



**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in United States Dollars)**  
**(Unaudited)**

**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**NANOSPHERE HEALTH SCIENCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Presented in United States Dollars - Unaudited)

AS AT	March 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 33,595	\$ 55,011
Receivables	<u>5,584</u>	<u>5,038</u>
	<u>\$ 39,179</u>	<u>\$ 60,049</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	<u>\$ 1,403,790</u>	<u>\$ 1,371,924</u>
	<u>1,403,790</u>	<u>1,371,924</u>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 5)	18,762,420	18,762,420
Reserves (Note 5)	1,270,924	1,269,564
Accumulated other comprehensive income	(25,688)	(25,151)
Deficit	<u>(21,372,267)</u>	<u>(21,318,708)</u>
	<u>(1,364,611)</u>	<u>(1,311,875)</u>
	<u>\$ 39,179</u>	<u>\$ 60,049</u>

**Nature of business and going concern** (Note 1)

Approved and authorized by the Board of Directors on May 17, 2023:

<i>"Toby Lim"</i>	Director	<i>"Michael Iverson"</i>	Director
Toby Lim		Michael Iverson	

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

**NANOSPHERE HEALTH SCIENCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Presented in United States Dollars - Unaudited)

For the three months ended March 31,	2023	2022
<b>EXPENSES</b>		
Foreign exchange	\$ (176)	\$ (3,161)
Office and administrative	347	329
Professional fees (Note 4)	21,073	30,661
Regulatory and filing	2,594	7,903
Research and development	3,660	6,051
Salaries and consulting (Note 4)	24,701	24,704
Share-based payments (Note 5)	1,360	3,433
<b>Loss for the period</b>	(53,559)	(69,920)
Exchange differences on translating foreign operations	(537)	(6,755)
<b>Comprehensive loss for the period</b>	\$ (54,096)	\$ (76,675)
<b>Basic and diluted loss per share</b>	\$ (0.01)	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>	10,275,205	10,275,205

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

**NANOSPHERE HEALTH SCIENCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Presented in United States Dollars - Unaudited)

For the three months ended March 31,	2023	2022
<b>CASH FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (53,559)	\$ (69,920)
Items not affecting cash:		
Share-based payments (Note 5)	1,360	3,433
Unrealized foreign exchange gain	(393)	(5,441)
Changes in non-cash working capital items:		
Receivables	(546)	(752)
Prepays	-	(3,310)
Accounts payable and accrued liabilities	<u>31,866</u>	<u>70,993</u>
Net cash used in operating activities	<u>(21,272)</u>	<u>(4,997)</u>
<b>Change in cash during the period</b>	(21,272)	(4,997)
<b>Effect on foreign exchange on cash</b>	(144)	(1,314)
<b>Cash, beginning of the period</b>	<u>55,011</u>	<u>130,757</u>
<b>Cash, end of period</b>	\$ 33,595	\$ 124,446

There were no significant non-cash transactions during the period ended March 31, 2023 and 2022.

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

**NANOSPHERE HEALTH SCIENCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
(Presented in United States Dollars - Unaudited)

	Share capital		Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
	Number	Amount				
<b>Balance at December 31, 2021</b>	10,275,205	\$ 18,762,420	\$ 1,259,689	\$ (60,631)	\$ (21,036,956)	\$ (1,075,478)
Share-based payments (Note 5)	-	-	3,433	-	-	3,433
Other comprehensive loss	-	-	-	(6,755)	-	(6,755)
Loss for the period	-	-	-	-	(69,920)	(69,920)
<b>Balance at March 31, 2022</b>	10,275,205	18,762,420	1,263,122	(67,386)	(21,106,876)	(1,148,720)
Share-based payments (Note 5)	-	-	6,442	-	-	6,442
Other comprehensive loss	-	-	-	42,235	-	42,235
Loss for the period	-	-	-	-	(211,832)	(211,832)
<b>Balance at December 31, 2022</b>	10,275,205	18,762,420	1,269,564	(25,151)	(21,318,708)	(1,311,875)
Share-based payments (Note 5)	-	-	1,360	-	-	1,360
Other comprehensive loss	-	-	-	(537)	-	(537)
Loss for the period	-	-	-	-	(53,559)	(53,559)
<b>Balance at March 31, 2023</b>	10,275,205	\$ 18,762,420	\$ 1,270,924	\$ (25,688)	\$ (21,372,267)	\$ (1,364,611)

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

**NANOSPHERE HEALTH SCIENCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three months ended March 31, 2023  
(Presented in United States Dollars - Unaudited)

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**1. NATURE OF BUSINESS AND GOING CONCERN**

Nanosphere Health Sciences Inc. (the “Company”) was incorporated on April 20, 2005, under the laws of the province of Alberta, Canada and re-domiciled to British Columbia, Canada. The Company’s shares are listed on the Canadian Stock Exchange (“CSE”) under the symbol NSHS. The Company is a nano-biotechnology company focused on providing next generation delivery of biologically active compounds through licensing and joint venture arrangements. The Company has a wholly owned subsidiary. NanoSphere Health Sciences, LLC (“NanoSphere LLC”) is the Company’s operating division in the United States. The Company’s operations were focused on developing nanoencapsulation technology for the delivery of nutritive elements and medicants through licensing arrangements on the United States (“U.S.”) and Canada cannabis industry.

The Company’s head office and principal address is 488 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

As at March 31, 2023, the Company had a cumulative deficit of \$21,372,267, working capital deficit of \$1,364,611 and cash of \$33,595. Management anticipates the need to raise additional funds within the next 12 months to pay operational costs and fund any investing activities. To the extent financing is not available, lease payments, rental payments, and other payments may not be satisfied and could result in a loss of earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s annual audited financial statements for the year ended December 31, 2022, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). It is suggested that these financial statements be read in conjunction with the annual audited financial statements.

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed consolidated interim financial statements of the Company are presented in U.S. dollars, which is the functional currency of NanoSphere LLC. The parent company, Nanosphere Health Sciences Inc., has a functional currency of the Canadian Dollar.

**Basis of consolidation**

These condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries controlled by the Company. Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date on which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

**NANOSPHERE HEALTH SCIENCES INC.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Basis of consolidation (cont'd)**

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries:

<b>Company</b>	<b>Place of Incorporation</b>	<b>Effective Interest</b>	<b>Principal Activity</b>
Nanosphere Health Sciences LLC	United States	100%	Operating
Nanosphere Cannabis International Inc	Canada	100%	Operating

**Significant accounting judgements, estimates, and assumptions**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgement uncertainty that management has made at the end of the reporting year, 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:

*Going concern*

The Company's condensed consolidated interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Ongoing operations of the Company are dependent upon its ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future. The Company incurred a loss of \$53,559 during the period ended March 31, 2023, and as of that date, the Company's had an accumulated deficit of \$21,372,267. Management is actively targeting sources of additional financing which would assure the continuation of the Company's operations. The Company anticipates the need to raise additional funds within the next 12 months to pay operational costs and fund any investing activities. To the extent financing is not available, lease payments, rental payments, and other payments may not be satisfied and could result in a loss of earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

**Significant accounting policies**

The accounting policies applied in these condensed interim financial statements are the same as those applied in the most recent audited annual financial statements as at and for the year ended December 31, 2022 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

**New accounting standards**

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2023. The Company has reviewed these updates and determined that these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**3. RELATED PARTY TRANSACTIONS**

**Key management compensation**

Key management personnel comprise the Chief Executive officer and interim Chief Financial Officer, former Chief Executive officers and former President.

During the period ended March 31, 2023, the Company paid or accrued the following to key management personnel:

- a) Management, salaries, and consulting fees of \$24,750 (2022 - \$68,503) for services provided by key management personnel;
- b) Professional fees of \$11,084 to a director of the Company (2022- \$12,005); and
- c) Share-based compensation of \$1,302 (2022- \$288) to the officers and directors of the Company was recorded.

Included in accounts payable and accrued liabilities is \$404,924 (December 31, 2022 - \$377,225) due to directors, officers, and companies controlled by directors and officers of the Company that is non-interest bearing and due on demand.

**4. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

The Company's authorized share capital consists of an unlimited number of common shares without par value.

**Issued share capital**

As at March 31, 2023, the Company had 10,275,205 common shares issued and outstanding.

**Share issuances**

No common shares were issued during the three months ended March 31, 2023 or the year ended December 31, 2022.

**Warrants**

There was no warrant activity during the three months ended March 31, 2023 or the year ended December 31, 2022.

The following warrants were outstanding and exercisable at March 31, 2023:

Number	Exercisable	Exercise price	Expiry date
2,428,727	2,428,727	\$ CAD 0.35	September 17, 2023
2,428,727	2,428,727		

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**4. SHARE CAPITAL AND RESERVES (cont'd...)**

**Stock options**

There was no stock option activity during the three months ended March 31, 2023 or the year ended December 31, 2022.

The following stock options were outstanding at March 31, 2023:

Number	Exercisable	Exercise price	Expiry date
17,500	17,500	\$ CAD 13.00	May 17, 2023*
71,500	62,563	\$ CAD 5.00	July 16, 2029
89,000	80,063		

\* Expired unexercised subsequent to March 31, 2023

**Share-based payments**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The vesting terms are determined by the board of directors.

During the period ended March 31, 2023, the Company granted nil options (2022 – nil). Total share-based payments recognized in the statement of shareholders' equity for the period ended March 31, 2023, was \$1,360 (2022 - \$3,433) for stock options vested and was recognized in profit or loss.

**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash, receivables, and accounts payable and accrued liabilities approximate their carrying value due to the short-term maturity.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

**5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit risk is attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company's receivables are comprised entirely of goods and services tax receivable from the government of Canada.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year. As at March 31, 2023, the Company had a cash balance of \$33,595 (December 31, 2022 - \$55,011) to settle current liabilities of \$1,403,790 (December 31, 2022 - \$1,371,924). All the Company's accounts payable and accrued liabilities and loans payable have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at March 31, 2023, the Company did not have any investments in investment-grade short-term deposit certificates or long-term payables with floating interest rates.

b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. Through this, the Company is exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payable and accrued liabilities that are denominated in United States Dollar and Canadian Dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. A 10% change in the foreign exchange rate would result in a \$144 (Canadian dollar equivalent) change in profit or loss.

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**6. CAPITAL MANAGEMENT**

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance current production of the Company's patented NanoSphere Delivery System and development of future products utility system. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company is not subject to externally imposed capital requirements.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on management to sustain future development and commercialization of the business. The Company will continue to assess sources of financing available and to assess the potential for collaboration with interested partners with a view to managing its current financial resources in the interest of sustaining the long-term viability of the Company's operations. The Company's overall strategy with respect to management of capital at March 31, 2023 remains fundamentally unchanged.

**7. SEGMENTED INFORMATION**

Operating segments are components of an entity that engage in business activities from which they incur expenses. During the period ended March 31, 2023, the Company had minimal operations in both the United States and Canada.