INNOMEDTECH™ LTD.

Consolidated Interim Financial Statements

September 30, 2021

(Expressed in US dollars)
(unaudited)

INNOMED TECH LTD.
Consolidated interim statements of financial position
(Expressed in US dollars)
(unaudited)

		As at September 30, 2021		As at December 31, 2020
Assets				
Current				
Cash	**$**	**4,148**	$	3,562
Due from CIC Capital Ltd. (Note 3)		**32,196**		50,226
Prepaid expenses		**185,707**		185,706
Total assets		**222,050**		239,494
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5)		**31,250**		240,470
Loan payable to CIC Capital Ltd. (Note 6)		**-**		17,200
		31,250		257,670
Non-current				
Derivative liabilities (Note 7)		**2,928,848**		2,928,848
		2,928,848		2,928,848
Total liabilities		**2,960,098**		3,186,518
Shareholders' deficiency				
Share capital (Note 7)		**6,054,167**		6,428,929
Warrant reserve (Note 7)		**366,517**		366,517
Deficit		**(9,158,732)**		(9,742,470)
Total shareholders' deficiency		**(2,738,048)**		(2,947,024)
Total liabilities and shareholders' deficiency	**$**	222,050	$	239,494

(The accompanying notes are an integral part of these consolidated interim financial statements)

INNOMED TECH LTD.
Consolidated interim statements of operations and comprehensive income
(Expressed in US dollars)
(unaudited)

	Three months ended Sep 30		Nine months ended Sep 30	
	2021	2020	2021	2020
Income				
Uncategorised Income	$ -	$ -	$ 869,762	$ -
Total Income	-	-	869,762	-
Expenses				
Legal & professional fees (Notes 8 and 9)	$ **101,426**	$ 185,117	$ **307,490**	$ 1,492,615
Change in fair value of derivative liabilities	-	-	-	-
Salaries and wages	**48,184**	37,173	**162,420**	55,105
Interest expense	-	-	-	50,000
Foreign exchange loss	-	16,454	**16,643**	40,058
Patent / Research & development (Note 9)	-	-	**500**	3,430
General administration	(80)	1,024	**8,191**	1,448
	(149,530)	(239,768)	**(495,245)**	(1,642,655)
Forgiveness of Debt-write off	-	751,596	**209,220**	751,616
Net loss and comprehensive loss	$ **(149,530)**	$ 511,829	$ **583,738**	$ (891,039)

(The accompanying notes are an integral part of these consolidated interim financial statements)

INNOMED TECH LTD.
Consolidated interim statements of changes in equity
(Expressed in US dollars)
(unaudited)

	Class I Units	Class II Units	Class III Units	Share Capital		Warrant Reserve	Deficit	Total Shareholders' Deficiency
	$	$	$	# of Shares	Amount $	$	$	$
Balance, January 1, 2019	-	1,223,750	1,970,000	-	-	-	(4,947,634)	(1,753,884)
Issuance of units	-	2,596,450	66,250	-	-	-	-	2,662,700
Net loss and comprehensive loss	-	-	-	-	-	-	(1,586,937)	(1,586,937)
Balance, December 31, 2019	-	3,820,200	2,036,250	-	-	-	(6,534,571)	(678,121)
Innomed Two LLC. Member unit conversion	-	(3,820,200)	(2,036,250)	32,493,566	4,300,707	1,555,743	-	-
Recognition of derivative liabilities on Class II units conversion	-	-	-	-	(310,877)	(1,555,743)	-	(1,866,620)
Loan conversion	-	-	-	1,896,552	326,017	-	-	326,017
Issuance of units	-	-	-	6,482,758	949,207	366,517	-	1,315,724
Issuance of shares for no consideration	-	-	-	6,927,826	1,163,875	-	(1,163,875)	-
Net loss and comprehensive loss	-	-	-	-	-	-	(2,044,024)	(2,044,024)
Balance, December 31, 2020	**-**	**-**	**-**	**47,800,702**	**6,428,929**	**366,517**	**(9,742,470)**	**(2,947,024)**
IMP share return	-	-	-	(4,869,443)	(869,762)		-	-
Issuance of units	-	-	-	1,633,450	495,000	-	-	495,000
Net loss and comprehensive loss	-	-	-	-	-	-	583,738	583,738
Balance, September 30, 2021	-	-	-	**44,564,709**	**6,054,167**	**366,517**	**(9,158,732)**	**(1,868,286)**

(The accompanying notes are an integral part of these consolidated interim financial statements)

INNOMED TECH LTD.
Consolidated interim statements of cash flows
(Expressed in US dollars)
(unaudited)

		As at September 30, 2021		As at September 30, 2020
Cash provided by (used in)				
Operations				
Net loss	**$**	**583,738**	$	(891,039)
Items not affecting cash				
Shares issued for professional fees		**-**		-
Interest converted to shares		**-**		-
Change in fair value of derivative liabilities		**-**		-
		583,738		(891,039)
Changes in non-cash working capital				
Prepaid expenses		**-**		-
Due from CIC Capital Ltd.		**-**		(81,500)
Due from Innovative Medicine Partners, LLC		-		(101,345)
Accounts payable and accrued liabilities		**(209,220)**		(768,921)
		(209,220)		(951,766)
Financing				
Loan payable to CIC Capital Ltd.		**-17,200**		17,200
Issuance of shares		**495,000**		1,880,000
Contributions		**(869,762)**		550,000
		(391,962)		2,447,200
Net change in cash		**(17,444)**		604,395
Cash, beginning of the year		**53,788**		231,269
Cash, end of the year	**$**	**36,344**	$	835,664

(The accompanying notes are an integral part of these consolidated interim financial statements)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS AND GOING CONCERN

The Company was incorporated and registered on November 22, 2019 under the General Corporation Law of the State of Delaware, with the name InnoMed Tech, Inc. and with registered file number 7721120. On May 27, 2020, the Company continued (change of jurisdiction of incorporation) into British Columbia ("BC") Canada under the Business Corporation Act (British Columbia) with registered number C1251506 as InnoMed Tech Ltd. The Company is in the business of developing medical devices, medical digital or science inventions. The address of the registered office of the Company is Suite 1000 – 409 Granville Street, Vancouver, BC Canada V6C 1T2.

The Company was subject to a transaction on April 15, 2020, which involved inserting a new parent company at the top of PureFlowCath, LLC [formerly Innomed Two, LLC] ("PureFlowCath"). The parent company (the Company), a 'shell' company, issued shares to the existing controlling shareholders of PureFlowCath. Control remained the same before and after April 15, 2020. The Company has determined this transaction to be a common control business acquisition and has been accounted for using the pooling of interest method, whereby the combined assets and liabilities of the Company and PureFlowCath are recorded at their existing carrying value and no goodwill is recognized. All comparative figures reflect those of PureFlowCath only.

The consolidated financial statements were prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company is subject to several risks associated with the successful development of new products and their marketing and the conduct of its clinical studies and their results, in addition to the uncertainties presented by the COVID-19 pandemic. It is likely that the product developed by the Company will require approval from the U.S. Food and Drug Administration and equivalent organizations in other countries before sales can be authorized.

For interim period ending September 30, 2021, the Company incurred a gain of $583,738 (2020 loss - $891,039) and cash-flow deficit from operations of $209,220 (2020 - $951,766). The Company's future operations are dependent upon its ability to secure additional funds to finance patent applications to approval, its research and development activities and in the longer-term clinical studies. It is not possible to predict whether the Company will be successful, securing new financing, patent application approvals and obtain approval from the U.S. Food and Drug Administration and equivalent organization in other countries.

There can be no assurance that management will be successful in its efforts to generate sufficient cash-flow or that it will ever develop a self-supporting business. These factors may cast significant doubt on the Company`s ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments to the carrying amounts which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

1. NATURE OF OPERATIONS, CONTINUANCE OF BUSINESS AND GOING CONCERN (continued)

The Company has been closely monitoring developments related to the novel strain of coronavirus, specifically identified as “COVID-19”, including the existing and potential impact on global and local economies. The Company has implemented its business continuity plan ensuring minimal interruption to the business. Governments worldwide have since put in place various measures to contain the spread of the virus, which have directly and indirectly impacted many businesses. The COVID-19 pandemic presented some challenges in delays in raising financing but otherwise did not have any other significant impact on the Company's consolidated financial statements. The longer-term impacts of the COVID-19 situation will depend on future developments which are highly uncertain, rapidly evolving and difficult to predict. These impacts may differ in magnitude depending on a number of scenarios, which the Company continues to monitor and take into consideration.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

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

These consolidated financial statements were approved for issue by the Board of Directors on December 3, 2021.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis.

(c) Amended Accounting Standards Adopted

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the IASB that are mandatory for the current reporting period.

The following amendments are most relevant to the Company:

- Amendments to IFRS 3 Business Combinations improve the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Amended Accounting Standards Adopted (continued)

- Definition of Material (Amendments to IAS 1 Presentation of Financial Statements [“IAS 1”] and to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [“IAS 8”]) is intended to make the definition of material in IAS 1 easier to understand and is not intended to alter the underlying concept of materiality in IFRS Standards. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

The adoption by the Company of the amendments listed above did not have any impact on the Company's consolidated financial statements.

(d) Standards issued but not yet effective

The following amendment to an existing standard has been issued and is applicable to the Company beginning on June 1, 2020 and thereafter, with an earlier application permitted:

- COVID-19 Related Rent Concessions (Amendment to IFRS 16, Leases): i) provide lessees with a practical expedient that relieves a lessee from assessing whether a COVID-19-related rent concession is a lease modification; ii) require lessees that apply the practical expedient to account for COVID-19-related rent concessions as if they were not lease modifications.

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on January 1, 2022 and thereafter, with an earlier application permitted:

- Reference to the Conceptual Reference to the Conceptual Framework – Amendments to IFRS 3 Business Combinations
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- Annual Improvements to IFRS Standards 2018–2020.

The following amendments to existing standards have been issued and are applicable to the Company for its annual period beginning on January 1, 2023 and thereafter, with an earlier application permitted:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates – Amendments to IAS 8; and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Standards issued but not yet effective (continued)

The Company is currently evaluating the impacts of adopting these amendments on its consolidated financial statements.

(e) Functional and Presentation Currency

These consolidated financial statements are presented in United States dollars, which is the Company's functional currency.

(f) Significant Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Determining the fair value of services received in exchange for share-based payments
From time to time the Company issues common shares for services or non-cash assets. The Company's Board of Directors determines the fair market value of the services or non-cash assets received in exchange for common shares. These transactions are typically valued using the fair value of common shares issued.

Valuation of the "down-round" provision in debt and equity agreements
Certain debt and equity financing agreements contain a "down-round" provision that allows for the issuance of incremental common shares and warrants if the provision in the agreements is triggered. Management judgment is required to determine the probability of the triggering event to occur and the number of incremental common shares and warrants that could be issued, which is dependent on the Company's share price in the future. The valuation method and assumptions used in valuing the derivative liabilities are disclosed in Note 7.

Valuation of warrants
The Company uses the Black-Scholes option pricing model to determine the fair value of stock options in order to calculate stock-based compensation expense. The Black-Scholes model involves six key inputs to determine fair value of a stock option: risk-free interest rate, exercise price, market price at the date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involved considerable judgment and are or could be affected by significant factors that are out of the Company's control.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Research and Development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes.

Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are expensed as incurred. No internal development costs have been capitalized to date.

Research and development expenses include all direct and indirect operating expenses supporting the products in development.

The costs incurred in establishing and maintaining patents are expensed as incurred.

(h) Share-based Payments

The Company issues share-based payments to employees or consultants. The fair value of the shares issued is recognized over the applicable vesting period as compensation expense unless there are no vesting requirements in which case the entire amount is recognized immediately.

(i) Unit Share Issuances

For unit share issuances consisting of common shares and warrants, the Company uses the Black-Scholes option pricing model in determining the fair value of warrants. The proceeds from the issuance of units are first allocated to the warrants and the residual amount, being the difference between the proceeds from issuance and the fair value of the warrants, is allocated to common shares.

(j) Derivative Liabilities

Certain debt and equity financing agreements contain a “down-round” provision that allows for the issuance of incremental common shares and warrants if the provision in the agreements is triggered.

The Company accounts for warrants as either equity instruments or derivative liabilities, depending on the specific terms of the warrant agreement. Warrants are accounted for as a financial liability if the warrants contain a “down-round” provision and, therefore, do not meet the ‘fixed-for-fixed’ condition under IAS 32 Financial Instruments: Presentation (“IAS 32”). The Company will continue to classify the fair value of the warrants that contain “down-round” provision as a liability until the warrants are exercised, expire or are amended in a way that would no longer require these warrants to be classified as a liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Derivative Liabilities (continued)

On initial recognition, (1) the fair value of the derivative on outstanding warrants with "down-round" provision is determined using an option pricing model, (2) the fair value of the derivative on incremental common shares is determined based on the estimated incremental common shares that could be issued and estimated share price in the future, which is then applied with a probability and discount rate to arrive at the present value of the liability, and (3) the fair value of the derivative on incremental warrants is based on an option pricing model, which is then applied with a probability and discount rate to arrive at the present value of liability. These amounts are measured at fair value to profit or loss. Changes in the fair value of the derivative liabilities are charged to operations.

The remainder of the proceeds is allocated to the share capital.

(k) Financial Instruments

Classification and measurement of financial instruments
Financial assets are required to be initially measured at fair value and subsequently classified at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Company's financial assets includes cash, due from CIC Capital Ltd. and due from Innovative Medicine Partners LLC, which are classified at amortized cost because the Company's business model is to hold these financial instruments to maturity to collect contractual cash flows consisting solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities include accounts payable and accrued liabilities, loan payable to CIC Capital Ltd. and promissory note which were initially measured at fair value and subsequent classified as amortized cost.

Impairment of financial assets
For the impairment of financial assets under IFRS 9, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the date of the statement of financial position. The Company recognizes a loss allowance for expected credit losses on loan receivables which are measured at amortized cost. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial Instruments (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognized is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets, with the exception of loan receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations and comprehensive loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations and comprehensive loss for the period to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(l) Income Taxes

Deferred tax is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred tax is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred taxation asset is realized or the deferred tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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(Expressed in US dollars)

3. RELATED PARTY TRANSACTIONS

		2021		2020
Monthly retainer agreement professional services from CIC Capital Ltd., a shareholder in 2020	$	**144,000**	$	1,000,700
Purchase of professional services from three minority shareholders		**34,598**		47,125

4. SHARE CAPITAL AND RESERVES

Authorized
Unlimited common shares without par value.

Common shares
1,633,450 common shares were issued during the nine-month period ending on September 30, 2021.

44,564,709 total common shares are outstanding as at September 30, 2021.

Share Subscription

The Company entered into subscription agreements during the nine-month period ending on September 30, 2021, at US$0.29 per share with a full warrant at exercisable at 29 cents per warrant on or before December 31, 2025 for net proceeds totalling US$495,000. The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Warrants issued	8,379,310
Exercise price	$0.29
Share price	$0.15 - $0.17
Risk-free interest rate	0.23 – 0.41%
Expected volatility*	106 – 196%
Expected life of warrants	4.3 – 4.8 years
Expected dividend yield	0%
Fair value	$636,259
Fair value per warrant	$0.1 - $0.14

Warrants
As at September 30, 2021, there were 23,185,863 warrants issued and outstanding with an exercise price of $0.29 and all expire on December 31, 2025 (2020 – 21,552,413).

Stock options
As at September 30, 2021, there were no employee, director and consultant options outstanding (2020 - nil).

4. MANAGEMENT OF CAPITAL

The Company defines its capital as share capital and deficit. The Company's objectives when managing capital are to ensure there are sufficient funds available to carry out its research and development programs. To date, these programs have been funded through the sale of equity securities.

The Company also intends to source non-dilutive funding by accessing grants, government assistance and tax incentives, and through partnerships with corporations and research institutions. The Company uses budgets and purchasing controls to manage its costs. The Company is not exposed to any externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS

Fair Value
Cash and accounts payable are all short-term in nature and, as such, their carrying values approximate fair values.

Risks
The Company has exposure to credit risk, liquidity risk and interest rate risk.

(a) Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's cash and amounts due from parent. The carrying amount of these financial assets represents the maximum credit exposure. The Company follows an investment policy to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs. Cash are on deposit with a major American bank.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is a development stage company and is reliant on external fundraising to support its operations. Once funds have been raised, the Company manages its liquidity risk by investing in cash and short-term instruments to provide regular cash flow for current operations. It also manages liquidity risk by continuously monitoring actual and projected cash flows.

(c) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate price risk to the extent that the promissory note is at a fixed interest rate.