

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

ASEP Medical Holdings Inc. (the “**Company**”)
420 – 730 View Street
Victoria, BC V8W 3Y7

Item 2 Date of Material Change

December 12, 2022

Item 3 News Release

The news release dated December 12, 2022 was disseminated via CNW.

Item 4 Summary of Material Change

The Company announced that, it has completed its acquisition of SafeCoat Medical Inc. (“**SafeCoat**”). The Company assisted SafeCoat in its negotiations with the University of British Columbia (“**UBC**”) which resulted in SafeCoat and UBC entering into a term sheet dated (the “**Term Sheet**”) for the grant of a license (the “**License**”) by UBC to SafeCoat for the use, development and commercialization of a peptide medical device coating technology (the “**Technology**”). Upon entry into the Term Sheet, the Company earned a 50.1% equity interest in SafeCoat pursuant to the terms of the Earn-In and Option Agreement (the “**Agreement**”) between the Company, SafeCoat and the securityholders of SafeCoat (the “**Securityholders**”), and then exercised its option (the “**Option**”) to acquire the remaining 49.9% equity interest in SafeCoat from the Securityholders pursuant to the Agreement.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that, it has completed its acquisition of SafeCoat.

The Term Sheet sets out the basic terms upon which UBC will grant SafeCoat a worldwide, exclusive License to commercialize and sublicense the Technology. The term of the License will expire on the later of 20 years from the grant of the License and the expiry date of the last of the patents relating to the Technology. In consideration for the grant of the License, SafeCoat will pay a royalty to UBC on the revenue generated from the commercialization of the Technology products by SafeCoat at a rate of 3.75% and at staged higher rates on sub-licenses are more particularly set out in the Term Sheet. SafeCoat will also pay annual fees to UBC on January 1st of each year as follows: \$5,000 from 2024 to 2026, \$10,000 from 2027 to 2029, \$15,000 from 2030 to 2032, \$50,000 from 2033 and each successive year thereafter. SafeCoat will also make a milestone payment of \$150,000 to UBC upon each product derived from the Technology receiving 510K or PMA (or equivalent if outside the U.S.) approval. Certain patent management fees are also payable by SafeCoat to UBC. Subject to the terms of a shareholders agreement to be entered into with UBC in connection with the entry into a definitive License agreement, UBC will be granted 12% in the fully diluted equity of SafeCoat as of the start date of the License, such interest not to be diluted until after SafeCoat has raised \$750,000 in equity financing. SafeCoat will agree to complete at least \$500,000 of financing within 24 months of grant of the License. The Term Sheet

is not binding, and the grant of the License remains subject to, among other things, entry into a definitive License agreement between SafeCoat and UBC. The terms of a definitive License agreement, if entered into, may be different than those included in the Term Sheet and summarized herein.

The Option was exercised by the Company paying \$1,200,000 (the “**Option Exercise Price**”) to the Securityholders through the allotment and issuance on a pro rata basis of an aggregate of 6,000,000 common shares (the “**Option Exercise Shares**”) of the Company at a deemed price of \$0.20 per share. The Option Exercise Shares are subject to a voluntary escrow and released from escrow in tranches of 25% upon each of the following milestones being satisfied: (a) exercise of the Option (completed), (b) upon SafeCoat and UBC entering into a definitive License agreement, (c) the date a patent in respect of the Technology is published on Google patents, and (d) the date the Company confirms that SafeCoat has reasonably demonstrated activity of antifouling on surfaces. Upon exercise of the Option, SafeCoat became a wholly-owned subsidiary of the Company. The Company intends to pursue the advancement of the Technology in addition to the advancement of its current business through ABT Innovations Inc. and Sepset Biosciences Inc. The Company believes that the funding provided to SafeCoat by the Securityholders together with the expertise that the Company and its management provide will position SafeCoat well to develop the License and advance the Technology towards commercialization. Dr. Hancock, CEO and a Director of the Company, is an inventor of the Technology owned by UBC and is listed as an inventor on the patent; however, the entry into the Term Sheet, exercise of the Option and grant of the License do not constitute related party transactions and Dr. Hancock does not receive any collateral benefits as a result of these transactions. Dr. Hancock disclosed his employment with UBC and inventor status to the board of directors of the Company and abstained from voting on matters related to the Agreement, Option and License. The issuance of the Option Exercise Shares will not result in the creation of any new insiders of the Company. For additional information regarding the terms of the Agreement, please see the Company’s news release dated December 2, 2022 and the Agreement which has been filed on SEDAR.

The material change is fully described in Item 4 above and in the news release which has been filed on SEDAR.

5.1 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Timothy Murphy, Chief Operating Officer
Telephone: 778.600.0509

Item 9 Date of Report

December 13, 2022



Asep Completes Acquisition of SafeCoat Medical Inc. and Term Sheet with University of British Columbia for Exclusive Worldwide License

VANCOUVER, BC, December 12, 2022 (CNW) — Asep Medical Holdings Inc. (“**Asep Inc.**” or the “**Company**”) (**CSE: ASEP**) (**OTCQB: SEPSF**) is pleased to announce that it has completed its acquisition of SafeCoat Medical Inc. (“**SafeCoat**”). The Company assisted SafeCoat in its negotiations with the University of British Columbia (“**UBC**”) which resulted in SafeCoat and UBC entering into a term sheet dated (the “**Term Sheet**”) for the grant of a license (the “**License**”) by UBC to SafeCoat for the use, development and commercialization of a peptide medical device coating technology (the “**Technology**”). Upon entry into the Term Sheet, the Company earned a 50.1% equity interest in SafeCoat pursuant to the terms of the Earn-In and Option Agreement (the “**Agreement**”) between the Company, SafeCoat and the securityholders of SafeCoat (the “**Securityholders**”), and then exercised its option (the “**Option**”) to acquire the remaining 49.9% equity interest in SafeCoat from the Securityholders pursuant to the Agreement.

“We are excited to complete the acquisition of SafeCoat Medical. This new venture has the potential to create significant new market opportunities for Asep Inc. involving the use of peptide-based coatings to maintain sterile surfaces on medical devices and implants,” stated Tim Murphy, Chief Operating Officer of Asep Inc.

The Term Sheet sets out the basic terms upon which UBC will grant SafeCoat a worldwide, exclusive License to commercialize and sublicense the Technology. The term of the License will expire on the later of 20 years from the grant of the License and the expiry date of the last of the patents relating to the Technology. In consideration for the grant of the License, SafeCoat will pay a royalty to UBC on the revenue generated from the commercialization of the Technology products by SafeCoat at a rate of 3.75% and at staged higher rates on sub-licenses are more particularly set out in the Term Sheet. SafeCoat will also pay annual fees to UBC on January 1st of each year as follows: \$5,000 from 2024 to 2026, \$10,000 from 2027 to 2029, \$15,000 from 2030 to 2032, \$50,000 from 2033 and each successive year thereafter. SafeCoat will also make a milestone payment of \$150,000 to UBC upon each product derived from the Technology receiving 510K or PMA (or equivalent if outside the U.S.) approval. Certain patent management fees are also payable by SafeCoat to UBC. Subject to the terms of a shareholders agreement to be entered into with UBC in connection with the entry into a definitive License agreement, UBC will be granted 12% in the fully diluted equity of SafeCoat as of the start date of the License, such interest not to be diluted until after SafeCoat has raised \$750,000 in equity financing. SafeCoat will agree to complete at least \$500,000 of financing within 24 months of grant of the License. The Term Sheet is not binding, and the grant of the License remains subject to, among other things, entry into a definitive License agreement between SafeCoat and UBC. The terms of a definitive License agreement, if entered into, may be different than those included in the Term Sheet and summarized herein.

The Option was exercised by the Company paying \$1,200,000 (the “**Option Exercise Price**”) to the Securityholders through the allotment and issuance on a pro rata basis of an aggregate of



6,000,000 common shares (the “**Option Exercise Shares**”) of the Company at a deemed price of \$0.20 per share. The Option Exercise Shares are subject to a voluntary escrow and released from escrow in tranches of 25% upon each of the following milestones being satisfied: (a) exercise of the Option (completed), (b) upon SafeCoat and UBC entering into a definitive License agreement, (c) the date a patent in respect of the Technology is published on Google patents, and (d) the date the Company confirms that SafeCoat has reasonably demonstrated activity of antifouling on surfaces. Upon exercise of the Option, SafeCoat became a wholly-owned subsidiary of the Company. The Company intends to pursue the advancement of the Technology in addition to the advancement of its current business through ABT Innovations Inc. and Sepset Biosciences Inc. The Company believes that the funding provided to SafeCoat by the Securityholders together with the expertise that the Company and its management provide will position SafeCoat well to develop the License and advance the Technology towards commercialization. Dr. Hancock, CEO and a Director of the Company, is an inventor of the Technology owned by UBC and is listed as an inventor on the patent; however, the entry into the Term Sheet, exercise of the Option and grant of the License do not constitute related party transactions and Dr. Hancock does not receive any collateral benefits as a result of these transactions. Dr. Hancock disclosed his employment with UBC and inventor status to the board of directors of the Company and abstained from voting on matters related to the Agreement, Option and License. The issuance of the Option Exercise Shares will not result in the creation of any new insiders of the Company. For additional information regarding the terms of the Agreement, please see the Company’s news release dated December 2, 2022 and the Agreement which has been filed on SEDAR.

ABOUT ASEP MEDICAL HOLDINGS INC.

Asep Medical Holdings Inc. is dedicated to addressing antibiotic failure by developing novel solutions for significant unmet medical needs. The Company is a consolidation of two existing private companies (Sepset Biosciences Inc. and ABT Innovations Inc.) that are both in the advanced development of both proprietary diagnostic tools, enabling the early and timely identification of severe sepsis as well as broad-spectrum therapeutic agents to address multidrug-resistant biofilm infections.

Sepset Biosciences Inc. is developing a diagnostic technology that involves a patient gene expression signature that predicts severe sepsis, one of the significant diseases leading to antibiotic failure since antibiotics are the primary treatment for sepsis. Despite this, sepsis is responsible for nearly 20% of all deaths on the planet. The Sepset^{ER} test is a blood-based gene expression assay that is straightforward to implement, and results are obtained in about an hour in the emergency room or intensive care unit. This proprietary diagnostic technology differs from current diagnostic tests in enabling diagnosis of severe sepsis within 1-2 hours of first clinical presentation (i.e., in the emergency room), while other diagnostics only provide diagnosis after 24-36 hours. Asep Inc. believes this will enable critical early decisions to be made by physicians regarding appropriate therapies and reduce overall morbidity and mortality due to sepsis.



ABT Innovations Inc.'s peptide technology covers a broad range of therapeutic applications, including bacterial biofilm infections (medical device infections, chronic infections, lung, bladder, wound, dental, skin, ear-nose and throat, sinusitis, orthopaedic, etc.), anti-inflammatories, anti-infective immune-modulators and vaccine adjuvants.

FOR MORE INFORMATION, PLEASE CONTACT —

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Neither the CSE nor any Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

FORWARD-LOOKING STATEMENTS

This news release contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "anticipates", "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed", "positioned" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements in this news release include, but are not limited to the Company's expectation that: (i) UBC and SafeCoat will enter into a definitive agreement for a License, (ii) UBC will grant the License to SafeCoat, (iii) the contributions of the Company and the Securityholders to SafeCoat will advance the commercialization of the Technology, (iv) the ASEP shares issued as payment of the Option Exercise will be released from the voluntary escrow as described herein, and (v) the business of SafeCoat will be complementary to the existing business of the Company. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks including the risk that: (i) UBC and SafeCoat may not enter into the License agreement, (ii) UBC may not grant the License on terms that are favourable to ASEP or SafeCoat, or at all, (iii) the Technology may not perform as expected, and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. ASEP is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.