ASEP MEDICAL HOLDINGS INC

(formerly TRENCHANT LIFE SCIENCES INVESTMENT CORP.)

Financial Statements

From Incorporation on January 20, 2021 to September 30, 2021

Expressed in Canadian Dollars

(Unaudited-Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited 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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Vancouver, Canada

November 29, 2021

ASEP Medical Holdings Inc. (formerly Trenchant Life Sciences Investment Corp.)
Statement of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)
As at September 30, 2021

	Notes		September 30, 2021
ASSETS			
Current assets			
Cash		$	5,140,404
TOTAL ASSETS		**$**	**5,140,404**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	3	$	102,505
Interest payable	4		14,575
Convertible debentures - derivative liability	4		500,000
Special warrant subscriptions received in advance	5		355,000
			972,080
TOTAL LIABILITIES			**972,080**
SHAREHOLDERS' EQUITY			
Share capital	4		137,699
Warrant reserves	5		4,491,950
Deficit			(461,325)
TOTAL EQUITY			**4,168,324**
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$**	**5,140,404**

Going concern (Note 1)

Subsequent event (Note 9)

On behalf of the board:

"Robert E.W. Hancock"
Robert E.W. Hancock , Director

ASEP Medical Holdings Inc. (formerly Trenchant Life Sciences Investment Corp.)
Statement of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)
For the period from January 20, 2021 (incorporation) to September 30, 2021

	Note		Three months ended September 30, 2021		For the period from January 20, 2021 (incorporation) to September 30, 2021
Expenses					
Administrative			23,587		23,587
Consulting	6		61,750		158,810
Interest expense	4		10,411		20,897
Professional fees			106,519		258,031
			202,267		461,325
Net loss and comprehensive loss		**$**	**(202,267)**	**$**	**(461,325)**
Loss per share – basic and diluted		**$**	**(0.01)**	**$**	**(0.04)**
Weighted average number of common shares outstanding			**17,000,000**		**12,560,650**

ASEP Medical Holdings Inc. (formerly Trenchant Life Sciences Investment Corp.)
Statement of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)
(Unaudited)
For the period from January 20, 2021 (incorporation) to September 30, 2021

	Number of Common shares	Common shares	Warrant reserves	Deficit	Total
Balance at January 20, 2021	**-**	**$ -**	**$ -**	**$ -**	**$ -**
Issuance of common shares for cash (Note 4)	17,000,000	140,500		-	140,500
Share issuance cost (Note 4)	-	(2,801)	-	-	(2,801)
Issuance of special warrants (Note 5)	-	-	4,491,950	-	4,491,950
Comprehensive loss	-	-	-	(461,325)	(461,325)
Balance at September 30, 2021	**17,000,000**	**$ 137,699**	**$ 4,491,950**	**$ (461,325)**	**$ 4,168,324**

(Expressed in Canadian Dollars

		From January 20, 2021 (incorporation) to September 30, 2021
Operating activities		
Net loss	$	(461,325)
Adjustments for items not affecting cash:		
Interest payable		14,575
Changes in non-cash working capital items:		
Accounts payables and accrued liabilities		102,505
Net cash flows used in operating activities		(344,245)
Financing activities		
Issuance of common shares for cash		140,500
Special warrant subscriptions received in advance		355,000
Issuance of special warrants		4,491,950
Share issuance cost		(2,801)
Issuance of convertible debentures		500,000
Net cash flows provided from financing activities		5,484,649
Increase in cash		5,140,404
Cash, beginning		-
Cash, ending	$	5,140,404

(Expressed in Canadian Dollars)

1. Nature and continuance of operations

ASEP Medical Holdings Inc. (Formerly Trenchant Life Sciences Investment Corp.) (the "Company" or "TLSIC") was incorporated under the British Columbia Business Corporations Act on January 20, 2021.

The Company's head office is located at Penthouse 1, 1055 West Hastings Street, Vancouver, BC, V6E 2E9. ASEP Medical Holdings Inc. is a private BC corporation in the business of acquiring assets, technologies and/or businesses in area of life sciences and medical diagnostics.

On June 3, 2021, TLSIC entered into the Amalgamation Agreement (the "Amalgamation Agreement") with ASEP Medical Inc. ("ASEP") and 1295255 B.C. Ltd. ("NewCo"), pursuant to which TLSIC, ASEP and NewCo agreed to combine their respective businesses by way of a three-cornered amalgamation under the provisions of the BC Business Corporations Act ("BCBCA"). Upon completion of the Transaction (being the completion of the amalgamation, the exercise of both of the ABT and Sepset options and conditional approval to the list the common shares of TLSIC on the CSE) the resulting entity of the Amalgamation, will be a wholly-owned subsidiary of the Company and the Resulting Issuer will carry on the business of ASEP.

On completion of the Transaction, TLSIC would hold, through the exercise of ABT Innovations Inc. ("ABT")'s and Sepset Biosciences Inc. ("Sepset")'s options, 50.1% of the fully diluted share capital of ABT and Sepset.

The common shares of the Company will be listed for trading on the CSE upon the completion of the Transaction.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on November 29, 2021 by the sole director of the Company.

Statement of compliance with International Financial Reporting Standards

The financial statements of the Company comply 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").

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entity. Details of the controlled entity is as follows:

	Country of incorporation	Percentage owned September 30, 2021
1295277 BC Ltd.	Canada	100%

2. **Significant accounting policies and basis of preparation** (cont'd)

Financial instruments

Classification

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. The Company determines the classification of financial 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 following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets/liabilities	Classification - IFRS 9
Cash	FVTPL
Accounts payable	Amortized cost
Interest payable	Amortized cost
Convertible debentures- derivative liability	FVTPL
Subscription received in advance	Amortized cost

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

2. Significant accounting policies and basis of preparation (cont'd)

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in the statements of comprehensive loss.

Significant estimates and assumptions

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

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets. The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgment applied in preparing the Company's financial statements are the assessment of the Company's ability to continue as a going concern and the recoverability of deferred tax assets.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period 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 amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

2. Significant accounting policies and basis of preparation (cont'd)

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. 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.

<u>Deferred income tax:</u>

Deferred income tax is provided using the asset and 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 income tax assets is reviewed at the end of eachreporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company and its subsidiary's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. Accounts payable and accrued liabilities

	September 30, 2021
Accounts payable	$ 102,505
Accrued liabilities	-
	$ 102,505

4. Convertible Debentures

On May 25, 2021, the Company closed a private placement of unsecured convertible debentures in the aggregate amount of $500,000. The convertible debenture matures twelve months from issuance and carries an interest rate of 8% per annum. Pursuant to the Amalgamation Agreement, the debentures are convertible into common shares prior to the amalgamation effective date at a conversion price calculated by dividing (A) by (B), where (A) is $8,000,000, and where (B) is the product obtained by adding (x) the number of all of the issued and outstanding common shares of ASEP as of the date of the ASEP conversion, which is the conversion of all of the principal outstanding under the ASEP debentures into ASEP shares on a fully diluted basis assuming conversion of all outstanding convertible securities of ASEP other than the ASEP debentures, with (y) the number of shares issuable by the Company in connection with the Company's financing to complete a private placement of a minimum of 10,000,000 special warrants at a price of $0.50 per warrant for aggregate gross of a minimum of $5,000,000.

As the conversion price of the convertible debentures is variable, the Company accounted for the convertible debentures as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value of $500,000 and deducted from the principal of the debt to arrive at the net debt component of $Nil. The fair value of the derivative liability is estimated based on Black-Scholes Option Pricing Model with the following assumptions: share price at grant date of $0.50; exercise price of $0.29; expected life of 1 year; expected volatility of 100%; risk free rate of 0.30%; expected dividend yield rate of 0%. The fair value of the derivative liability remained at $500,000 as at September 30, 2021.

During the period ended September 30, 2021, the Company incurred $6,322 financing costs in relation to the issuance of the convertible debentures and recorded in interest expenses. The Company also accrued $14,575 interest payable on the convertible debentures as at September 30, 2021.

5. Share capital

Authorized share capital

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Issued share capital

On January 20, 2021 the Company issued 2,500,000 common shares at $0.001 per share for proceeds of $2,500.

On April 14, 2021 the Company issued 8,000,000 common shares at $0.001 per share for proceeds of $8,000.

On April 16, 2021 the Company issued 6,500,000 common shares at $0.02 per share for proceeds of $130,000.

Total share issuance cost incurred during the period ended September 30, 2021 was $2,801.

As at September 30, 2021, there were 17,000,000 issued and fully paid common shares.

5. **Share capital** (cont'd)

Special warrants

Pursuant to the Amalgamation Agreement, the Company plans to complete a private placement ("Private Placement") and issue 10,000,000 special warrants ("Special Warrants") at a price of $0.50 per warrant for aggregate gross proceeds of up to $5,000,000 in two tranches. Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant and without any action by the holder, subject to the Penalty Provision (as defined herein), 1 Common Share on the earlier of: (i) the day on which the Company has been issued the final receipt of the prospectus by the British Columbia Securities Commission (the "Qualification Condition"), or (ii) the 180th day following the date of issuance of the Special Warrants (the "Qualification Deadline").

In the event that the Qualification Condition has not been met prior to the Qualification Deadline, each unexercised Special Warrant will thereafter entitle the holder to receive upon the exercise or deemed exercise thereof, for no additional consideration, 1.10 Common Shares in lieu of 1 Common Share (the "Penalty Provision").

On August 25, 2021, the Company closed the first tranche of the Private Placement to issue 6,571,500 Special Warrants for gross proceeds of $3,285,750. In connection with the closing of the first tranche of the Private Placement, the Company also paid $4,000 finder's fee in cash and issued 8,000 finder's warrants ("Finder's warrants") at a price of $0.50 per Finder's Warrant for a period of 1 year following the closing. If, for at least 20 consecutive trading days, the volume weighted average price at which the company's shares trade on the Canadian Securities Exchange (or such other recognized Canadian stock exchange on which the company's shares are listed for trading at the relevant time) each day is or exceeds $1.00 per share, the Company may issue a notice via news release to the holders of the Finder's Warrants and, in such case, the Finder's Warrants will expire on the 30th day after the news release was disseminated by the Company. As at September 30, 2021, the Company also received $355,000 proceeds in respect to the second tranche of the Private Placement (Note 9).

Stock options

In July 2021, the Company adotpted a stock option plan ("Plan") which provides that the Board of Directors of the Company may from time to time, in its discrection, grant ot directors, officers, employees and ocnsultants of the Company stock options to purchase commons hares, provided that the number of common shares reserved for issuance under the Plan shall not exceed 10% of the issued and outstanding common shares at the time of grant. The Board of Directors shall determine the exerecise price and the term of the stock options at the tiem of grant. If the shares are listed on a stock exchange, then the exerecise price for the options granted will not be less than the minimum prevailing price permited by the stock exchange. If the shares are not listed, posted an dtrading on any stock exchange or quoted on any quotation system, the exerecise price will be determeind by the Board at the time of granting.

6. Related party transactions

Key management personnel compensation

	Three months ended September 30, 2021	Nine months ended September 30, 2021
CEO – Consulting fees	$ 39,900	$ 39,900

7. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in a bank account. The cash is deposited in a bank account held with a major bank in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Credit risk is assessed as low.

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 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. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity and debenture securities for cash. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company had no exposure to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash on hand is subject to minimal interest rate risk and the debentures have fixed interest rates. Interest rate risk is assessed as low.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

7. Financial risk and capital management (cont'd)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		September 30, 2021
FVTPL:		
Cash	$	5,140,404

Financial liabilities included in the statement of financial position are as follows:

		September 30, 2021
Financial liabilities at amortized cost:		
Accounts payable	$	102,505
Interest payable		14,575
Special warrants subscriptions received in advance		355,000
		472,080
Financial liabilities at FVTPL		
Convertible debentures-derivative liability		500,000
	$	972,080

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash.

(Expressed in Canadian Dollars)

8. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		From January 20, 2021 (incorporation) to September 30, 2021
Net loss	$	(461,325)
Statutory tax rate		27%
Expected income tax recovery at the statutory tax rate		(124,558)
Non-deductible items and other		(756)
Change in valuation allowance		125,314
Income tax recovery	$	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		From January 20, 2021 (incorporation) to September 30, 2021
Non-capital loss carry-forwards	$	124,709
Share issuance costs		605
	$	125,314

The tax pools relating to these deductible temporary differences expire as follows:

		Canadian non-capital losses		Share issuance costs
2026	$	-	$	2,241
2041		461,325		-
	$	461,325	$	2,241

9. Subsequent event

On October 22 and October 26, 2021, the Company closed the third and fourth tranches of the Private Placement to issue 1,920,000 Special Warrants for gross proceeds of $960,000 and 640,000 Special Warrants for gross proceeds of $320,000 respectively . In connection with the closing of the second tranche of the Private Placement, the Company also paid $89,600 finder’s fee in cash and issued 179,200 finder’s warrants (“Finder’s warrants”) at a price of $0.50 per Finder’s Warrant for a period of 1 year following the closing. If, for at least 20 consecutive trading days, the volume weighted average price at which the company’s shares trade on the Canadian Securities Exchange (or such other recognized Canadian stock exchange on which the company’s shares are listed for trading at the relevant time) each day is or exceeds $1.00 per share, the Company may issue a notice via news release to the holders of the Finder’s Warrants and, in such case, the Finder’s Warrants will expire on the 30th day after the news release was disseminated by the Company.

On November 10, 2021 ASEP Holdings obtained a receipt for its long-form prospectus dated November 9, 2021. A copy of this prospectus can be reviewed under the ASEP Holdings profile at www.sedar.com.

On November 18, 2021, ASEP Holdings received final approval to list its common shares on the CSE and the common shares were listed for trading on the CSE on November 22, 2021 under the symbol "ASEP".

On November 19, 2021, the amalgamation of TLSIC, ASEP and NewCo was completed and TLSIC changed its name to ASEP Medical Holdings Inc. ("ASEP Holdings")

The Company also announced that it granted stock options (collectively, the "**Options**") to certain directors, officers, employees and consultants of the Company to purchase up to 4,540,000 Shares, pursuant to the Company's Stock Option Plan. The Options are exercisable at an exercise price of $0.50 per Share for a period of 10 years. A total of 1,490,000 Options vested immediately upon the date of grant, 1,900,000 vest quarterly over a 12 month period, and 1,150,000 Options vest quarterly over a 24 month period.