



ATMOFIZER TECHNOLOGIES INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(UNAUDITED)**

(Expressed in United States Dollars)

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Atmofizer Technologies Inc.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in United States Dollars)

	As at	September 30,	December 31,
	Note(s)	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash		592,209	1,909,675
Amounts receivable	3	200,666	488,195
Prepaid expenses	4	2,446,644	2,855,236
Inventory	5	159,876	667,689
		3,399,395	5,920,795
Non-current assets			
Prepaid expenses	4	487,881	1,500,000
Equipment		17,004	24,391
Intellectual property	6	8,389,669	9,043,728
		8,894,554	10,568,119
TOTAL ASSETS		12,293,949	16,488,914
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	1,169,581	1,483,342
Notes payable	8	279,340	293,511
TOTAL LIABILITIES		1,448,921	1,776,853
SHAREHOLDERS' EQUITY			
Share capital	9	40,355,511	32,012,790
Subscriptions received in advance	9	300	300
Stock options reserve	9	750,666	383,142
Warrants reserve	9	849,465	849,465
Restricted share unit reserve	9	7,494,405	4,061,561
Accumulated other comprehensive income		28,299	4,233
Deficit		(38,629,680)	(22,606,211)
		10,848,966	14,705,280
Non-controlling interest	9	(3,938)	6,781
TOTAL SHAREHOLDERS' EQUITY		10,845,028	14,712,061
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		12,293,949	16,488,914
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The unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Michael Galloro Director

/s/ Olivier Centner Director

Atmofizer Technologies Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in United States Dollars)

	Note(s)	For the three months ended		For the nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		\$	\$	\$	\$
Revenue		-	23,585	210,000	76,585
Cost of goods sold		-	(16,775)	(149,707)	(49,287)
Gross margin		-	6,810	60,293	27,298
Expenses					
Amortization	6	239,605	-	718,547	-
Consulting fees		518,922	845,351	1,423,361	2,562,535
Depreciation		2,463	2,369	7,387	2,725
Foreign exchange loss		(18,733)	(9,123)	(10,098)	(800)
General and administrative		65,289	69,857	240,434	224,784
Impairment of inventories	5	336,015	-	712,245	-
Impairment of lease receivable		-	4,756	-	4,756
Impairment of receivables	3	84,000	-	210,000	-
Management fees	11	-	400,000	-	913,750
Professional fees		142,867	363,598	481,804	564,891
Regulatory and transfer agents		10,559	8,396	107,941	8,396
Rent		-	9,136	-	17,806
Research and development		45,891	163,587	269,455	726,771
Salaries and wages	11	288,042	66,150	974,788	130,092
Sales and marketing	4	117,388	20,887	1,588,366	337,926
Share-based payments	9, 10	2,644,540	125,131	9,274,682	322,875
Travel		47,102	38,148	83,916	72,723
		(4,523,950)	(2,108,243)	(16,082,828)	(5,889,230)
Other income (expenses)					
Finance costs		(3,938)	-	(11,653)	-
Finance income		-	1,858	-	2,971
		(3,938)	1,858	(11,653)	2,971
Loss for the period		(4,527,888)	(2,099,575)	(16,034,188)	(5,858,961)
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		19,325	-	24,066	-
Total loss and comprehensive loss		(4,508,563)	(2,099,575)	(16,010,122)	(5,858,961)
Loss and comprehensive loss attributable to:					
Shareholders of Atmofizer Technologies Inc.		(4,508,563)	(2,098,151)	(15,999,403)	(5,866,165)
Non-controlling interests	9	-	(1,424)	(10,719)	7,204
		(4,508,563)	(2,099,575)	(16,010,122)	(5,858,961)
Basic and diluted loss per share for the period presented (\$ per common share)		(0.04)	(0.03)	(0.16)	(0.09)
Weighted average number of common shares outstanding		122,188,539	71,052,227	100,769,018	62,482,831
- basic and diluted					

See accompanying notes to these consolidated interim financial statements.

Atmofizer Technologies Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)
(Expressed in United States Dollars)

Share capital											Total \$	Non- controlling interest \$	Total \$
Note(s)	Number of shares #	Amount \$	Subscriptions received in advance \$	Obligation to issue shares \$	Stock options reserve \$	Warrants reserve \$	Restricted share unit reserve \$	Deficit \$	Accumulated other comprehensive income \$				
Balance at December 31, 2021		73,930,270	32,012,790	300	-	383,142	849,465	4,061,561	(22,606,211)	4,233	14,705,280	6,781	14,712,061
Shares issued for cash (net of share issue costs)	9	46,791,500	1,343,629	-	-	-	-	-	-	-	1,343,629	-	1,343,629
Shared issued for restricted shares units	9	1,355,000	5,474,314	-	-	-	-	(5,474,314)	-	-	-	-	-
Shares issued for settlement of accounts payable	7, 9	4,500,000	621,730	-	-	-	-	-	-	-	621,730	-	621,730
Shares issued for services initially recognized as prepaid expenses	4, 9	4,500,000	903,048	-	-	-	-	-	-	-	903,048	-	903,048
Share-based payments	9, 10	-	-	-	-	367,524	-	8,907,158	-	-	9,274,682	-	9,274,682
Other comprehensive income		-	-	-	-	-	-	-	-	24,066	24,066	-	24,066
Loss for the period		-	-	-	-	-	-	-	(16,023,469)	-	(16,023,469)	(10,719)	(16,034,188)
Balance at September 30, 2022		131,076,770	40,355,511	300	-	750,666	849,465	7,494,405	(38,629,680)	28,299	10,848,966	(3,938)	10,845,028
Balance at December 31, 2020		46,630,004	2,704,431	645,000	50,000	-	-	-	(1,171,005)	-	2,228,426	-	2,228,426
Shares issued for cash - private placement (net of share issue costs)	9	12,340,266	13,735,271	(645,000)	-	-	-	-	-	-	13,090,271	-	13,090,271
Shares issued for intellectual property	9	7,600,000	3,800,000	-	-	-	-	-	-	-	3,800,000	-	3,800,000
Shares issued for settlement of accounts payable	9	100,000	50,000	-	(50,000)	-	-	-	-	-	-	-	-
Shares issued for services received	4, 9	4,470,000	2,235,000	-	-	-	-	-	-	-	2,235,000	-	2,235,000
Fair value of warrants issued for services	9	-	-	-	-	-	849,465	-	-	-	849,465	-	849,465
Consulting fees to be paid by shares		-	-	-	-	-	-	-	-	-	-	-	-
Contributions from non-controlling interests	9	-	-	-	-	-	-	-	-	-	-	12,000	12,000
Share-based payments		-	-	-	-	322,875	-	-	-	-	322,875	-	322,875
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Income (loss) for the period		-	-	-	-	-	-	-	(5,866,165)	-	(5,866,165)	7,204	(5,858,961)
Balance at September 30, 2021		71,140,270	22,524,702	-	-	322,875	849,465	-	(7,037,170)	-	16,659,872	19,204	16,679,076

See accompanying notes to these consolidated interim financial statements.

Atmofizer Technologies Inc.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in United States Dollars)

		For the nine months ended	
		September 30, 2022	September 30, 2021
	Note(s)	\$	\$
OPERATING ACTIVITIES			
Net loss		(16,034,188)	(5,858,961)
<i>Adjustments for items not affecting cash:</i>			
Amortization	6	718,547	-
Depreciation		7,387	2,725
Share-based payments	9, 10	9,274,682	322,875
Shares issued for services received	4	1,463,643	2,016,250
Interest on note payable	8	8,652	-
Fair value of warrants issued for services		-	707,887
Impairment of receivables	3	210,000	4,756
Impairment of inventories	5	712,245	-
Change in non-cash working capital			
Amounts receivable		77,529	(61,813)
Finance lease receivable		-	(49,448)
Prepaid expenses		858,794	(942,924)
Deposits		-	682,096
Inventory		(204,432)	(806,429)
Accounts payable and accrued liabilities		311,316	242,777
Deferred revenue		-	66,000
Cash flow used in operating activities		(2,595,825)	(3,674,209)
INVESTING ACTIVITIES			
Purchase of equipment		-	(28,423)
Purchase of intellectual property	6	(64,488)	(5,679,308)
Cash flow used in investing activities		(64,488)	(5,707,731)
FINANCING ACTIVITIES			
Proceeds from share issuance, net of share issue costs	9	1,343,629	13,090,271
Contributions from non-controlling interests		-	12,000
Cash flow from financing activities		1,343,629	13,102,271
Effects of exchange rate changes on cash		(782)	-
Increase (decrease) in cash		(1,317,466)	3,720,331
Cash, beginning of period		1,909,675	1,415,494
Cash, end of period		592,209	5,135,825
SUPPLEMENTAL CASH FLOW			
Shares issued for debt settlement	7, 9	621,730	50,000
Shares issued for restricted share units	9	5,474,314	-
Shares issued for intellectual property	6, 9	-	3,800,000
Shares issued for services included in prepaid expenses	4, 9	903,048	218,750
Fair value of warrants issued for services included in prepaid expenses		-	141,578
Finance lease arrangements		-	53,000
Cash paid during the period for interest		-	-
Cash paid during the period for income taxes		-	-

See accompanying notes to these consolidated interim financial statements.

Atmofizer Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in United States Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Atmofizer Technologies Inc. ("Atmofizer" or the "Company") is a 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 ("TSXV") for issuers previously listed on the Toronto Stock Exchange or TSXV 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 April 18, 2021, the Company entered into a non-binding letter of intent with Vaxxinator Enterprises Inc. ("Vaxxinator") proposing a business combination between Vaxxinator and the Company.

On July 14, 2021, the Company entered into a definitive business combination agreement (the "Business Combination Agreement") with Vaxxinator, and 1314092 B.C Ltd., a wholly-owned subsidiary of the Company. The Business Combination Agreement was further amended on August 24, 2021.

Pursuant to the Business Combination Agreement, the Company's Common Shares (the "Common Shares") were consolidated on a 24.691:1 basis. Also pursuant to the Business 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 completion of the transactions in the Business Combination Agreement resulted in a reverse takeover of the Company by Vaxxinator (the "RTO").

On November 15, 2021, the Company completed the RTO with Vaxxinator. In connection with the RTO, the Company voluntarily delisted from the NEX board of the TSXV and subsequently commenced trading on the Canadian Securities Exchange.

On October 14, 2020, Atmofizer USA LLC (formerly The Better Tomorrow Project LLC) ("ATMO USA"), a wholly-owned subsidiary of Vaxxinator, was incorporated under the laws of Florida. On February 22, 2021, Vaxxinator Lease Co., LLC ("Vaxx Lease"), of which 60% interest is held by ATMO USA, was incorporated under the laws of the State of Nevada.

The head office and the registered address of the Company is located at Suite 2300 - 550 Burrard Street, Vancouver, BC V6C 2B5.

Going Concern

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Realization values may be substantially different from carrying values as shown and the financial statements do not give effect to adjustments that would be necessary to the carrying values and the classification of assets and liabilities should the Company be unable to continue operating as a going concern. Such adjustments could be material.

At September 30, 2022, the Company had an accumulated deficit of \$38,629,680 (December 31, 2021 – \$22,606,211) and a working capital of \$1,950,474 (December 31, 2021 – \$4,143,942). The Company incurred a net loss of \$16,010,122 during the nine months ended September 30, 2022. These circumstances raise material uncertainties which may cast substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise adequate financing to meet its present and future commitments and to generate profitable operations in the future.

Atmofizer Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in United States Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)**COVID-19**

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

2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION**Statement of compliance to International Financial Reporting Standards**

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

The unaudited condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2022 were approved by the board of directors of the Company (the "Board") on November 29, 2022.

Basis of preparation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these condensed consolidated interim financial statements.

3. AMOUNTS RECEIVABLE

	September 30, 2022	December 31, 2021
	\$	\$
Trade receivable	-	350,000
Harmonized sales tax receivable and value-added tax receivable	178,666	121,195
Other receivables	22,000	17,000
	200,666	488,195

During the nine months ended September 30, 2022, the Company recognized an impairment of trade receivable of \$210,000 (September 30, 2021 – \$nil).

Atmofizer Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in United States Dollars)

4. PREPAID EXPENSES

Prepaid expenses consist of amounts paid in advance for services which will be either amortized over the term of the contract or expensed when the services are provided.

The Company's prepaid expenses are broken down as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Sponsorship ⁽¹⁾	2,439,405	3,000,000
Vendor deposits ⁽²⁾	378,341	466,182
Sales and marketing	-	350,000
Others	116,779	539,054
	2,934,525	4,355,236
Current	2,446,644	2,855,236
Long-term	487,881	1,500,000
	2,934,525	4,355,236

- 1) On October 26, 2021, the Company entered into a sponsorship agreement (the "Sponsorship Agreement") with an arm's length party, Steinbrenner Racing, LLC ("Steinbrenner Racing"), to become the official supply sponsor of Steinbrenner Racing for a sponsorship fee of \$3,000,000. These amounts were initially classified as prepaid expenses and will be expensed over two years. During the nine months ended September 30, 2022, \$1,125,000 was charged to sales and marketing expenses in the statement of loss and comprehensive loss (September 30, 2021 – \$nil). As of September 30, 2022, \$1,875,000 remains in prepaid expenses as vendor deposits (December 31, 2021 – \$nil) of which \$375,000 was classified as long-term (December 31, 2021 – \$1,500,000).

On January 25, 2022, the Company and Steinbrenner Racing amended the terms of the Sponsorship Agreement to provide for additional sponsorship rights including Atmofizer becoming the official supplier sponsor of a Steinbrenner Racing team car for the "24 Hours of Daytona" race to be held in each of fiscal year of 2022 and 2023. In addition, Steinbrenner Racing will facilitate commercial introductions to stadium and arena owners and operators and aid with product testing and development. In consideration for these amendments, the Company issued 4,500,000 Common Shares with fair value of \$903,048 to Steinbrenner Racing. During the nine months ended September 30, 2022, \$338,643 was charged to sales and marketing expenses in the statement of loss and comprehensive loss (September 30, 2021 – \$nil). As of September 30, 2022, \$564,405 remains in prepaid expenses as vendor deposits (December 31, 2021 – \$nil) of which \$112,881 was classified as long-term (December 31, 2021 – \$1,500,000).

- 2) As of September 30, 2022, deposit of \$378,341 was made for various purchase orders to the vendor for inventory (December 31, 2021 – \$466,182).

Atmofizer Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in United States Dollars)

5. INVENTORY

As of September 30, 2022, the Company has inventories of \$159,876 (December 31, 2021 – \$667,689) which are broken down as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Raw materials	-	377,294
Finished goods	159,876	290,395
	159,876	667,689

Cost of goods sold is comprised of the cost of inventory sold and any adjustments to reduce the inventory to net realizable value. During the nine months ended September 30, 2022, the Company charged \$149,707 as cost of goods sold (September 30, 2021 – \$nil).

In addition, during the nine months ended September 30, 2022, the Company recognized an impairment of inventories of \$712,245 for the obsolete inventory (September 30, 2021 – \$nil).

6. INTELLECTUAL PROPERTY

	\$
Cost	
As at December 31, 2021	9,519,714
Additions	64,488
As at September 30, 2022	9,584,202
Amortization	
As at December 31, 2021	(475,986)
Amortization	(718,547)
As at September 30, 2022	(1,194,533)
Net book value	
As at December 31, 2021	9,043,728
As at September 30, 2022	8,389,669

During the nine months ended September 30, 2022, the Company incurred professional fees of \$64,488 which were capitalized as intellectual property pursuant to IAS 38 “Intangible Assets”.

As of September 30, 2022, the remaining useful life of the intellectual property is 8.75 years (December 31, 2021 – 9.5 years).

Atmofizer Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in United States Dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Trade payables	851,671	1,438,949
Accrued liabilities	313,160	37,078
Other payables	4,750	7,315
	1,169,581	1,483,342

On January 27, 2022, the Company entered into a debt settlement agreement with one of the vendors to settle a payable of \$596,730 by paying cash of \$200,000 and issuing 2,000,000 Common Shares with fair value of \$396,730 for full and final settlement of the debt.

On March 30, 2022, the Company entered into a debt settlement agreement with an arm's length business development and media consultants of the Company to satisfy the debt with an amount of \$225,000 by issuing 2,500,000 Common Shares.

8. NOTES PAYABLE

In connection with the RTO (Note 1), the Company assumed five unsecured promissory notes with fair value of \$296,070 (C\$370,842). The promissory notes bear interest at the annual rate of 4% and are repayable without penalty at any time prior to maturity. The notes were in default as of the date of the RTO.

On February 1, 2022, the Company entered into an amending and extension agreement with the promissory noteholders to extend the maturity date to January 31, 2023.

During the nine months ended September 30, 2022, the Company recognized interest expenses of \$8,652 (C\$11,094) (September 30, 2021 – \$nil).

As of September 30, 2022, the balance of the note payables was \$279,340 (C\$383,774) (December 31, 2021 – \$293,511 (C\$372,680)).

9. SHARE CAPITAL**Authorized share capital**

Unlimited number of Common Shares without par value.

Issued share capital

At September 30, 2022, the Company had 131,076,770 (December 31, 2021 – 73,930,270) Common Shares issued and outstanding with a value of \$40,401,330 (December 31, 2021 – \$32,012,790).

During the nine months ended September 30, 2022

- As discussed in Note 4, the Company issued 4,500,000 Common Shares with fair value of \$903,048 to Steinbrenner Racing.

Atmofizer Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in United States Dollars)

9. SHARE CAPITAL (CONTINUED)**Issued share capital (continued)****During the nine months ended September 30, 2022 (continued)**

- As discussed in Note 7, the Company entered into a debt settlement agreement with two of the vendors to satisfy the debt with an amount of \$621,730 by issuing 4,500,000 Common Shares.
- The Company established an at-the-market equity program (the "ATM Program") that allows the Company to issue and sell up to \$5,000,000 of Common Shares in the authorized share structure of the Company from treasury to the public, from time to time, at the Company's discretion. The Company incurred \$205,888 setup fee for the ATM Program which was recognized as share issuance costs during the nine months ended September 30, 2022.

During the nine months ended September 30, 2022, the Company sold 46,791,500 Common Shares under the ATM Program. The gross proceeds of the 46,791,500 Common Shares issued during the nine months ended September 30, 2022, were \$1,832,617 (C\$2,338,580). In connection with the share issuance of 46,791,500 Common Shares, the Company paid a commission of \$45,819 (C\$58,465). The average gross and net share price of the 46,791,500 Common Shares issued under the ATM Program was \$0.039 (C\$0.049) and \$0.038 (C\$0.049), respectively.

In addition, the Company incurred legal fees of \$237,281 which was recognized as share issuance costs during the nine months ended September 30, 2022.

- The Company issued 1,355,000 Common Shares with fair value of \$5,474,314 for the settlement of vested restricted share units ("RSUs").

During the nine months ended September 30, 2021

- On February 5, 2021, the Company completed a private placement and issued 4,940,000 common shares at a price of \$0.50 per share for gross proceeds of \$2,470,000 of which \$645,000 was received during the year ended December 31, 2020.
- On May 17, 2021, the Company issued 7,600,000 Common Shares upon execution of the IP License Agreement.
- The Company completed a private placement of 3,828,266 units (the "Units") at a price of \$3.00 per Unit for gross proceeds of \$11,484,798. The private placement was completed in different tranches. Each Unit consists of one common share and one-half common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of \$3.50 for a period of two-year from the date of issuance of the warrants, subject to acceleration in the event that the common shares of the Company trade on a recognized Canadian stock exchange and the volume-weighted average price is equal or greater to \$7.00 for five consecutive trading days.
- The Company issued 1,500,000 common shares with fair value of \$750,000 to the Company's Chief Financial Officer for the management services to be provided during the year ended December 31, 2021 (Note 4).
- The Company issued 250,000 common shares with fair value of \$125,000 to the Company's advisor for the sales advisory services to be provided during the year ended December 31, 2021.

Atmofizer Technologies Inc.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in United States Dollars)

9. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the nine months ended September 30, 2021 (continued)

- The Company issued 2,620,000 common shares with fair value of \$1,310,000 to various consultants for the consulting services provided during the nine months ended September 30, 2021.
- The Company issued 100,000 common shares with fair value of \$50,000 to one of the legal counsels of the Company for the legal services provided the nine months ended September 30, 2021.
- The Company issued 100,000 common shares with fair value of \$50,000 to a vendor to settle the outstanding payables. This amount was recorded as obligation to issue shares as of December 31, 2020.
- In connection with private placements completed during the nine months ended September 30, 2021, the Company incurred share issue costs of \$2,005,527 of which \$1,786,000 was satisfied by issuing 3,572,000 common shares of the Company.

Warrants

During the nine months ended September 30, 2022, no Warrants were issued, exercised or expired.

During the nine months ended September 30, 2021

- The Company entered into an arm's-length agreements with a consultant to provide management consulting services to the Company. The agreements are for a three-month term. The Company issued a total of 250,000 of its share purchases warrants in consideration for the consulting services. Each warrant entitles its holder to purchase one additional common share at an exercise price of \$3.50 for a period of two-year from the date of issuance.

The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.47%, an expected life of 2 years, an expected volatility of 100% and an expected dividend yield of 0%, which totaled \$364,222, and recorded these values initially as prepaid expenses and will amortize over the term of the agreement.

- The Company entered into an arm's-length agreements with a consultant in providing capital market advisory services to the Company. The agreements are for a three-month term. The Company issued a total of 333,333 of its share purchases warrants in consideration for the consulting services. Each warrant entitles its holder to purchase one additional common share at an exercise price of \$3.50 for a period of two-year from the date of issuance.

The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 0.39%, an expected life of 2 years, an expected volatility of 100% and an expected dividend yield of 0%, which totaled \$485,243, and recorded these values initially as prepaid expenses and will amortize over the term of the agreement.

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9. SHARE CAPITAL (CONTINUED)**Warrants (continued)**

The following summarizes information about Warrants outstanding and exercisable at September 30, 2022:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
May 17, 2023	3.50	429,564	-	0.63
May 27, 2023	3.50	387,499	-	0.65
June 7, 2023	3.50	122,066	-	0.68
June 28, 2023	3.50	249,999	-	0.74
July 7, 2023	3.50	674,999	-	0.77
July 9, 2023	3.50	250,000	364,222	0.77
July 19, 2023	3.50	333,333	485,243	0.80
October 20, 2023	3.50	36,666	-	1.05
		2,484,126	849,465	0.73

Equity Incentive Plan (the "Incentive Plan")

To provide a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Company and its subsidiaries, the Company implemented an Incentive Plan which includes the incentive stock options ("Options") and RSUs. The Incentive Plan is administered by the Board, which sets the terms of incentive awards under the Incentive Plan. The maximum number of Common Shares available for issue under the Incentive Plan is 10% of the aggregate number of issued and outstanding Common Shares, less the number of Common Shares issuable pursuant to Options or RSUs. Under the Incentive Plan, an option's maximum term is ten years from the grant date and the Board has the option of determining vesting periods for the Options and RSUs. For RSUs, upon vesting, the Company has the option to settle the RSU by (i) issuing Common Shares, (ii) paying the cash equivalent or (iii) a combination thereof.

The Incentive Plan was approved on September 21, 2021.

- Stock options**

The changes in Options during the nine months ended September 30, 2022, are as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	1,883,333	0.62
Granted	2,000,000	0.14
Cancelled	(2,883,333)	0.49
Balance, end of period	1,000,000	0.02

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9. SHARE CAPITAL (CONTINUED)**Equity Incentive Plan (the “Incentive Plan”) (continued)**• **Stock options (continued)****During the nine months ended September 30, 2022**

- On March 15, 2022, The Company granted 1,000,000 Options with an exercise price \$0.25 to its Chief Commercial Officer and President. The Options are exercisable until March 15, 2027. One-third vest will vest every six months thereafter. These Options were cancelled on September 7, 2022.
- On September 7, 2022, the Company entered into an agreement with various option holders to cancel a total of 2,883,333 options previously granted. As a result of the cancellation, pursuant to IFRS 2, “Share-Based Payment”, the Company recognized the amount that otherwise would have been recognized over the remainder of the vesting period with an amount of \$30,568 during the nine months ended September 30, 2022.
- On September 13, 2022, the Company granted 1,000,000 Options with an exercise price \$0.02 to its Chief Commercial Officer and President. The Options are exercisable until September 13, 2027. One-fourth vest will vest every three months thereafter.

During the nine months ended September 30, 2021, the Company granted 1,800,000 Options with an exercise price of \$0.50 to the Company’s Chief Executive Officer (the “CEO”). The Options are exercisable for a period of five years. The Options will vest evenly over the twenty-four months period immediately after the grant date.

The estimated grant date fair value of the Options granted during the nine months ended September 30, 2022 and 2021 calculated using the Black-Scholes option pricing model with the following assumptions:

	For the nine months ended	
	September 30, 2022	September 30, 2021
Number of options granted	2,000,000	1,800,000
Risk-free interest rate	2.66%	0.27%
Expected annual volatility	66%	100%
Expected life (in years)	5.00	3.00
Expected dividend yield	0%	0%
Grant date fair value per option (\$)	0.02	0.31
Share price at grant date (\$)	0.05	0.50

During the nine months ended September 30, 2022, the Company recognized share-based payments arising from the Options of \$367,524 (September 30, 2021 – \$322,875).

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9. SHARE CAPITAL (CONTINUED)**Equity Incentive Plan (the “Incentive Plan”) (continued)**• **Stock options (continued)**

The following summarizes information about Options outstanding and exercisable at September 30, 2022:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
September 13, 2027	0.02	1,000,000	-	7,781	4.96

• **RSU****During the nine months ended September 30, 2022**

- The Company issued 750,000 RSUs with fair value of \$70,241 to its Chief Commercial Officer and President. One-third vest on date of the first anniversary and one-third vest will vest every six months thereafter.
- The Company issued 6,660,000 RSUs with fair value of \$100,355 to the Company’s officers and directors. One-third will vest every three months after the grant date.
- The Company amended the vesting term of 960,000 RSUs previously granted to the Company’s directors on November 19, 2021. Under the original term, one-sixth of the RSUs will vest every six months after the grant date. After the amendment, half of the RSUs will vest every six months after the grant date.

During the nine months ended September 30, 2021, no RSUs were granted.

During the nine months ended September 30, 2022, the Company recognized share-based payments expense arising from the RSUs of \$8,907,158 (September 30, 2021 – \$nil).

Non-controlling interest

The following schedule shows the effects of the changes in non-controlling interest regarding the 40% ownership of Vaxx Lease during the nine months ended September 30, 2022:

	\$
Balance as of December 31, 2021	6,781
Share of income	(10,719)
Balance as of September 30, 2022	(3,938)

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10. SHARE-BASED PAYMENTS

The following is a breakdown of the share-based payments recognized during the nine months ended September 30, 2022 and 2021:

	Note(s)	For the nine months ended	
		September 30, 2022	September 30, 2021
		\$	\$
Shares-based payments related to options granted	9	367,524	322,875
Shares-based payments related to RSUs granted	9	8,907,158	-
		9,274,682	322,875

11. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be 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. 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. Key management personnel receive remuneration from the Company summarized as follows:

During nine months ended September 30, 2022

- The short-term benefits incurred for the key management personnel were \$606,576. This amount was recognized as salaries and wages in the statement of loss and comprehensive loss.
- The Company granted the following Options and RSUs to its officers and directors (Note 9):
 - 1,000,000 Options with an exercise price \$0.25 which was cancelled subsequently to its Chief Commercial Officer and President;
 - 1,000,000 Options with an exercise price \$0.02 to its Chief Commercial Officer and President;
 - 7,410,000 RSUs to its officers and directors.
- The Company cancelled 1,800,000 Options previously granted to its CEO on April 15, 2021 (Note 9).
- The Company recognized share-based payments of \$3,651,924 related to the Options and RSUs granted to the Company's officers and directors.
- In addition, the Company incurred \$146,984 in development expenses with a company that was 49% owned by the Company's CEO for internet connectivity and application development for its air purification products. The Company will own the software and application at the end of the project.

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11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**During nine months ended September 30, 2021**

- The short-term benefits incurred for the key management personnel were \$913,750 of which \$562,500 was settled by issuing the common shares of the Company.
- The Company issued 1,500,000 common shares with fair value of \$750,000 to the Company's Chief Financial Officer for the management services to be provided during the year ended December 31, 2021. During the nine months ended September 30, 2021, \$562,500 was charged to the statement of loss and comprehensive loss as management fees.
- The Company granted 1,800,000 options with an exercise price of \$0.50 to the CEO and recognized share-based payments of \$ 322,875.
- The Company incurred \$278,460 in development expenses with a company that was 49% owned by the Company's CEO for internet connectivity and application development for its air purification products. The Company will own the software and application at the end of the project.

The balances due to the Company's directors and officer were \$1,209 as at September 30, 2022 (December 31, 2021 – \$4,797).

Unless otherwise noted, all related party balances are unsecured, non-interest bearing with no fixed terms of repayment.

12. SEGMENTED INFORMATION

During the nine months ended September 30, 2022, the Company was operating only in the air-purification segment.

During the nine months ended September 30, 2022, all revenue was generated from United States. As of September 30, 2022 and December 31, 2021, all the non-current assets of the Company were held in United States.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding in order to safeguard the Company's ability to continue as a going concern, fund its planned activities and commitments and retain financial flexibility to respond to unforeseen future events and circumstances. The Company manages and makes adjustments to its capital structure based on the level of funds on hand and anticipated future expenditures. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of 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 nine months ended September 30, 2022.

The Company is not subject to any externally imposed capital restrictions.

Atmfizer Technologies Inc.

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14. FINANCIAL INSTRUMENTS**Fair value**

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, and notes payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

As at September 30, 2022 and December 31, 2021, the financial instrument recorded at fair value on the consolidated statement of financial position is cash which is measured using Level 1 of the fair value hierarchy.

Set out below are the fair value of the Company's financial assets and financial liabilities by category:

	September 30, 2022		Amortized	
	\$	FVTPL	costs	FVTOCI
		\$	\$	\$
Financial assets:				
ASSETS				
Cash	592,209	592,209	-	-
Amounts receivable	200,666	-	200,666	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	1,169,581	-	1,169,581	-
Notes payable	279,340	-	279,340	-

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Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

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14. FINANCIAL INSTRUMENTS (CONTINUED)**Fair value (continued)**

	December 31, 2021		Amortized	
	\$	FVTPL	costs	FVTOCI
		\$	\$	\$
Financial assets:				
ASSETS				
Cash	1,909,675	1,909,675	-	-
Amounts receivable	488,195	-	488,195	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	1,483,342	-	1,483,342	-
Notes payable	293,511	-	293,511	-

Financial risk management**Credit risk**

Credit risk is such that a counterparty to a financial instrument will not discharge its obligations resulting in a financial loss to the Company. The Company has procedures in place to minimize its exposure to credit risk.

Company management evaluates credit risk on an ongoing basis including counterparty credit rating and activities related to receivables and other counterparty concentrations as measured by amount and percentage.

The primary sources of credit risk for the Company arise from cash and amounts receivable. The Company's maximum exposure to credit risk is minimal as cash is deposited with reputable financial institutions.

For amounts receivable, except for the amount due from a government agency, the Company deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Company monitors the credit risk of customers through credit rating reviews.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. As of September 30, 2022, the Company had cash of \$592,209 to meet short-term business requirements. As of September 30, 2022, the Company had accounts payable and accrued liabilities and notes payable of \$1,169,581 and \$279,340, respectively.

Market risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk, other price risk, and commodity price risk.

- 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's promissory notes are not subject to interest rate risk as it is not subject to a variable interest rate.

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14. FINANCIAL INSTRUMENTS (CONTINUED)**Financial risk management (continued)****Market risk (continued)**

- Currency risk**

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable and accounts payable and accrued liabilities are held in United States Dollars and Canadian Dollars ("C\$"); therefore, C\$ accounts are subject to fluctuation against the United States Dollars.

The Company had the following balances in foreign currency as at September 30, 2022:

	US\$	CA\$
Cash	18,692	787,934
Amounts receivable	22,000	245,462
Accounts payable and accrued liabilities	(354,711)	(1,119,520)
Notes payable	-	(383,774)
	(314,019)	(469,898)
Rate to convert to \$1.00 USD	1.00000	0.72788
Equivalent to USD	(314,019)	(342,027)

Based on the above net exposures as at September 30, 2022, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the USD against the C\$ would increase/decrease comprehensive loss by \$35,000.

15. SUBSEQUENT EVENT

On November 4, 2022, the Company sold a property based in Mississauga, Ontario (the "Mississauga Property") for C\$575,000 to a real estate developer (the "Buyer"). The Company received C\$150,000 immediately upon closing and agreed to give the Buyer a six-month 7.5% first ranking vendor-take back mortgage against the Mississauga Property for the balance of the proceeds of C\$425,000. The mortgage matures on May 1, 2023. The Mississauga Property was a non-core asset of the Company, which two of its subsidiaries acquired title to pursuant to a legacy option agreement for nil consideration immediately prior to the sale transaction.