.9)%	(1.0)%
Meals and entertainment	0.0 %	0.0 %
Non-U.S. operations	(3.6)%	(1.1)%
Deferred tax rate change	0.2 %	0.2 %
Change in valuation allowance	(21.9)%	(29.7)%
Income taxes provision (benefit)	<u>—</u>	<u>—</u>

The Company's major tax jurisdictions are the United States and New York. All of the Company's tax years will remain open starting 2014 for examination by the Federal and state tax authorities from the date of utilization of the net operating loss. The Company does not have any tax audits pending.

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Note 13 - Subsequent Events

On January 12 2023 the company entered into a promissory note with an accredited investor and current debt holder for \$49,000. The note must be paid off in 10 installments.

On February 13, 2023 the company entered into a 12 month convertible note for \$62,387.00.

On March 20th 2023 the company received a default notice due to late current report filings,with respect to four (4) Promissory Notes dated September 15, 2022, November 22, 2022, January 12, 2023 and February 13, 2023, respectively (collectively, the "Notes"), in aggregate of Two Hundred Seventy Six Thousand Four Hundred Eleven Dollars (\$276,411.00).

On March 31st 2023 the company entered into a 12 month convertible note with an accredited investor in aggregate principal face amount of One Hundred Fifty Thousand Dollars (U.S. \$150,000.00) including \$15,000.00 original issue discount such that the net receipt was \$135,000.00.