Atmofizer Technologies Inc.
(formerly Consolidated HCI Holdings Corporation)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

(expressed in thousands of Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Atmofizer Technologies Inc. (formerly Consolidated HCI Holdings Corporation)

Opinion

We have audited the accompanying consolidated financial statements of Atmofizer Technologies Inc. (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of $475,000 during the year ended September 30, 2021 and, as of that date, the Company has an accumulated deficit of $36,471,000 and net deficiency of assets of $364,000. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Company for the year ended September 30, 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated statements on January 28, 2021.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

January 28, 2022

Atmofizer Technologies Inc. (formerly Consolidated HCI Holdings Corporation)
Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	September 30, 2021	2020
		$	$
ASSETS			
Current assets			
Cash		**104**	277
Income taxes recoverable	5	**2**	2
Other		**26**	33
TOTAL ASSETS		**132**	312
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**127**	63
Notes payable	6	**369**	355
TOTAL LIABILITIES		**496**	418
SHAREHOLDERS' DEFICIENCY			
Capital stock	7	**35,890**	35,890
Contributed surplus	8	**217**	-
Deficit		**(36,471)**	(35,996)
TOTAL SHAREHOLDERS' DEFICIENCY		**(364)**	(106)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**132**	312

Going concern (note 2)
Contingencies and commitments (note 11)
Subsequent events (note 12)

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

Atmofizer Technologies Inc. (formerly Consolidated HCI Holdings Corporation)
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended September 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, except share and per share amounts)

		September 30,	
	Note	**2021**	2020
		$	$
Income (expenses)			
General and administrative		**(244)**	(259)
Interest and other income		**-**	1
Interest on notes payable	6	**(14)**	-
Impairment of land investment		**-**	(23)
Stock-based compensation	8	**(217)**	-
Loss before income taxes		**(475)**	(281)
Recovery of income taxes	5	-	2
Net loss for the year		**(475)**	(279)
Net loss per share - basic and diluted		**(0.570)**	(0.335)
Weighted average number of shares outstanding - basic and diluted		**833,335**	**833,335**

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

Atmofizer Technologies Inc. (formerly Consolidated HCI Holdings Corporation)
Consolidated Statements of Changes in Shareholders' Deficiency
For the Years Ended September 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, 2019	833,335	35,890	-	(35,717)	173
Net loss for the year	-	-	-	(279)	(279)
Balance - September 30, 2020	**833,335**	**35,890**	**-**	**(35,996)**	**(106)**
Issuance of stock options	-	-	217	-	217
Net loss for the year	-	-	-	(475)	(475)
Balance - September 30, 2021	**833,335**	**35,890**	**217**	**(36,471)**	**(364)**

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

Atmofizer Technologies Inc. (formerly Consolidated HCI Holdings Corporation)
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2021 and 2020
(Expressed in thousands of Canadian dollars, except share and per share amounts)

	September 30, 2021	2020
	$	$
Operating activities		
Net loss for the year	**(475)**	(279)
Stock-based compensation	**217**	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	**64**	14
Interest accrued on note payable	**14**	10
Income taxes recoverable	**-**	116
Other	**7**	10
Cash flow used in operating activities	**(173)**	(129)
Financing activities		
Notes payable	**-**	345
Cash flow provided by financing activities	**-**	345
Increase (decrease) in cash	**(173)**	216
Cash, beginning of year	**277**	61
Cash, end of year	**104**	277
Cash paid during the year for interest	**-**	-
Cash recovered during the year for income taxes	**-**	119

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

1. Description of Business

Atmofizer Technologies Inc. (formerly 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. On November 12, 2021 the Company voluntarily delisted from the TSXV.

On July 14, 2021, the Company entered into a definitive business combination agreement (the "Combination Agreement") with Vaxxinator, and 1314092 B.C Ltd., a wholly-owned subsidiary of the Company. Completion of the transactions in the Combination Agreement resulted in the reverse takeover of the Company by Vaxxinator (the "Transaction"). Pursuant to the Combination Agreement, the Company and Vaxxinator completed 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 has been consolidated on a 24.691:1 basis (the "Consolidation").

On November 15, 2021, the Company closed its reverse takeover transaction with Vaxxinator (note 12). In connection with the Transaction, the Company voluntarily delisted from the TSX Venture Exchange and commenced trading on the CSE.

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

The Board of Directors approved the consolidated financial statements on January 28, 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 Basis of Presentation and Statement of Compliance

Going Concern

These consolidated financial statements have been prepared on the basis of 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.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware in making its assessment, of material uncertainties related to events or conditions, such as those described below and herein, that may cast significant doubt upon the Company's ability to continue as a going concern.

During the year ended September 30, 2021, the Company has incurred net loss of $475 (September 30, 2020 - $279) and as at September 30, 2021, the Company has an accumulated deficit of $36,471 (September 30, 2020 - $35,996) and net deficiency of assets of $364. These circumstances may cast a significant doubt about the Company's ability to meet its obligations as they become due and, accordingly, the appropriateness of the use of the going concern assumption. The Company 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 12 months. This material uncertainty casts significant doubt upon the Company's ability to continue as a going concern. These consolidated 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.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of consolidated annual financial statements. The policies applied in these consolidated financial statements are based on IFRS policies effective as of September 30, 2021.

Basis of measurement and presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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 consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

Critical accounting judgements and key sources of estimate uncertainty

The preparation of these consolidated financial statements, in conformity with IFRS, requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, reported amounts of revenues and expenses during the reporting period and the related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses and makes revisions as determined necessary. Revisions are recognized in the period in which the estimates are revised. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Estimates include:

i) 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.

ii) Going concern

The assumption that the Company will be able to continue as a going concern is subject to estimates and judgement by management including the Company's short and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning.

iii)Covid-19 Pandemic

On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the closure of certain non-essential businesses.

During the years ended September 30, 2021 and 2020, the pandemic did not have a material impact on the Company's operations. The Company has taken steps to minimize the potential impact of the pandemic including safety measures with respect to personal protective equipment, the reduction in travel and the implementation of a virtual office including regular video conference meetings. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. In addition, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

Basis of consolidation

These consolidated financial statements include 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.

3. Summary of Significant Accounting Policies

Financial Instruments

Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost.

Amortized cost – This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the solely principal and interest (“SPPI”) criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method.

Fair value through profit or loss – This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

Financial assets at fair value through other comprehensive income – Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through other comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

The Company determines the classification 12inanceial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's financial assets and liabilities are classified as follows:

Asset or Liability	Classification
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Notes payable	Amortized cost

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are recognized in the consolidated statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets and liabilities measured at amortized cost are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Financial assets are written off when there is no reasonable expectation of recovery.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value
Fair value estimates are made at the consolidated statements of financial position date based on relevant market information and other information about financial instruments. Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into a fair value evaluation hierarchy. This hierarchy combines financial assets and financial liabilities into three levels according to the significance of the inputs used in the fair value evaluation of the financial assets and financial liabilities. The fair value levels of the hierarchy are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities at the financial reporting date;

Level 2 Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs for the assets or liabilities that are not based on observable market data.

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement. The Company did not have any financial instruments carried at fair value.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Interest Income

Interest income is recognized using the effective interest rate method.

Income Taxes

Income tax expense comprises current and deferred taxes.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is calculated by dividing the net loss for the year divided by the weighted average number of common shares outstanding during the year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options, warrants, and restricted share units, in the weighted average number of common shares outstanding during the period, if dilutive.

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 consolidated statement of loss and comprehensive loss.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments issued or granted, measured at the date the Company obtains the goods or the counterparty renders the service.

4. Accounting Standards

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 consolidated financial statements. Management of the Company is currently assessing the potential impacts of these standards.

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

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.

5. Income Taxes

The income tax recovery for the year ended September 30, 2021 is $NIL (September 30, 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.

	September 30, 2021	September 30, 2020
	$	$
Net loss for the year	(475)	(281)
Expected income tax recovery at 27%	126	74
Tax effect of temporary differences	(58)	(6)
Benefits of tax losses not recognized	(68)	(66)
Income tax recovery	-	2

$NIL of such losses are available for carry-back to a prior year. The Company has $975 of losses available for carry forward for which an income tax benefit has not been recognized. These losses expire from 2028 through 2041.

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

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. During the year ended September 30, 2021, the Company incurred interest expense of $14 (September 30, 2020: $10) related to these notes.

7. Capital Stock

Authorized

Unlimited Class B, voting shares, without par value

Issued and Outstanding

The Company's shares have been consolidated on a 24.691:1 basis as part of a reverse takeover transaction (note 12). Details of current issued capital stock are as follows:

	Number of shares	Amount
Balance, September 30, 2021, and 2020	**833,335**	**$35,890**

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. Vesting is at discretion of the board. The following table outlines the option activity for the year ended September 30, 2021:

	Number of Options		Weighted Average Exercise Price	Expiry Date
Balance, September 30, 2019 and 2020	**-**	**$**	**-**	
Granted	83,333		3.15	October 22, 2025
Balance, September 30, 2021	**83,333**	**$**	**3.15**	

On October 22, 2020, the Company granted options to its directors and officers entitling the purchase of 83,333 class B shares at a price of $3.15 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 $2.60. During the year ended September 30, 2021, the Company recognized $217, (September 30, 2020 - $NIL) of stock-based payments that were recorded as contributed surplus.

9. Financial Instruments and Risk Management

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.

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. The Company's exposure to credit risk is minimal.

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.

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.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year ended September 30, 2021.

The Company is not subject to externally imposed capital requirements.

10. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and officers as its key management personnel. Other related parties to the Company include companies in which key management has control or significant influence.

The following is a summary of the Company's related party relationships that existed for the years ended September 30, 2021 and 2020:

- the Company is managed by two shareholders who are also officers and directors; and
- a shareholder who is also a director is associated with a law firm that provides legal services to the Company.

Related party transactions are recorded at the amount of consideration agreed to by the parties.

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

Transactions with related parties during the year were as follows:

	Year ended	
	September 30 2021	September 30 2020
Legal fees	$ 30	$ 6
Management fee expense (to a former director)	6	93
Rent expense (to a former director)	-	4
Stock based compensation (note 8)	217	-

As at September 30, 2021, the Company's accounts payable balance consists of $40 (September 30, 2020 - $6) 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 consolidated financial position or financial performance. Management is not aware of any such proceedings against the Company.

12. Subsequent Event

On November 15, 2021, the Company completed its reverse takeover transaction (the "RTO") with Vaxxinator (note 1).

The RTO was effected by way of a "three-cornered" amalgamation involving the Company, Vaxxinator, and a wholly-owned subsidiary of the Company under the Business Corporations Act (British Columbia) (the "BCBCA" and the "Amalgamation"). Immediately prior to the Amalgamation, the Company consolidated its Class B shares on 24.691:1 basis (the "Consolidation"), changed its name from "Consolidated HCI Holdings Corporation" to "Atmofizer Technologies Inc." and was continued from a corporation existing under the Canada Business Corporations Act to a company existing under the BCBCA (the "Continuance"). Concurrent with the Continuance, the Company re-designated its class B shares to Common Shares ("Common Shares"). All references to share and per share amounts have been retroactively restated to reflect this share consolidation.

As a result of the Amalgamation, (i) all issued and outstanding common shares of Vaxxinator ("Vaxxinator Shares") were exchanged for common shares on a 1:1 basis; and (ii) all outstanding warrants and options to purchase Vaxxinator Shares were exchanged on an equivalent basis for warrants and options to purchase Common Shares.

On January 25, 2022 the Company amended its two year agreement with Steinbrenner Racing LLC to include additional sponsorship of races, sales promotion services and technology development of Atmofizer technology and automotive clean technology and issued 4,500,000 Common Shares as consideration.

On January 27, 2022 the Company entered into a debt settlement agreement for US$396,730 for services performed under a business development and consulting agreement previously entered on December 20, 2021. The Company issued 2,000,000 common shares to the supplier at a deemed price of C$0.26 per Common Share for full and final settlement of the debt.