

**ASEP MEDICAL HOLDINGS INC**  
**Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2022**

**Expressed in Canadian Dollars**  
**(Unaudited – Prepared by Management)**

**NOTICE OF NO AUDITOR REVIEW OF THE  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2022 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statement of Financial Position – unaudited  
Expressed in Canadian Dollars

	Notes	March 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	9	\$ 4,291,955	\$ 5,290,070
GST receivable	9	83,286	73,398
Prepays and deposits		560,514	390,761
		4,935,755	5,754,229
<b>Non-current assets</b>			
Equipment	4	60,583	64,043
Intangible assets	5	24,580,041	24,897,860
		24,640,624	24,961,903
<b>TOTAL ASSETS</b>		<b>\$ 29,576,379</b>	<b>\$ 30,716,132</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	\$ 59,562	\$ 124,916
Accrued interest	9	19,288	19,288
<b>TOTAL LIABILITIES</b>		<b>78,850</b>	<b>144,204</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		19,467,132	19,467,132
Warrants reserve		35,921	35,921
Contributed surplus		1,442,580	956,227
Deficit		(3,601,925)	(2,200,086)
		17,343,708	18,259,194
Non-controlling interest	7	12,153,821	12,312,734
<b>TOTAL EQUITY</b>		<b>29,497,529</b>	<b>30,571,928</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 29,576,379</b>	<b>\$ 30,716,132</b>

Nature and operations (Note 1)

Subsequent event (Note 10)

On behalf of the board:

"Derrold Norgaard"

Derrold Norgaard, Chairman of the Audit Committee  
and Independent Director

"Timothy Murphy"

Timothy Murphy, Independent Director

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss – unaudited  
Expressed in Canadian Dollars

	Note	Three months ended March 31, 2022	For the period from January 20, 2021 (incorporation) to March 31, 2021
<b>Expenses</b>			
Amortization	4, 5	\$ 321,279	\$ -
Compensation		130,965	-
Consulting		155,818	-
General & administrative		259,854	1
Patent fees		15,005	-
Professional fees		80,456	92,058
Research & development costs		110,508	-
Share-based compensation	6	486,353	-
<b>Total expenses</b>		<b>1,560,238</b>	<b>92,059</b>
Loss before other income (expenses)		(1,560,238)	(92,059)
Foreign exchange loss		(513)	-
<b>Net loss and comprehensive loss for period</b>		<b>\$ (1,560,751)</b>	<b>\$ (92,059)</b>
Net loss attributable to:			
Shareholders of ASEP		\$ (1,401,838)	\$ (92,059)
Non-controlling interest	7	(158,913)	-
		<b>\$ (1,560,751)</b>	<b>\$ (92,059)</b>
<b>Loss per share – basic and fully diluted</b>		<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding – basic and fully diluted</b>		<b>56,130,344</b>	<b>2,500,000</b>

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statement of Changes in Equity – unaudited  
Expressed in Canadian Dollars

	Share Capital		Warrant reserves	Contributed surplus	Deficit	Equity attributable to shareholders	Non-controlling interest	Total
	Issued Shares	Amount						
<b>Balance at January 20, 2021</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common shares for cash	7,333,332	48,500	-	-	-	48,500	-	48,500
Share issue costs	-	(1,215)	-	-	-	(1,215)	-	(1,215)
Net loss and comprehensive loss for period	-	-	-	-	(92,059)	(92,059)	-	(92,059)
<b>Balance at March 31, 2021</b>	<b>7,333,332</b>	<b>\$ 47,285</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (92,059)</b>	<b>\$ (44,774)</b>	<b>\$ -</b>	<b>\$ (44,774)</b>
Balance at December 31, 2021	56,130,344	\$ 19,467,132	\$ 35,921	\$ 956,227	\$ (2,200,086)	\$ 18,259,194	\$ 12,312,734	\$ 30,571,928
Share-based compensation (Note 6)	-	-	-	486,353	-	486,353	-	486,353
Net loss and comprehensive loss for period	-	-	-	-	(1,401,839)	(1,401,839)	(158,913)	(1,560,751)
<b>Balance at March 31, 2022</b>	<b>56,130,344</b>	<b>\$ 19,467,132</b>	<b>\$ 35,921</b>	<b>\$ 1,442,580</b>	<b>\$ (3,601,925)</b>	<b>\$ 17,343,708</b>	<b>\$ 12,153,821</b>	<b>\$ 29,497,529</b>

See accompanying notes to the condensed interim consolidated financial statements

ASEP Medical Holdings Inc.  
Condensed Interim Consolidated Statement of Cash Flows – unaudited  
Expressed in Canadian Dollars

	Three months ended March 31, 2022	For the period from January 20, 2021 (incorporation) to March 31, 2021
<b>Operating activities</b>		
Net loss	\$ (1,560,751)	\$ (92,059)
Adjustments for items not affecting cash:		
Amortization	321,279	-
Share based compensation	486,353	-
Changes in non-cash working capital items:		
Accounts receivable	-	(2,500)
GST receivable	(9,888)	-
Prepaid expenses	(169,753)	-
Accounts payable and accrued liabilities	(65,355)	93,273
<b>Net cash flows from operating activities</b>	<b>(998,115)</b>	<b>(1,286)</b>
<b>Financing activities</b>		
Common shares issued for cash	-	48,500
Share issue costs paid in cash	-	(1,215)
Convertible debentures issued for cash	-	200,000
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>247,285</b>
Increase (decrease) in cash	(998,115)	245,999
Cash, beginning of period	5,290,070	-
<b>Cash, end of period</b>	<b>\$ 4,291,955</b>	<b>\$ 245,999</b>

**1. Nature and continuance of operations**

ASEP Medical Holdings Inc. (formerly Trenchant Life Sciences Investment Corp.) (the “Company” or “ASEP”) was incorporated under the British Columbia Business Corporations Act on January 20, 2021. On November 22, 2021, the Company commenced trading on the Canadian Securities Exchange (the “CSE”) as a life sciences issuer under the trading symbol “ASEP”.

The Company’s head office is located at Unit 420, 730 View Street, Victoria, BC V8W 3Y7. ASEP is in the business of acquiring assets, technologies and/or businesses in area of life sciences and medical diagnostics.

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. Statement of compliance**

These condensed interim consolidated financial statements are prepared in accordance with IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted.

These condensed interim financial statements follow the same accounting policies and methods of application as the Company’s audited consolidated financial statements for the period January 20, 2021 (date of incorporation) to December 31, 2021. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of May 30, 2022 the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2021.

**3. Significant accounting policies**

***Basis of presentation***

The financial statements have been prepared on an accrual basis and are on a historical cost basis, except for certain financial instruments, which are measured at fair value. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4 in the Company’s annual financial statements for the year ended December 31, 2021.

These condensed interim consolidated financial statements are prepared in Canadian dollars. The functional currency of the Company is Canadian dollars.

ASEP Medical Holdings Inc.  
Notes to the Condensed Interim Consolidated Financial Statements – unaudited  
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4. **Equipment**

	Lab Equipment	Computer Equipment	Total
<b>COST</b>			
Balance at December 31, 2021	\$ 61,037	\$ 4,894	\$ 65,931
Additions	-	-	-
Balance at March 31, 2022	\$ 61,037	\$ 4,894	\$ 65,931
<b>ACCUMULATED AMORTIZATION</b>			
Balance at December 31, 2021	\$ 1,051	\$ 837	\$ 1,888
Amortization	3,052	408	3,460
Balance at March 31, 2022	\$ 4,103	\$ 1,245	\$ 5,348
<b>NET BOOK VALUE</b>			
Balance at December 31, 2021	\$ 59,986	\$ 4,057	\$ 64,043
Balance at March 31, 2022	\$ 56,934	\$ 3,649	\$ 60,583

5. **Intangible assets**

	Total
<b>COST</b>	
Balance at December 31, 2021	\$ 25,076,572
Additions	-
Balance at March 31, 2022	\$ 25,076,572
<b>ACCUMULATED AMORTIZATION</b>	
Balance at December 31, 2021	\$ 178,712
Amortization	317,819
Balance at March 31, 2022	\$ 496,531
<b>NET BOOK VALUE</b>	
Balance at December 31, 2021	\$ 24,897,860
Balance at March 31, 2022	\$ 24,580,041

Net book value of intangible assets of the Company consist of \$24,534,425 of intellectual property from the acquisition of Asep Medical Inc.; \$39,640 of website asset; and \$5,976 trademark asset.

6. **Share capital**

**Authorized share capital**

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

**Stock options**

In July 2021, the Company adopted a stock option plan ("Plan"), which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company stock options to purchase common shares, provided that the number of



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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 exercise price and the

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

**Stock options (cont'd)**

term of the stock options at the time of grant. If the shares are listed on a stock exchange, then the exercise price for the options granted will not be less than the minimum prevailing price permitted by the stock exchange. If the shares are not listed, posted and trading on any stock exchange or quoted on any quotation system, the exercise price will be determined by the Board at the time of granting.

On November 18, 2021, the Company granted stock options (collectively, the “Options”) to certain directors, officers, employees and consultants of the Company to purchase up to 4,540,000 common shares, pursuant to the Company’s Plan. The stock options entitle the holders to acquire 4,540,000 common shares at a price of \$0.50 per common share for a period of 10 years. A total of 1,490,000 stock options vested immediately upon the date of grant, 1,900,000 vest quarterly over a 12 month period and 1,150,000 stock options vest quarterly over a 24 month period. The grant date fair value of these options was \$2,033,260. The stock options were valued using Black-Scholes model based on the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 1.74% and expected life of 10 years.

During the three months ended March 31, 2022, the Company recognized \$486,353 of share-based compensation (March 31, 2021 - \$Nil) related to the 610,274 stock options which vested in the period.

A continuity of stock options for the three months ended March 31, 2022 and the period from January 20, 2021 (incorporation) to December 31, 2021 is as follows:

	March 31, 2022		December 31, 2021	
	Number of options	Exercise price	Number of options	Exercise price
Options outstanding, opening	4,540,000	\$ 0.50	-	-
Granted	-	-	4,540,000	\$ 0.50
Options outstanding, closing	4,540,000	\$ 0.50	4,540,000	\$ 0.50

The following stock options are outstanding at March 31, 2022:

Number of options	Exercisable	Exercise price	Expiry Date
4,540,000	2,391,849	\$ 0.50	18-Nov-31

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**7. Non-controlling interests**

ASEP holds a 50.1% equity interest in ABT and Sepset with the remaining 49.9% held by various other parties.

At March 31, 2022, the non-controlling interest consisted of the following:

	<b>March 31, 2022</b>
ABT	\$ 6,069,668
Sepset	6,084,153
<b>Total</b>	<b>\$ 12,153,821</b>

The following are the summarized statements of financial position of ABT and Sepset as at March 31, 2022:

	<b>ABT</b>	<b>Sepset</b>
NCI percentage	49.9%	49.9%
Assets	\$1,951,210	\$ 1,875,103
Liabilities	(5,307)	(14,900)
<b>Total net assets</b>	<b>\$1,945,903</b>	<b>\$ 1,860,203</b>

The following table summarizes comprehensive income (loss) incurred by the Company's subsidiaries that have non-controlling interest for the three months ended March 31, 2022:

	<b>ABT</b>	<b>Sepset</b>	<b>Total</b>
Operating expenses	\$ 195,620	\$ 122,468	\$ 318,089
Loss before other income	(195,620)	(122,468)	(318,089)
Other loss	-	(60)	(60)
<b>Net loss</b>	<b>\$ (195,620)</b>	<b>\$ (122,528)</b>	<b>\$ (318,148)</b>
<b>Net loss allocated to NCI</b>	<b>\$ (97,693)</b>	<b>\$ (61,220)</b>	<b>\$ (158,913)</b>

The net change to non-controlling interest for the three months ended March 31, 2022:

	<b>ABT</b>	<b>Sepset</b>	<b>Total</b>
Balance – December 31, 2021	\$ 6,167,361	\$ 6,145,373	\$ 12,312,734
Non-controlling interests share of loss	(97,693)	(61,220)	(158,913)
<b>Balance – March 31, 2022</b>	<b>\$ 6,069,668</b>	<b>\$ 6,084,153</b>	<b>\$ 12,153,821</b>

**8. Related party transactions**

***Key management personnel compensation***

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company’s Board of Directors and corporate officers.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		<b>Three months ended March 31, 2022</b>
CEO consulting fees	(a)	\$ 60,000
Management salaries	(b)	100,000
Share-based compensation	(c)	480,086
		<b>\$ 640,086</b>

(a) CEO consulting fees consist \$60,000 paid to current CEO of the Company.

(b) Management salaries

\$45,000 paid to current Chief Business Development Officer of the Company for the three months ended March 31, 2022.

\$37,500 paid to current Chief Financial Officer of the Company for the three months ended March 31, 2022.

\$17,500 paid to current Chief Scientific Officer of the Company for the three months ended March 31, 2022.

(c) Share-based compensation

During the three months ended March 31, 2022, the Company had recognized \$480,086 of share based compensation for the vesting of stock options for directors and officers of the Company. The terms of the options are disclosed in Note 6.

**9. 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.

**9. Financial risk and capital management (cont'd)*****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.

As of March 31, 2022, the Company had working capital surplus of \$4,856,905.

The Company's contractual obligations at March 31, 2022 are as follows:

	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 43,393	\$ -	\$ -	\$ 43,393
Payroll tax payable	16,169	-	-	16,169
Accrued interest	19,288	-	-	19,288
<b>Total</b>	<b>\$ 78,850</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,850</b>

***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.

***Classification of financial instruments***

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

	<b>March 31, 2022</b>
Financial assets at FVTPL:	
Cash	\$ 4,291,955
Financial assets at amortized cost:	
GST receivable	\$ 83,286

ASEP Medical Holdings Inc.  
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**9. Financial risk and capital management (cont'd)**

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

	<b>March 31, 2022</b>
Financial liabilities at amortized cost:	
Accounts payable and accrued liabilities	\$ 59,562
Interest payable	19,288
	<b>\$ 78,850</b>

***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.

**10. Subsequent event**

On April 8, 2022, Sepset entered into a 12-month Collaborative Research Agreement with the University of British Columbia (UBC). The terms of the agreement are that Sepset prepay \$549,094 for a period of services from April 8, 2022 to April 7, 2023. Asep paid the amount in full on May 2, 2022.