

ME THERAPEUTICS HOLDINGS INC.

Management's Discussion and Analysis for the Three Months ended November 30, 2023 (including Subsequent Events to January 24, 2024)

The following discussion and analysis of the results of operations and financial condition of ME Therapeutics Holdings Inc. (formerly Metx Research Corp.) ("METX" or the "Company") as at and for the three months ended November 30, 2023 should be read in conjunction with the unaudited condensed interim financial statements and related notes as at and for the three months ended November 30, 2023 and November 30, 2022, which are prepared in accordance with the International Financial Reporting Standards ("IFRS").

On March 9, 2023, the Company completed the acquisition of all of the issued and outstanding securities in the capital of ME Therapeutics Inc. ("METI"), a private company incorporated on September 16, 2014 under the laws of the Province of British Columbia, in exchange for the issuance of an aggregate of 14,999,994 common shares in the capital of the Company to the shareholders of METI pursuant to the terms of an Securities Exchange Agreement (the "Agreement") dated October 4, 2022 (and as amended on October 12, 2022, and March 7, 2023) between the Company and METI (collectively, the "Transaction"), which received shareholder approval. Further, the Company issued 121,670 replacement stock options, exercisable at a price of \$0.40 and with an expiry of five years from the date of grant. The Transaction was accounted for as a reverse acquisition (see note 3 to the unaudited condensed interim consolidated financial statements for additional details).

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

The consolidated financial statements, MD&A and all other continuous disclosure documents are filed with Canadian securities regulators and are available for review under the Company's profile at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements.

Forward-looking statements are statements that are not historical facts, and include but are not limited to: estimates and their underlying assumptions; statements regarding plans; objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the market for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint or strategic ventures; and statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws.

There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

DESCRIPTION OF BUSINESS

The Company (through METI) is a preclinical stage biotechnology company working on novel cancer fighting drugs in the field of Immuno-Oncology ("IO"). Since its incorporation on September 16, 2014, METI has primarily been conducting research in IO. The strategy of the Company is to develop drug candidates that can increase the efficacy of current IO drugs by targeting suppressive myeloid cells which are known to hinder the effectiveness of current IO treatments. The Company's lead candidate is a novel high affinity antibody drug that targets a key protein involved in the generation of suppressive myeloid cells. This antibody drug candidate is currently being developed to treat colorectal cancer; however, the Company believes it has the potential to be used in several distinct cancer types. In addition to its antibody drug candidate program, the Company is also developing a novel small molecule prodrug candidate designed to specifically target suppressive myeloid cells in the tumour environment. The active component of this prodrug candidate has been shown to interfere with several key pathways involved in immune suppression and cancer growth. Since the prodrug targets the immune system rather than the cancer cells, the Company believes it may be useful for several distinct cancer types. The Company intends to continue to discover and develop new drug candidates targeting suppressive myeloid cells that may be beneficial for the treatment of cancer and advance those drug candidates towards human clinical studies.

OVERALL PERFORMANCE

As at November 30, 2023, the Company has current debt of \$40,000, relating to Government loans received under the Canadian Emergency Business Account, and working capital of \$392,091 (including related party payables of \$1,556).

Prior to completing the Transaction with METI, METX completed two financings as follows:

- On October 21, 2022, METX completed a private placement whereby a total of 1,160,000 units were sold at \$0.25 per unit for gross proceeds of \$290,000. Each unit is comprised of one common share and one share purchase warrant, with each warrant being exercisable into an additional common share at a price of \$0.40 for a period of three years expiring October 21, 2025.
- On March 1, 2023, METX completed a private placement whereby a total of 694,443 units were sold at \$0.45 per unit for gross proceeds of \$312,500. Each unit is comprised of one common share and one half of one share purchase warrant, with each whole warrant being exercisable into an additional common share at a price of \$1.00 for a period of three years expiring March 1, 2026.

The Company does not have revenues and has recurring operating losses from incorporation. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with equity financings, or loans from related parties. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statements of financial position.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

SELECTED ANNUAL INFORMATION

The financial information presented below has been derived from the METI audited financial statements (as the acquirer in the reverse acquisition) for the years ended August 31, 2023, 2022, and 2021.

	August 31, 2023	August 31, 2022	August 31, 2021
Revenues	Nil	Nil	Nil
Net Loss	(\$6,520,390)	(\$145,784)	(\$70,758)
Net Loss per Share - Basic and Diluted	(\$0.45)	(\$0.02)	(\$0.01)
Total Assets	\$671,861	\$102,462	\$75,452
Total Long-term Financial Liabilities	Nil	\$60,000	\$60,000
Cash Dividends Declared per Share	Nil	Nil	Nil

Total assets increased from 2022 to 2023 mainly due to an increase in current assets associated with completion of the Transaction, as well as additional cash raised through the common share financing completed in August 2023. All other asset categories remained consistent between periods.

During the year ended August 31, 2023, METI expensed research-related costs of approximately \$27,000. The majority of these costs, approximating \$25,000, were associated with a Material Transfer and Collaborative Research Agreement between METI and Integrated Nanotherapeutics Inc. (“INT”) whereby INT had undertaken a defined research plan taking place over an estimated period of 6 months.

During the year ended August 31, 2022, METI expensed research-related costs of approximately \$55,000. The majority of these costs, approximating \$50,000, were associated with the Material Transfer and Collaborative Research Agreement between METI and INT.

There were no research costs incurred during the year ended August 31, 2021, as METI’s operations were drastically reduced during the COVID-19 pandemic.

SUMMARY OF QUARTERLY RESULTS

The following table shows the results for the last quarter compared to those from the previous seven quarters.

Period Ending	Revenues	Net Loss	Net Loss per Share
November 30, 2023	Nil	(\$343,113)	(\$0.01)
August 31, 2023	Nil	(\$384,331)	(\$0.02)
May 31, 2023	Nil	(\$6,057,545)	(\$0.28)
February 28, 2023	Nil	(\$38,061)	(\$0.01)
November 30, 2022	Nil	(\$40,453)	(\$0.01)
August 31, 2022	Nil	(\$69,206)	(\$0.01)
May 31, 2022	Nil	(\$42,058)	(\$0.01)
February 28, 2022	Nil	(\$10,941)	(\$0.00)

RESULTS OF OPERATIONS AND FIRST QUARTER RESULTS

The Company (through METI) is a research-stage company and has no operating revenues. Most of its expenditures are research related and are not capitalized for accounting purposes.

The net loss for the three months ended November 30, 2023 compared to the net loss for the three months ended November 30, 2022 increased by approximately \$303,000. This was caused increases in share-based payment expense of approximately \$208,000, research costs of approximately \$67,000, professional fees of approximately \$42,000, and general and administrative expenses of approximately \$14,000. Current period research costs were largely associated with the INT agreement, discussed above, as well as an antibody program being undertaken.

This overall increase was partially offset by a decrease in interest/accretion expense of approximately \$5,000 (associated with convertible debentures that were converted on completion of the Transaction), an increase in Government assistance of approximately \$19,000, and an increase in interest income of approximately \$4,000.

All other amounts remained consistent between periods.

LIQUIDITY AND CAPITAL RESOURCES

1. Working Capital

Working capital totaled \$392,091 as at November 30, 2023 compared to a working capital of \$523,191 as at August 31, 2023. The decrease in working capital was directly associated with working capital and general operating costs incurred during the period.

2. Financings

On January 13, 2022, the Company completed a private placement whereby a total of 2,250,000 units were sold at \$0.02 per unit for gross proceeds of \$45,000. Each unit is comprised of one common share and one share purchase warrant, with each warrant being exercisable into an additional common share at a price of \$0.20 for a period of three years expiring January 13, 2025.

On January 26, 2022, the Company completed a private placement whereby a total of 4,200,000 units were sold at \$0.05 per unit for gross proceeds of \$210,000. Each unit is comprised of one common share and one share purchase warrant, with each warrant being exercisable into an additional common share at a price of \$0.25 for a period of three years expiring January 26, 2025.

On October 21, 2022, the Company completed a private placement whereby a total of 1,160,000 units were sold at \$0.25 per unit for gross proceeds of \$290,000. Each unit is comprised of one common share and one share purchase warrant, with each warrant being exercisable into an additional common share at a price of \$0.40 for a period of three years expiring October 21, 2025.

On March 1, 2023, the Company completed a private placement whereby a total of 694,443 units were sold at \$0.45 per unit for gross proceeds of \$312,500. Each unit is comprised of one common share and one half of one share purchase warrant, with each whole warrant being exercisable into an additional common share at a price of \$1.00 for a period of three years expiring March 1, 2026.

Between January 27, 2022 and February 10, 2022, METI closed a convertible debenture offering whereby gross proceeds of \$140,000 was raised. Each debenture consisted of an interest-free, unsecured convertible debenture with a maturity of one year from the date of issuance. At the option of the holder, the debentures were convertible into common shares of METI at a conversion price of \$0.01 (amended to \$0.03 in connection with the Transaction). The debentures were automatically converted immediately preceding completion of the Transaction.

On August 9, 2023, the Company completed the first tranche of a private placement whereby a total of 212,222 common shares were sold at \$0.45 per share for gross proceeds of \$95,500.

On August 18, 2023, the Company completed the second tranche of a private placement whereby a total of 44,500 common shares were sold at \$0.45 per share for gross proceeds of \$20,025.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are the persons responsible for the planning, directing, and controlling the activities of the Company and includes both executive and non-executive Directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

During the three months ended November 30, 2023, the Company paid or accrued \$7,500 in professional fees to DBM CPA Inc. (“DBM”), a company in which the Company’s CFO is a principal and exerts significant influence.

During the year ended August 31, 2023, the Company granted a total of 1,925,000 stock options to Directors and Officers, having a fair value on issuance of \$637,291.

As at November 30, 2023, \$181 is owing to a Director and Officer of the Company, and \$1,375 is owing to DBM. Further, as at November 30, 2023, \$36,317 is owing to DBM as a commitment to issue shares.

RISKS AND UNCERTAINTIES

In conducting its business, the Company (through METI) faces a number of risks and uncertainties related to the biotechnology industry. Some of these risk factors include risks associated with biotechnology, the requirement and ability to raise additional capital through future financings and price volatility of the Company’s securities (subsequent to listing).

History of losses and access to financing

The Company will be a preclinical stage company with a history of losses and the Company cannot assure profitability.

The Company does not have a source of operating cashflow and is dependent on future financings to support the development of its drug products. If the Company sustains losses over an extended period of time without any further financing support, it may be unable to continue its business.

Access to materials/supplies

An inability to obtain raw materials or product supply could have a material adverse impact on the Company’s business, financial condition and results of operations. Currently, the Company relies on third party suppliers and manufacturers for its drug products and there may be situations where raw materials become unavailable due to unforeseen circumstances.

Reliance on key management

The Company is highly dependent on key personnel. The Company may not be able to attract and retain personnel on acceptable terms given the intense competition for such personnel among high technology enterprises, including biotechnology, and healthcare companies, universities and non-profit research institutions. Any loss of personnel or inability to recruit new personnel will have a material adverse impact on the Company.

Intellectual property

The Company may be unable to adequately protect its intellectual property or obtain intellectual property protection for new products. The Company intends to protect its intellectual property rights through the filing of patents, however, there is a chance that these patents may be deemed unenforceable by a patent office in a major jurisdiction which would adversely affect the business of the Company. There is also a possibility that Company patents infringe on the patent rights of a 3rd party which would require the Company to license 3rd party technology or modify its existing drug products so they no longer infringe on the 3rd party technology. In either case, this would have an adverse effect on the Company.

Reliance on contractors

The Company relies on the expertise and availability of contract research organizations to carry out preclinical testing. In the event that a contract research organization is unavailable or unwilling to carry out the studies necessary for the development of the Company's drug products, this will have an adverse effect on the Company's business.

The Company relies on Integrated Nanotherapeutics to carry out the design and manufacture of its lead prodrug candidate. Any negative impacts on the ability of Integrated Nanotherapeutics to continue this work would materially impact the Company's prodrug development program.

Stage of development

The Company's drug products are the preclinical stage of development and there is no way to know if any of the drug products will demonstrate acceptable efficacy in preclinical testing which would prevent the further development of those drug products and have an adverse effect on the Company.

Regulatory risks

The Company will rely on regulatory approval from various government agencies for future clinical development of its drug products. If any regulatory agency denies a clinical trial applications for a reason which cannot be remedied, this will have a material adverse effect on the Company.

CRITICAL ACCOUNTING ESTIMATES AND FINANCIAL INSTRUMENTS

The Company prepares its financial statements in conformity with IFRS. The Company lists its significant accounting policies and its financial instruments in Notes 2 and 11, respectively, to its annual audited financial statements for the year ended August 31, 2023. Of the accounting policies, the Company considers the following policy to be the most critical to the reader's full understanding and evaluation of the Company's reported financial results.

Research costs

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss (research) as incurred. Investment tax credits related to current expenditures are included in the determination of profit or loss as the expenditures are incurred when there is reasonable assurance they will be realized. The Company expenses legal fees incurred on application costs relating to its pending patents as incurred.

MANAGEMENT AND BOARD OF DIRECTORS

In connection with the completion of the Transaction on March 9, 2023, the Company's Board of Directors is comprised of the Board members of METI going forward, with one Director being appointed by METX. Further, on June 7, 2023, the Company appointed Karim Nanji to the Board of Directors. See below for complete listing.

The Company's Officers are also those of METI, following completion of the Transaction. See below for complete listing.

There were no other changes to management during the three months ended November 30, 2023.

INVESTOR RELATIONS

All investor relations activities are performed by Company management.

GOVERNMENT ASSISTANCE

Scientific Research and Experimental Development ("SRED")

SRED is a federal tax incentive program designed to encourage Canadian businesses of all sizes and in all sectors to conduct research and development in Canada.

During the three months ended November 30, 2023, the Company accrued \$nil in government assistance proceeds associated with the SRED program, which is presented within profit or loss as government assistance.

As at August 31, 2022, METI had accrued \$17,000 in government assistance proceeds associated with the SRED program. These funds were received during the year ended August 31, 2023.

Canadian Emergency Business Account (“CEBA”)

During the year ended August 31, 2020, METI qualified for a government-guaranteed line of credit (government loan) of \$40,000 which is free of interest and to be repaid by December 31, 2023, at which time a 25% balance forgiveness (\$10,000) will apply if the loan is repaid by such date.

During the year ended August 31, 2021, METI qualified for an additional government-guaranteed line of credit (government loan) of \$20,000 which is free of interest and to be repaid by December 31, 2023, at which time a 50% balance forgiveness (\$10,000) will apply if the loan is repaid by such date.

As at November 30, 2023, all amounts owing have been reclassified as a current liability, as their repayment is due within 12 months. Management intends to repay all loans within the required timeline, and as such, has recorded other income of \$20,000 associated with the portion to be forgiven. All amounts owing were repaid subsequent to November 30, 2023.

NRC Industrial Research Assistance Program (“NRC-IRAP”)

NRC-IRAP is a federal research assistance program designed to provide funding assistance to small and medium-sized businesses to conduct research and development in Canada.

During the three months ended November 30, 2023, the Company accrued \$19,419 in government assistance proceeds associated with the NRC-IRAP program. This amount was received subsequent to November 30, 2023.

REVERSE ACQUISITION

As described in note 3 of the audited consolidated financial statements, on March 9, 2023, the Company (METX) and METI completed a Transaction which constituted a reverse acquisition, with METI shareholders receiving 1.395 shares of METX for every share of METI held. This resulted in METI shareholders controlling approximately 64.4% of the issued and outstanding shares of the Company.

The Transaction resulted in the shareholders of METI obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision-making processes, and the resulting power to govern the financial and operating policies of the combined entities.

The Transaction constitutes a reverse acquisition (“RTO”) of METX by METI and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As METX did not qualify as a business according to the definition in IFRS 3, the RTO does not constitute a business combination; rather it is treated as an issuance of common shares by METI for the net assets of METX and METX’s public listing, with METI as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction as it does not constitute a business.

For accounting purposes, METI is treated as the accounting parent company (legal subsidiary) and METX as the accounting subsidiary (legal parent) in these financial statements. As METI was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in the consolidated financial statements at their historical carrying values. METX's results of operations have been included from March 9, 2023.

On closing of the Transaction, METI's nominees will comprise the entirety of the Board of the combined entity with the exception of one Director being appointed by METX. Further, METI's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") remain as CEO and CFO of the combined entity.

SUBSEQUENT EVENTS

In December 2023, the Company's shares were listed on the Frankfurt Stock Exchange.

SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares are fully paid. From incorporation to November 30, 2023, no preferred shares have been issued.

On completion of a public listing, it is anticipated that 18,477,772 common shares will be subject to escrow provisions and will have different (and in some cases multiple) escrow release schedules applied. These shares will be released from escrow as follows: (a) an aggregate of 2,727,778 shares will be released over a period of 36 months from the listing date with 10% being released on the listing date and 15% being released every 6 months thereafter (the "NP 46-201 Escrow"), (b) an aggregate of 750,000 will be released from escrow on the date that is 6 months from listing, (c) an aggregate of 2,474,565 shares will be released over 27 months from listing with 10% released on listing, 30% released 9 months from listing, 30% released 18 months from listing and the remaining shares released 27 months from listing (the "Target Voluntary Escrow"); and (d) an aggregate of 12,525,429 shares are subject to both NP 46-201 Escrow and the Target Voluntary Escrow and released over a period of 36 months from listing with 10% released on listing, 15% released 9 months from listing, 15% released 12 months from listing, 15% released 18 months from listing, 15% released 24 months from listing, 15% released 30 months from listing, and the remaining shares released 36 months from listing.

As at January 24, 2024, there are 23,561,161 common shares outstanding.

Stock Options

As at January 24, 2024, the Company has the following stock options outstanding:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
2,175,000	2,175,000	0.45	March 31, 2026
250,000	187,500	0.45	June 7, 2026
121,670	121,670	0.40	March 9, 2028
2,546,670	2,484,170		

Warrants

As at January 24, 2024, the Company has the following warrants outstanding:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
1,000,000	1,000,000	0.20	January 13, 2025
3,400,000	3,400,000	0.25	January 26, 2025
660,000	660,000	0.40	October 21, 2025
347,220	347,220	1.00	March 1, 2026
1,250,000	1,250,000	0.20	January 13, 2027
800,000	800,000	0.25	January 26, 2027
500,000	500,000	0.40	October 21, 2027
7,957,220	7,957,220		

