Consolidated HCI Holdings Corporation

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2021 AND 2020

(expressed in Canadian Dollars)

Consolidated HCI Holdings Corporation
Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	**June 30, 2021 (unaudited)**	September 30, 2020 (audited)
		$	$
ASSETS			
Current assets			
Cash		**159**	277
Income taxes recoverable	5	**2**	2
Other		**19**	33
		180	312
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**67**	63
Notes payable	6	**365**	355
		432	418
SHAREHOLDERS' DEFICIENCY			
Capital stock	7	**35,890**	35,890
Contributed surplus	8	**217**	-
Deficit		**(36,359)**	(35,996)
		(252)	(106)
		180	312

Going concern (note 2)
Contingencies and commitments (note 11)

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

Consolidated HCI Holdings Corporation

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended June 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	Three months ended June 30, 2021	Three months ended June 30, 2020	Nine months ended June 30, 2021	Nine months ended June 30, 2020
		$	$	**$**	$
Income (expenses)					
General and administrative		**(39)**	(63)	**(136)**	(207)
Interest and other income		**-**	-	**-**	1
Interest on notes payable	6	**(3)**	(3)	**(10)**	(6)
Stock-based compensation	8	**-**	-	**(217)**	-
Loss before income taxes		**(42)**	(66)	**(363)**	(212)
Recovery of income taxes	5	**-**	-	**-**	2
Net loss for the period		**(42)**	(66)	**(363)**	(210)
Net loss per share - basic and diluted		**(0.002)**	(0.003)	**(0.018)**	(0.010)
Weighted average number of shares outstanding - basic and diluted		**20,575,866**	20,575,866	**20,575,866**	20,575,866

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

Consolidated HCI Holdings Corporation
Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
For the periods ended June 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, except share and per share amounts)

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance - October 1, 2020	**20,575,866**	**35,890**	**-**	**(35,996)**	**(106)**
Issuance of stock options	-	-	217	-	217
Net loss for the period	-	-	-	(363)	(363)
Balance - June 30, 2021	**20,575,866**	**35,890**	**217**	**(36,359)**	**(252)**
Balance - October 1, 2019	20,575,866	35,890	-	(35,717)	173
Net loss for the period	-	-	-	(210)	(210)
Balance - June 30, 2020	20,575,866	35,890	-	(35,927)	(37)

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

Consolidated HCI Holdings Corporation
Unaudited Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended June 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, except share and per share amounts)

	Nine months ended	
	June 30, 2021	June 30, 2020
	$	$
Operating activities		
Net loss for the period	**(363)**	(210)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	**4**	(14)
Interest accrued	**10**	6
Income taxes recoverable	**-**	116
Stock-based compensation	**217**	-
Other	**14**	5
Cash flow used in operating activities	**(118)**	(97)
Financing activities		
Notes payable	**-**	345
Cash flow provided by financing activities	**-**	345
(Decrease) increase in cash	**(118)**	248
Cash, beginning of period	**277**	61
Cash, end of period	**159**	309
Cash paid during the period for interest	**-**	-
Cash recovered during the period for income taxes	**-**	120

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

1. Description of Business

Consolidated HCI Holdings Corporation (the "Company") is an Ontario-based publicly traded company which, effective September 21, 2017, commenced trading on the NEX under the trading symbol CXA.H. The NEX is a separate board of the TSX Venture Exchange ("TSX-V") for issuers previously listed on the Toronto Stock Exchange or TSX-V but which no longer maintain compliance with the ongoing financial listing standards of those markets.

Management and the Board of Directors are considering options as to the Company's future given that as of June 30, 2017, as previously reported, the Company had discontinued and divested substantially all of its operations, and had ceased to be actively engaged in any ongoing business.

On April 18, 2021, the Company entered into a letter of intent (the "LOI") with Vaxxinator Enterprises Inc. ("Vaxxinator") outlining the proposed terms and conditions pursuant to which the Company and Vaxxinator will effect a business combination that will result in a reverse takeover of the Company by the shareholders of Vaxxinator (the "Proposed Transaction"). The entity resulting from the Proposed Transaction (the "Resulting Issuer") will continue to carry on the business of Vaxxinator as a clean technology company. The LOI was negotiated at arm's length.

In connection with the Proposed Transaction, the Company intends to change its name to "Vaxxinator Enterprises Inc." or such other name requested by Vaxxinator and acceptable to applicable regulatory authorities.

The Proposed Transaction will be structured as an amalgamation, arrangement, takeover bid, share purchase or other similar form of transaction mutually acceptable to the Company and Vaxxinator. The Proposed Transaction will not be completed while the Company is listed on the NEX board of the TSX Venture Exchange ("TSXV"). The Company intends to issue a subsequent press release with comprehensive details relating to the Proposed Transaction.

The address of the Company's registered office is 40 King Street West, Suite 2100, Toronto, Ontario.

The Board of Directors approved the unaudited condensed consolidated interim financial statements on August 16, 2021.

Covid-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("Covid -19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of Covid -19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

2. Going Concern

These unaudited condensed consolidated interim financial statements have been prepared using generally accepted accounting principles that are applicable to a going concern. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss of $363 during the nine months ended June 30, 2021, has a working capital deficiency, no longer has any source of revenue and continues to incur general and administrative expenses. Management and the Board of Directors continue to consider options as to the Company's future. Whether and when the Company can successfully source capital and/or financing and successfully develop a revenue-producing profitable business with positive cash flows is uncertain. Accordingly, material uncertainty exists whether the Company can discharge its obligations, including its accounts payable and accrued liabilities and notes payable, within the next twelve months. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern and therefore the use of generally accepted accounting principles that are applicable to a going concern may not be appropriate. These unaudited condensed consolidated interim financial statements do not reflect adjustments to carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

3. Basis of Presentation and Statement of Compliance

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim consolidated financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS policies effective as of June 30, 2021.

Basis of measurement and presentation

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis.

Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. Accordingly, these unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

Significant accounting judgments and estimates

These unaudited condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods, if the revision affects both current and future periods.

3. Basis of Presentation and Statement of Compliance (continued)

These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Fair value of stock options
Management uses the Black-Scholes option-pricing model to calculate the fair value of stock options. Use of this method requires management to make assumptions and estimates about the expected life of options, the risk free rate, and the expected volatility of the Company's share price. In making these assumptions and estimates, management relies on historical market data.

Basis of consolidation

These statements consolidate the accounts of the Company and its wholly owned subsidiaries, 968907 Ontario Inc. (not active) and Gasmuz Construction Inc. (not active). Control is achieved when we have the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, are exposed to, or have rights to, variable returns from our involvement with the entity and have the ability to affect those returns through our power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Profit and loss or other comprehensive income (loss) of subsidiaries acquired during the period are recognized from the date of acquisition or effective date of disposal as applicable. Significant intercompany accounts and transactions have been eliminated on consolidation.

The Company has the following subsidiaries:

Name of Entity	% Ownership	Accounting Method
Gasmuz Construction Inc.	100	Consolidation
968907 Ontario Inc.	100	Consolidation

When the proportion of the equity (deficiency) held by non-controlling interest changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the subsidiary. The Company recognizes directly in equity (deficiency) any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received and attribute it to the members of the Company.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2020.

4. Accounting Standards

Share-based compensation and issuance of stock for non-cash consideration

The Company records share-based compensation using the estimated fair value of the options at the date of grant. The estimated fair value is expensed over the period in which the grantee unconditionally become entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related services and non-market performance conditions at the vesting date. The corresponding charge is to share-based payment reserve. Any consideration paid on the exercise of stock options is credited to share capital.

The Company estimates the fair value of stock options granted using the Black-Scholes valuation model. This model requires the Company to make estimates and assumptions including, among other things, estimates regarding the length of time a grantee will retain vested stock options before exercising them, the estimated volatility of the Company's common share price and the number of options that will be forfeited prior to vesting. Changes in these estimates and assumptions can materially affect the determination of the fair value of share-based compensation and consequently, the related amount recognized in the Company's unaudited condensed consolidated interim statement of loss and comprehensive loss.

Standards and interpretations issued, but not yet effective

Certain new standards, interpretations and amendments to existing standards were issued by the IASB or International Financial Reporting Issues Committee that are not yet effective, and have not been applied in preparing these unaudited condensed consolidated interim financial statements. Management of the Company is currently assessing the potential impacts of these standards.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months.
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Company has not yet determined the impact of these amendments on its consolidated financial statements.

(Expressed in thousands of Canadian dollars, except share and per share amounts)

5. Income Taxes

The income tax recovery for the nine months ended June 31, 2021 is $NIL (2020 - $2).

The income tax recovery was computed by applying the average statutory Canadian federal and provincial income tax rates to losses before the income tax recoveries. $NIL of such losses are available for carry-back to a prior year. The Company has $307 of losses available for carry forward for which an income tax benefit has not been recognized. These losses commence to expire in 2040.

6. Notes Payable

On January 14, 2020, the Company completed the private placement of unsecured promissory notes for gross proceeds of $345. The purpose of this borrowing was to provide the Company with sufficient working capital for general corporate purposes while management and the Board of Directors decide on the future direction of the Company. The promissory notes bear interest at the annual rate of 4% and are repayable without penalty at any time prior to maturity. The principal amount and all accrued and unpaid interest were due on January 14, 2021. On January 13, 2021, the terms of the notes were amended to extend the maturity date to April 14, 2021. On April 14, 2021, the terms of the notes were amended to extend the maturity date to July 14, 2021. As at the date of these financial statements, the notes were in default and remain unpaid. All other terms and conditions remain in full force and effect.

7. Capital Stock

Authorized

Unlimited Class B, voting shares, without par value

Issued and Outstanding

Details of issued capital stock are as follows:

	Number of shares	Amount
Balance, September 30, 2020, and June 30, 2021	**20,575,866**	**$35,890**

(Expressed in thousands of Canadian dollars, except share and per share amounts)

8. Share Purchase Options

The Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to five years from the date of the grant. The following table outlines the option activity for the nine months ended June 30, 2021:

	Number of Options		Weighted Average Exercise Price	Expiry Date
Balance, October 1, 2019 and 2020	**-**	**$**	**-**	
Granted	2,057,586		0.13	October 22, 2025
Balance, June 30, 2021	**2,057,586**	**$**	**0.13**	

On October 22, 2020, the Company granted options to its directors and officers entitling the purchase of 2,057,586 class B shares at a price of $0.13 per share. The options are for a five-year term, expiring on October 22, 2025, and vest on the date of grant. Options granted were allocated an estimated fair value using the Black-Scholes option pricing model to estimate the fair value using the weighted average assumptions of an expected forfeiture rate of 0%, a risk-free interest rate of 0.36%, an expected dividend yield of 0%, an expected stock price volatility of 117%, and an expected option life of five years. This resulted in a calculated fair value per stock option of $0.105. During the three and nine months ended June 30, 2021, the Company recognized $NIL and $217, respectively, (2020 - $NIL and $NIL, respectively) of stock-based payments that were recorded as contributed surplus.

9. Financial Instruments and Risk Management

Credit Risk

The Company's maximum exposure to credit risk is the outstanding balance of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due and remain solvent. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. To date, the Company has relied on external financing to fund its operations. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that financing will be on terms advantageous to the Company.

Fair Values

The fair values of cash, accounts payable and accrued liabilities and notes payable approximate their carrying values due to their short-term maturities.

(Expressed in thousands of Canadian dollars, except share and per share amounts)

9. Financial Instruments and Risk Management (continued)

Interest Rate Risk

The Company is not exposed to significant interest rate risk as the interest on the unsecured promissory note is a fixed rate.

Capital Risk Management

The Company's objectives when managing its capital are:

- To maintain a flexible capital structure that optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;
- To maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
- To safeguard the Company's ability to obtain financing should the need arise; and
- To maintain financial flexibility in order to have access to capital in the event of future capital acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, and in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally imposed capital requirements.

10. Related Party Transactions

Related party transactions consist of management compensation, share-based compensation, rent expense and legal fees.

Transactions with related parties during the period were as follows:

	Nine months ended		**Three months ended**	
	June 30 2021	June 30 2020	**June 30 2021**	June 30 2020
Legal fees	**$ 27**	$ 40	**$ -**	$ 19
Management fee expense (to a former director)	**6**	73	**-**	17
Rent expense (to a former director)	**-**	3	**-**	1
Stock based compensation (note 8)	**217**	-	**-**	-

As at June 30, 2021, the Company's accounts payable balance consists of $37 (June 30, 2020 - $NIL) owing to a law firm that provides legal services to the Company in which a director of the Company is a partner.

11. Contingencies and Commitments

The Company, from time to time, may be subject to legal proceedings being brought against it and its subsidiaries which could have a material adverse effect on the Company's interim consolidated financial position or financial performance. Management is not aware of any such proceedings against the Company.

12. Subsequent Event

On July 14, 2021, the Company entered into a definitive business combination agreement dated (the "Combination Agreement") with Vaxxinator Enterprises Inc. ("Vaxxinator"), a private clean tech company, and 1314092 B.C Ltd., a wholly-owned subsidiary of the Company. Completion of the transactions contemplated in the Combination Agreement will result in the reverse takeover of the Company by Vaxxinator (the "Proposed Transaction"). Pursuant to the Combination Agreement, The Company and Vaxxinator will complete an arm's length business combination by way of a three-cornered amalgamation pursuant to the provisions of the Business Corporations Act (British Columbia). The Company's shares will be consolidated on a 24.691:1 basis (the "Consolidation").