NuGen Medical Devices Inc.

Consolidated Financial Statements

December 31, 2023 and 2022

(expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NuGen Medical Devices Inc.

Opinion

We have audited the consolidated financial statements of NuGen Medical Devices Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and negative cash flows from operations during the year ended December 31, 2023 and, as at that date, had an accumulated deficit and will likely require additional financing in order to fund future operations and expansion plans.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty related to Going Concern" section of the auditor’s report, we have determined the matters described below to be the key audit matters to be communicated in our auditor’s report.

Assessment of the intangible assets and goodwill impairment analysis

Description of the matter

We draw attention to Notes 2.5 b), 3.4, and 6 to the financial statements. The carrying values of intangible assets and goodwill as at December 31, 2023 are respectively $3,892,839 and $1,692,227.

The Company assesses at each reporting period whether there is an indication that an asset may be impaired and at least annually for intangible assets with indefinite lives and goodwill. An impairment is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. The recoverable amount of a CGU is the greater of its fair value less costs of disposal using a revenue multiplier valuation method and value in use using a discounted cash flow model.

In determining the recoverable amount, the Entity’s significant estimates and assumptions include the sales projections and revenue multiples used in the revenue multiplier valuation model.

Why the matter is a key audit matter

We identified the assessment of the intangible assets and goodwill impairment analysis as a key audit matter. This matter represented a significant risk of misstatement given the magnitude of intangible assets and goodwill and the high degree of estimation uncertainty in determining the recoverable amount of the CGUs. In addition, minor changes to certain significant assumptions have a significant effect on the recoverable amount of the CGUs. As a result, specialized skills and knowledge and significant auditor judgement were required in evaluating the results of our audit procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We evaluated the appropriateness of the Entity's one-year period budgeted projections by:

- Comparing the Entity's historical sales projections to actual results to assess the Entity's ability to accurately project future sales
- Comparing the projected sales to historical sales. We took into account changes in conditions and events affecting the Entity to assess the adjustments, or lack of adjustments, made by the Entity in arriving at projected sales to be generated by the CGUs
- Inspecting distribution agreements and health regulation approvals obtained in different jurisdictions.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating:

The reasonableness of the revenue multiples by developing an independent range of revenue multiples using available market information for comparable entities and comparing those to revenue multiples selected by the Entity.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Marie David.

KPMG LLP*

Montréal, Canada

April 29, 2024

*CPA auditor, public accountancy permit No. A131681

NuGen Medical Devices Inc.
Consolidated Statements of Financial Position
As at December 31
(Expressed in Canadian dollars)

	Note	**2023**	2022
		$	$
ASSETS			
Current			
Cash		**464,456**	131,450
Restricted cash		**50,375**	-
Accounts receivable		**20,752**	5,740
Sales taxes recoverable		**334,471**	237,638
Inventory		**209,285**	76,773
Prepaid expenses		**250,461**	115,231
		1,329,800	566,832
Non-Current			
Intangible assets	6	**3,892,839**	4,446,825
Goodwill	6	**1,692,227**	1,672,791
Property and equipment	7	**5,223**	7,834
Right-of-use asset	8	**25,647**	154,969
		5,615,936	6,282,419
		6,945,736	6,849,251

NuGen Medical Devices Inc.
Consolidated Statements of Financial Position
As at December 31
(Expressed in Canadian dollars)

	Note	**2023**	2022
		$	$
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other liabilities	9, 15	**1,069,282**	1,493,020
Deferred revenues		**52,308**	36,787
Current portion of lease liability	10	**27,114**	116,751
Current portion of long-term debt	11	**2,141,827**	83,455
		3,290,531	1,730,013
Non-Current liabilities			
Lease liability	10	**-**	44,072
Long-term debt	11	**32,752**	1,752,373
Convertible debt	12	**5,682,726**	5,410,248
Contingent share consideration	13	**-**	175,000
		9,006,009	9,111,706
Shareholders' deficiency			
Share capital	14	**21,359,683**	15,071,790
Reserves	14	**5,916,263**	3,502,722
Accumulated foreign currency translation adjustment		**(35,114)**	(228,564)
Deficit		**(29,301,105)**	(20,608,403)
		(2,060,273)	(2,262,455)
		6,945,736	6,849,251

Reporting entity, nature of operations and going concern (Note 1)
Subsequent event (Note 21)

On behalf of the Board of Directors:

/s/ Richard Buzbuzian
Richard Buzbuzian, President and director

/s/ Tony Di Benedetto
Tony Di Benedetto, Director

NuGen Medical Devices Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Note	**2023**	2022
		$	$
Sales		**331,403**	152,358
Cost of goods sold		**166,562**	53,190
Gross profit		**164,841**	99,168
Selling, general and administrative expenses	16	**8,212,895**	4,893,203
Loss from operations		**(8,048,054)**	(4,794,035)
Other expenses (income)			
Other income		**(13,214)**	(57,000)
Net financial expenses	17	**1,293,581**	837,712
Loss before income taxes		**(9,328,421)**	(5,574,747)
Current tax expense	18	**33,796**	3,179
Net loss		**(9,362,217)**	(5,577,926)
Other comprehensive loss (income)			
Foreign currency translation adjustment		**(193,450)**	(17,008)
Net loss and comprehensive loss		**(9,168,767)**	(5,560,918)
Loss per share – basic and diluted		**(0.05)**	(0.06)
Weighted average number of common shares outstanding - basic and diluted		**167,664,993**	90,102,067

NuGen Medical Devices Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Note	**Number of shares**	**Share capital $**	**Reserves $**	**Foreign currency translation adjustment $**	**Deficit $**	**Total equity $**
Balance, January 1, 2023		**96,563,460**	**15,071,790**	**3,502,722**	**(228,564)**	**(20,608,403)**	**(2,262,455)**
Net loss		**-**	**-**	**-**	**-**	**(9,362,217)**	**(9,362,217)**
Other comprehensive loss		**-**	**-**	**-**	**193,450**	**-**	**193,450**
Issuance of shares and warrants – private placement	**14**	**74,722,222**	**4,998,374**	**1,951,626**	**-**	**-**	**6,950,000**
Cost of issuance	**14**	**-**	**(540,438)**	**170,261**	**-**	**-**	**(370,177)**
Exercise of warrants	**14**	**26,390,000**	**1,716,712**	**(397,212)**	**-**	**-**	**1,319,500**
Exercise of options	**14**	**1,450,000**	**113,245**	**(40,745)**	**-**	**-**	**72,500**
Settlement of convertible debenture	**12**	**-**	**-**	**(71,657)**	**-**	**(28,190)**	**(99,847)**
Shares to be issued	**14**	**-**	**-**	**135,000**	**-**	**-**	**135,000**
Share-based payments	**14**	**-**	**-**	**1,363,973**	**-**	**-**	**1,363,973**
Warrants expired	**14**	**-**	**-**	**(697,705)**	**-**	**697,705**	**-**
Balance, December 31, 2023		**199,125,682**	**21,359,683**	**5,916,263**	**(35,114)**	**(29,301,105)**	**(2,060,273)**

	Note	Number of Shares	Share capital $	Reserves $	Foreign currency translation adjustment $	Deficit $	Total equity $
Balance, January 1, 2022		86,014,961	14,191,705	3,523,132	(245,572)	(15,811,390)	1,657,875
Net loss		-	-	-	-	(5,577,926)	(5,577,926)
Other comprehensive loss		-	-	-	17,008	-	17,008
Issuance of shares and warrants – private placement	14	8,903,763	564,763	200,613	-	-	765,376
Cost of issuance	14	-	(95,862)	3,154	-	-	(92,708)
Issuance of shares – debt settlement	14	1,644,736	411,184	-	-	-	411,184
Issuance of convertible debt	12	-	-	71,657	-	-	71,657
Shares to be issued	14	-	-	53,333	-	-	53,333
Share-based payments	14	-	-	431,746	-	-	431,746
Warrants expired	14	-	-	(780,913)	-	780,913	-
Balance, December 31, 2022		96,563,460	15,071,790	3,502,722	(228,564)	(20,608,403)	(2,262,455)

NuGen Medical Devices Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	2023	2022
	$	$
Operating activities		
Net loss for the year	**(9,362,217)**	(5,577,926)
Adjustments for:		
Depreciation, amortization and impairment	**690,840**	652,399
Share-based payments	**1,363,973**	431,746
Current tax expense	**33,796**	3,179
Net financial expenses	**1,293,581**	831,045
Professional services – settled with a debenture	**-**	677,909
Royalties – settled with shares	**-**	250,000
Income tax paid	**(8,323)**	(3,179)
Changes in non-cash working capital		
Accounts receivable	**(15,012)**	5,485
Sales taxes recoverable	**(96,833)**	62,418
Inventory	**(132,512)**	(63,874)
Prepaid expenses	**(135,230)**	(43,260)
Accounts payable and other liabilities	**(361,722)**	606,248
Deferred revenues	**15,521**	36,787
Cash used in operating activities	**(6,714,138)**	(2,131,023)
Investing activities		
Net change in restricted cash	**(50,375)**	-
Acquisition of property and equipment	**(3,022)**	(1,007)
Cash provided by investing activities	**(53,397)**	(1,007)
Financing activities		
Proceeds from issuance of shares in relation to a private placement, net of issuance costs	**6,579,823**	672,668
Repayment of lease liability	**(84,652)**	(83,887)
Proceeds from exercise of warrants and options	**1,392,000**	-
Repayment of convertible debt	**(786,630)**	-
Repayment of royalty obligation	**-**	(75,000)
Cash provided by financing activities	**7,100,541**	513,781
Effect of foreign exchange rates on cash held in foreign currencies	**-**	-
Change in cash during the year	**333,006**	(1,618,249)
Cash, beginning of the year	**131,450**	1,749,699
Cash, end of the year	**464,456**	131,450

1. REPORTING ENTITY, NATURE OF OPERATIONS AND GOING CONCERN

NuGen Medical Devices Inc. ("NuGen" or "the Company"), formerly BuzBuz Capital Corp. up to the completion of the Amalgamation, as defined below, was incorporated under the laws of Ontario on September 5, 2017. The Company's registered address and principal place of business is located at 1400-18 King Street, Toronto, Ontario, M5C 1C4.

NuGen Medical Devices Inc. is a medical device manufacturing company specializing in the field of needleless injections and related technologies. NuGen is the parent company of European Pharma Group B.V. and its wholly-owned subsidiaries European Pharma Group Shenzhen Ltd. and European Pharma Group Hong Kong Ltd. ("EPG").

Going concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities at their carrying values in the ordinary course of operations for the foreseeable future.

During the year ended December 31, 2023, the Company incurred a net loss of $9,362,217 and negative cash flow from operations of $6,714,138. At December 31, 2023, the Company has an accumulated deficit of $29,301,105. As the Company is still in its development phase working on developing markets and finding distribution networks, the Company will operate at a loss until its business becomes established.

The Company's ability to continue as a going concern is dependent upon the continued financial support of shareholders and lenders, its ability to attain profitable operations and generate funds therefrom and/or its ability to continue to obtain equity or debt capital to obtain the necessary financing sufficient to meet current and future obligations. The Company will require additional financing in the near future in order to fund future operations and obligations, and meet its business plan subsequent to December 31, 2024. The Company is actively managing its liquidity pending additional financing. While the Company has been successful in securing financing in the past, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future. These events or conditions indicate that a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares from treasury, control may change, and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operations.

These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board .

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on April 29, 2024.

2.2 Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities, which have been measured at fair value as described in Note 19. The Company's reporting and functional currency is Canadian dollars, which is the currency of the primary economic environment in which the Company operates.

2.3 Basis of consolidation

These consolidated financial statements include the accounts of the Company and those of its three subsidiaries European Pharma Group B.V., European Pharma Group Shenzhen Ltd. and European Pharma Group Limited (Hong Kong). The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company's subsidiaries are all 100% owned.

All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between the companies.

2.4 Functional and presentation currency

All figures presented in the consolidated financial statements are reflected in Canadian dollars, which is the functional and presentation currency of the parent. The functional currencies of the subsidiaries are described as follows:

Transactions in foreign currencies are translated to the respective functional currencies of Company's subsidiaries at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in the consolidated statement of loss.

The financial statements of foreign operations that have a functional currency different from that of the Company's presentation currency are translated into Canadian dollars. Assets and liabilities are translated at the rates in effect at the end of the reporting period; revenue and expense items are translated at the average exchange rate for the period. Gains or losses arising from translation are recorded in equity under the heading Accumulated foreign currency translation adjustment.

2. BASIS OF PREPARATION (continued)

2.5 Use of management estimates, judgments and measurement uncertainty

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of these consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of these consolidated financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

A) Significant estimates and judgments made by management in the preparation of these consolidated financial statements:

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment-based assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to Note 1 for further information.

Intangible assets and goodwill

Significant estimates and judgements are made in testing goodwill and intangible assets for impairment. Management uses estimates or exercises judgment in assessing indicators of impairment, defining a cash generating unit ("CGU"), forecasting future revenue, and in determining other key assumptions such as revenue multipliers used for assessing fair value (less costs of disposal). Goodwill is tested for impairment annually based on the December 31 balances and whenever there is an indication of impairment. Other long-lived assets are tested only when indicators of impairment are present.

B) Other estimates and judgments made by management in the preparation of these consolidated financial statements:

Fair value of financial instruments

The individual fair values attributed to the contingent share consideration (refer to Note 13) and the derivative liability (refer to Note 12) are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

2. BASIS OF PREPARATION (continued)

Convertible debentures with derivative liabilities

In determining the fair value for the convertible debenture conversion feature considered to be a derivative liability, the Company uses the Black-Scholes pricing model and makes estimates of the expected volatility of the shares, risk-free interest rate, effective discount rate, share price, and major event expected date and probability, as the conversion feature is dependent on these estimates.

Calculation of share-based payments

The Company measures the cost of share-based payments by reference to the fair value of the equity instrument or underlying equity instrument at the date on which they are granted. Estimating fair value for share-based payments requires management to determine the most appropriate valuation model for a grant, which is dependent on the terms and conditions of each grant. The Black-Scholes option pricing model is used to determine the fair value for the stock options and warrants and utilizes assumptions such as stock price, volatility and expected life of the option or contractual life of the warrant. Details of the assumptions used are included in Note 14.

3. CHANGE IN ACCOUNTING POLICY

On January 1, 2023, the Company adopted the following new standards and interpretations:

Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such do not need to be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

4.1 Restricted cash

The Company's restricted cash is a guaranteed investment certificate, bearing 3% interest, restricted to cover the issuance of $45,000 limit of credit card to the Company.

4.2 Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment in value. When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively.

Depreciation of property and equipment is provided over the remaining useful lives of the assets using the declining balance method as follows:

- Computer equipment – 30%
- Furniture and fixtures – 20%

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The asset's residual values, depreciation method and useful lives are reviewed annually and adjusted if appropriate. Gains and losses on disposal of property and equipment are recorded in the statement of loss and comprehensive loss in the year of disposal.

4.3 Intangible Assets

Development expenditures are capitalized as a part of intangible assets only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Expenditures incurred for preparing and filing a product submission are also capitalized when the criteria for recognizing an asset are met, usually when approval is considered highly probable, i.e. that approval of a marketing authorization from the International health authorities will be granted.

Separately acquired patents and licenses are recorded at cost less accumulated amortization and any accumulated impairment charges. These assets have finite useful lives. These costs will be amortized on a straight-line basis over the term of the respective patents and licenses, and their useful life as follows:

- Insujet Tradename – 10 years
- Insujet Technology – 10 years

4.4 Impairment of non-financial assets

The Company assesses at each reporting period, whether there is an indication that an asset may be impaired. An impairment is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. The recoverable amount is the greater of the CGU fair value less costs of disposal using a revenue multiplier valuation method and value in use using a discounted cash flow model.

Intangible assets with indefinite lives and goodwill are tested annually; property and equipment, as well as intangible assets with a defined useful life are tested for impairment whenever there is an indication that the carrying amount of the asset or the CGU to which an asset has been allocated exceeds its recoverable amount. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset. A previously recognized impairment loss on a depreciable asset is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. The reversal of impairment losses is limited to the amount that would bring the carrying value of the asset to the amount that would have been recorded, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of loss and comprehensive loss in the same line item where the original impairment was recognized.

Intangible assets not yet available for use are reviewed for impairment at least annually or more frequently if circumstances such as significant declines in expected sales, earnings or cash flows indicate that it is more likely than not that the asset might be impaired.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.5 Equity

The Company's common shares, warrants and options are classified as equity instruments. Incremental costs directly related to the issue of new shares, warrants or options are shown in equity as a deduction, net of tax, from the proceeds.

4.6 Financial Instruments

A) Financial Assets:

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A trade receivable without a significant financing component is initially measured at the transaction price. All other financial asset and financial liabilities are initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

On initial recognition, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The primary measurement categories for financial assets are: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows;

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost, as described above, or at FVOCI are measured at FVTPL. This includes all derivative financial assets.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted estimate of credit losses, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset. Given the limited exposure of the Company to credit risk, no loss allowance has been recognized as management believes any such impairment will not have a significant impact on the financial statements.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

B) Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4.7 Fair values

Assets and liabilities that are measured at fair value use inputs which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 (“L1”) includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 (“L2”) includes inputs that are observable other than quoted prices included within L1.
- Level 3 (“L3”) includes inputs that are not based on observable market data (supported by little or no market activity).

4.8 Taxation

Income tax expense consisting of current and deferred tax expense is recognized in profit or loss.

Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, adjusted for amendments to tax payable with regards to previous years. Current tax assets and liabilities 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 by the date of the statement of financial position.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.9 Share-based payments

The Company has a stock option plan under which the Company may grant options to directors, officers, employees and consultants.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity reserves, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service is expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service at the vesting date. The Company calculates the grant-date fair value of each stock option grant using the Black Scholes option pricing model.

When directors, officers, employees and consultants exercise their stock options, the share capital is recognized by the sum of the consideration paid by employees and the related portion previously recognized to equity reserves when compensation costs were charged against earnings.

4.10 Convertible debt

For convertible debentures issued that can be converted to ordinary shares at the option of the holder, the Company identifies the components embedded within these financial instruments to determine if they should be accounted for separately dependent on their nature: a financial liability, a derivative or an equity instrument. The identification and determination of the accounting treatment of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement.

Where the conversion option has a fixed conversion rate, the financial liability component, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at the fair value of a similar liability that does not have an equity conversion option and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance and is not subsequently remeasured.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost.

The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including: contractual future cash flows, discount rates, credit spreads and volatility.

Transaction costs are apportioned to the debt liability and equity components in proportion to their initial respective carrying amounts.

On conversion at maturity, the liability is reclassified to equity and no gain or loss is recognized.

4.11 Revenue recognition

Revenue is recognized by the Company in accordance with IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). Through application of the standard, the Company recognizes revenue to depict the transfer of control of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company records revenue when it has transferred the risks and rewards of ownership of the goods to the purchaser, when it has no continuing managerial involvement over the goods, when it is probable the Company will receive the consideration, and when it can reliably measure the amount of revenue and costs associated with the transaction.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract; and
- Recognize revenue when or as the Company satisfies the performance obligation(s).

The Company derives revenue from the sale of needleless injector devices. Revenue from the sale of the devices is measured at the fair value of consideration received. Revenue is recognized upon the satisfaction of the performance obligation. For needleless injector devices sales the Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer and in some circumstances, at that time of shipment from the Company's supplier to the customer. Under IFRS 15, revenues from the sale of products are generally recognized at a point of time when control of the goods have been transferred to the customer, being the shipment of the goods. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.12 Segmented information

The operating segments are presented in accordance with the same criteria used for the internal report prepared for the chief operating decision-maker who is responsible for allocating the resources and assessing the performance of the operating segments. The chief operating decision-maker is identified as the chief executive officer, who assesses the performance of the segments based on revenues, gross profit and profit or loss. For the years ended December 31, 2023 and 2022, the Company has only one operating segment.

Standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) that are not yet effective up to the date of issuance of the Company's financial statements are listed below.

Amendments to IAS 8 and IFRS 16, Lease liability in a Sale and Leaseback
The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. The amendments introduce a new accounting model which impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments clarify that:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

The amendments need to be applied retrospectively, which require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019. The Company is assessing the impact of adopting this amendment on its consolidated financial statements.

5. CAPITAL MANAGEMENT

The Company manages its common shares, debt net of cash and accumulated deficit as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk, as there are no external restrictions on it.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets in order to adjust the amount of cash on its balance sheet.

In order to facilitate the management of its capital requirements, the Company may prepare expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

(Expressed in Canadian dollars)

6. INTANGIBLE ASSETS AND GOODWILL

Cost	Insujet Tradename	Insujet Technology	Goodwill	Total $
Balance – January 1, 2023	799,527	5,187,530	1,672,791	**7,659,848**
Effect of movements in exchange rates	9,291	60,279	19,436	**89,006**
Balance – December 31, 2023	808,818	5,247,809	1,692,227	**7,748,854**
Accumulated amortization				
Balance – January 1, 2023	205,686	1,334,546	-	**1,540,232**
Amortization	80,981	525,427	-	**606,408**
Effect of movements in exchange rates	2,288	14,860	-	**17,148**
Balance – December 31, 2023	288,955	1,874,833	-	**2,163,788**
Carrying value, December 31, 2023	**519,863**	**3,372,976**	**1,692,227**	**5,585,066**

Cost	Insujet Tradename	Insujet Technology	Goodwill	Total $
Balance – January 1, 2022	794,805	5,156,889	1,665,039	**7,616,733**
Effect of movements in exchange rates	4,722	30,641	7,752	**43,115**
Balance – December 31, 2022	799,527	5,187,530	1,672,791	**7,659,848**
Accumulated amortization				
Balance – January 1, 2022	124,991	810,974	**-**	**935,965**
Amortization	75,755	491,520	-	**567,275**
Effect of movements in exchange rates	4,940	32,052	-	**36,992**
Balance – December 31, 2022	205,686	1,334,546	-	**1,540,232**
Carrying value, December 31, 2022	**593,841**	**3,852,984**	**1,672,791**	**6,119,616**

Annual impairment testing involves determining the recoverable amount of the CGU group to which goodwill is allocated and comparing this to the carrying amount of the CGU. Management concluded that all the intangible assets and goodwill, among others, are included in the same CGU with a total net carrying amount of approximately $5.3M as at December 31, 2023.

The recoverable amount of the CGU was estimated using a revenue multiplier valuation model (fair value less costs of disposal). The key assumptions used in this model consist mainly of revenue multipliers of market comparables that are applied to the 2024 forecasted revenue. The inputs used in this model are level 3 inputs in the fair value hierarchy described in Note 4.

(Expressed in Canadian dollars)

6. INTANGIBLE ASSETS AND GOODWILL (*continued*)

The Company concluded that the estimated recoverable amount of the CGU exceeded its carrying amount by approximately $6.5M. As such, no impairment was recognized.

If all other assumptions were held constant and there was a 55% underperformance against 2024 forecasted revenue, or a decrease of 55% in the revenue multiplier, this would decrease the estimated recoverable amount by $6.5M, making it equal to the carrying amount (breakeven) but there would be no impairment charge.

7. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture & equipment	Total
Cost			**$**
Balance – January 1, 2023	14,390	6,924	**21,314**
Additions	-	3,022	**3,022**
Balance – December 31, 2023	14,390	9,946	**24,336**
Accumulated depreciation			
Balance – January 1, 2023	9,383	4,097	**13,480**
Depreciation	3,936	1,697	**5,633**
Balance – December 31, 2023	13,319	5,794	**19,113**
Carrying value, December 31, 2023	**1,071**	**4,152**	**5,223**

	Computer equipment	Furniture & equipment	Total
Cost			**$**
Balance – January 1, 2022	14,390	26,457	**40,847**
Additions	-	1,007	**1,007**
Dispositions	-	(20,540)	**(20,540)**
Balance – December 31, 2022	14,390	6,924	**21,314**
Accumulated depreciation			
Balance – January 1, 2022	7,671	14,906	**22,577**
Depreciation	1,712	9,731	**11,443**
Disposition	-	(20,540)	**(20,540)**
Balance – December 31, 2022	9,383	4,097	**13,480**
Carrying value, December 31, 2022	**5,007**	**2,827**	**7,834**

(Expressed in Canadian dollars)

8. RIGHT-OF-USE ASSET

The Company recognized a new right-of-use asset for its Shenzhen facility with a corresponding lease liability (Note 10), following the signature of a new lease on May 1, 2022 (amendment effective on January 1, 2023), which are initially measured at the present value of the future lease payments.

	Total
	$
Balance – January 1, 2022	**-**
New lease	**229,375**
Depreciation on original lease	**(75,393)**
Effect of movements in exchange rates	**987**
Balance, December 31, 2022	**154,969**
Lease modification	**(46,875)**
Depreciation on amended lease	**(78,799)**
Effect of movements in exchange rates	**(3,648)**
Balance – December 31, 2023	**25,647**

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2023	2022
	$	$
Accounts payable	**971,078**	1,442,392
Due to a director (Note 17)	**65,731**	43,628
Income tax payable	**25,473**	-
Other payables	**7,000**	7,000
	1,069,282	1,493,020

All amounts in accounts payable are due within one year.

(Expressed in Canadian dollars)

10. LEASE LIABILITY

In order to calculate the present value of the future lease payments, the Company has used a discount rate of 12% which represents the Company's interest rate that would need to be provided if it issues a debenture given the present risk level of the Company and the underlying asset. The present value of the future lease payments was calculated from May 1, 2022, the signing date of new agreement, for a term of more than twelve months. Changes to the Company's lease liabilities for the year ended December 31, 2023 are as follows:

	Total
	$
Balance – January 1, 2022	**-**
New lease	**229,375**
Repayment of lease obligation	**(83,887)**
Interest on lease liability	**14,190**
Impact of change in foreign exchange rates	**1,145**
Balance – December 31, 2022	**160,823**
Lease modification	**(52,705)**
Repayment of lease obligation	**(84,652)**
Interest on lease liability	**7,189**
Impact of change in foreign exchange rates	**(3,541)**
Balance – December 31, 2023	**27,114**

Contractual undiscounted cash flow for lease liabilities:

	2023	2022
	$	$
Less than one year	**28,162**	129,322
One to four years	**-**	41,944
More than four years	**-**	-
Total undiscounted cash flows	**28,162**	171,266

Amounts recognized in net earnings:

	2023	2022
	$	$
Interest on lease liabilities	7,189	14,190
Variable lease payments not included in the measurement of lease liabilities	111,715	92,014
	118,904	106,204

(Expressed in Canadian dollars)

11. LONG-TERM DEBT

		2023	2022
		$	$
Loan payable to Mosadex	(i)	**390,001**	326,713
CEBA loan	(ii)	**32,752**	33,455
Promissory note	(iii)	**50,000**	50,000
Cash consideration due to Mosadex	(iv)	**1,701,826**	1,425,660
Total		**2,174,579**	1,835,828
Less current portion		**2,141,827**	83,455
Long-term portion		**32,752**	1,752,373

(i) On June 5, 2020, in conjunction with the acquisition of European Pharma Group B.V., the Company shall pay to Mosadex the amount of EUR 575,000, bearing 0% interest and payable within 90 days of the go-public transaction. The fair value of the loan payable at the acquisition date was deemed to be equivalent to the principal due to its expected short-term maturity. On August 26, 2021, an amendment was agreed between both parties to reduce the payable amount to EUR 275,000 payable by the Company within 28 months from the go-public transaction, being March 8, 2024. This amendment was treated in 2021 as a debt extinguishment and resulted in the accounting of a new payable of $269,553 on the amendment date, based on an estimated market rate of 18%, and in a gain on loan extinguishment of $587,772 recognized in net financial expenses. For the year ended December 31, 2023, an accretion expense of $59,564 ($47,220 in 2022) was recorded. An amendment was signed in April 2024, please refer to Note 21.

(ii) During 2020, the Company received a $60,000 loan from the Canada Emergency Business Account ("CEBA loan"). This CEBA loan:

a. Bears 0% interest until January 18, 2024;
b. If the balance is not paid by January 18, 2024, the remaining balance will be converted to a three-year term loan at 5% annual interest paid monthly, effective January 19, 2024;
c. The full balance must be repaid no later than December 31, 2026;
d. No principal payments are required until January 18, 2024;
e. Principal repayments can be voluntarily made at any time without fees or penalties. $20,000 loan forgiveness is available, provided the outstanding balance was $60,000 at December 31, 2021, and $40,000 is paid back between January 1, 2021 and January 18, 2024.

The loan was recognized initially at the fair value of $37,151 based on an estimated market interest rate of 18%, with the difference of $22,849 recognized as a government grant in the statement of loss and comprehensive loss of 2020. At the beginning of 2021 and 2022, the Canadian government decided to postpone the repayment date of all CEBA loans by one year. As the Company did not repay the principal before January 18, 2024, a cancellation of the government grant ($20,000) was recorded in 2023 and the loan was recognized at a fair value of $32,752 based on an interest rate of 5% and an estimated market interest rate of 22.75% with the difference of $27,248 recognized as a government grant. During the year ended December 31, 2023, an amount of $6,545 ($6,545 in 2022) has also been recognized as accretion expense.

11. LONG-TERM DEBT (continued)

(iii) On August 27, 2021, the Company signed a loan agreement of $50,000, bearing interest at 20%, maturing on February 27, 2023. A minimum of six months of interest shall be paid in advance, and in the event the Company repays the principal amount of the loan prior to August 27, 2022, the loan shall bear an additional interest of 5%.

(iv) In conjunction with the acquisition of European Pharma Group B.V., the Company shall pay to Mosadex the amount of EUR 1,000,000, bearing 0% interest and due 16 months after the acquisition date, being March 8, 2024. The initial fair value of $1, 251,690 of the cash consideration payable of EUR 1,000,000 was measured by discounting the notional principal using a discount rate of 18% over the 16-month period from the acquisition date. On August 26, 2021, an amendment was agreed between both parties to increase this amount to EUR 1,200,000, but to postpone the repayment by the Company to 28 months after the listing of the Company on the TSX Venture Exchange. This amendment was treated as a debt extinguishment and resulted in the accounting of a new debt recognized at the fair value on that date based on an estimated market interest rate of 18%. For the year ended December 31, 2023, an amount of CAD 258,742 ($205,897 in 2022) has been recognized as accretion expense. An amendment was signed in April 2024, please refer to Note 21.

The table below summarizes changes to the long-term debt:

		2023	2022
		$	$
Balance at beginning of the year		**1,835,828**	1,594,995
Government grant	(ii)	**(7,248)**	(6,545)
Accretion expenses	(i, ii, iv)	**324,851**	259,662
Foreign exchange variation on debt		**21,148**	(12,284)
Balance at end of the year		**2,174,579**	1,835,828

12. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

Convertible debt 1

On June 5, 2020, as part of the consideration issued for the acquisition of EPG and its subsidiaries, the Company issued a convertible debenture of EUR 6,235,000 that carries no interest and is convertible at $2.85 for the principal as adjusted in Canadian dollars as at the going-public and which can be exercised within five years following that date, being November 8, 2026. As a result of the conversion price of the debentures not being fixed at the time of issuance, the conversion feature is a derivative liability and is revalued at each year end. The initial fair value of the derivative liability was estimated based on a Black-Scholes model, assuming a risk-free rate of 0.89% and a duration of 5.5 years, and based on the EUR/CAD exchange rate of 1.52 on that date. The residual value at inception was allocated to the debt component, which resulted in discounting the principal by a market rate of 18% over its initially estimated 5.5-year term. The debt component is subsequently accounted for at amortized cost and the amortization schedule has been adjusted prospectively at the date of going public using a five-year term to reflect the actual maturity date, which resulted in a gain on change in expected cash flows of $643,009.

(Expressed in Canadian dollars)

12. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

The derivative liability was reevaluated on the going-public date at $521,723, using the Black-Scholes model, assuming a risk-free rate of 0.89% and a duration of five years, and based on the EUR/CAD exchange rate of 1.44 on that date. This amount was reclassified from liabilities to equity reserves as the number of shares to be delivered on conversion became fixed, based on the EUR 6,235,000 principal converted to CAD 8,946,602 on that date and convertible at $2.85, and the conversion option no longer met the definition of a derivative liability.

Convertible debt 2

On September 8, 2022, the Company settled an account payable, by a non-brokered private placement for gross proceeds of $740,000, by issuing convertible debenture units, each unit being comprised of a $1,000 unsecured convertible debenture bearing an interest rate of 10% per annum, due on September 8, 2024, convertible to acquire one (1) share at a conversion price of $0.25 per share. The fair value of the debt component was estimated at $606,252 by discounting the principal by a market rate of 21% over its two years. The fair value of the equity component was estimated at $71,657 by using the Black-Scholes model, assuming a risk-free rate of 3.63%, a duration of two years and a share price volatility of 95%. As a result, a gain on debt settlement of $62,091 was recognized during the year ended December 31, 2022 for the difference between the amount of $740,000 of account payable settled and the amount of $677,909 of total fair value of the convertible debenture issued. On April 27, 2023, the convertible debt was repaid for a total amount of $786,630. As a result, a gain on extinguishment of debt of $9,013 was recognized and an amount of $28,190 was reflected in the retained earnings.

The following table summarizes the components of the convertible debts:

	Liability component	**Equity component**
Convertible debt 1		
Balance, December 31, 2022	4,760,551	521,723
Accretion expense	863,993	-
Effects of foreign exchange	58,182	-
Balance, December 31, 2023	5,682,726	521,723
Convertible debt 2		
Balance, December 31, 2022	649,697	71,657
Accretion expense	46,099	-
Gain on extinguishment of debt	(9,013)	-
Repayment	(686,783)	(71,657)
Balance, December 31, 2023	-	-
Balance, December 31, 2023	**5,682,726**	**521,723**

(Expressed in Canadian dollars)

12. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

	Liability component	Equity component
Convertible debt 1		
Balance, December 31, 2021	4,013,356	521,723
Accretion expense	687,528	-
Effects of foreign exchange	59,667	-
Balance, December 31, 2022	4,760,551	521,723
Convertible debt 2		
New issuance	606,252	71,657
Accretion expense	43,445	-
Balance, December 31, 2022	**649,697**	**71,657**
Balance, December 31, 2022	**5,410,248**	**593,380**

13. CONTINGENT SHARE CONSIDERATION

The contingent share consideration resulted from the business combination in connection with the acquisition of EPG based on the catch-up clause which requires the Company to issue an additional number of shares based on the average price of the six previous months of the maturity of the convertible debt in the event that : (i) in the 12 months from the listing the price of the shares does not reach EUR 0.60 per share; (ii) in the 24 months from the listing the price of the shares does not reach EUR 0.90 per share.

The initial fair value of the contingent share consideration at June 5, 2020 was estimated using a Monte Carlo simulation based on the following assumptions: share price volatility of 106%, exchange rate volatility of 6.7%, risk free rate of 0.73%.

At November 8, 2022, as the price of the shares did not reach EUR 0.60 per share during the 12 months from the listing, the Company recognized the maximum amount of additional shares to be issued on the first tranche, being 666,667 shares, as per the share purchase agreement. At that date, since the number of shares to be issued became fixed, the corresponding value of $53,333, based on a share price of $0.08, was reclassified into the reserves and will be reclassified into share capital once the shares are issued.

At November 8, 2023, as the price of the shares did not reach EUR 0.90 per share during the 24 months from the listing, the Company recognized the maximum amount of additional shares to be issued on the first tranche, being 1,000,000 shares, as per the share purchase agreement. At that date, since the number of shares to be issued became fixed, the corresponding value of $135,000, based on a share price of $0.135, was reclassified into the reserves and will be reclassified into share capital once the shares are issued.

(Expressed in Canadian dollars)

13. CONTINGENT SHARE CONSIDERATION (continued)

	Contingent share consideration $
Balance, December 31, 2021	**345,760**
Change in fair value	(117,427)
Reclassification of contingent share consideration	(53,333)
Balance, December 31, 2022	**175,000**
Change in fair value	(40,000)
Reclassification of contingent share consideration	(135,000)
Balance, December 31, 2023	**-**

14. SHAREHOLDERS' EQUITY

The following details the share capital of the Company.

a) ***Share capital authorized***

The Company is authorized to issue an unlimited number of common shares without par value. All issued shares were fully paid.

b) ***Movements in the Company's share capital are as follows:***

		Number of Shares	Amount $
Balance, December 31, 2021		86,014,961	14,191,705
Shares issued on debt settlement	(i)	1,644,736	411,184
Shares issued for private placements	(ii), (iii)	8,903,763	468,901
Balance, December 31, 2022		96,563,460	15,071,790
Shares issued for private placements	(iv), (v), (vi)	74,722,222	4,457,936
Shares issued for exercise of warrants	(vii)	26,390,000	1,716,712
Shares issued for exercise of options	(viii)	1,450,000	113,245
Balance, December 31, 2023		199,125,682	21,359,683

14. SHAREHOLDERS' EQUITY (continued)

(i) On February 2, 2022, the Company settled a portion of the December 31, 2021 royalty obligation and the annual royalty payment of March 2022 for shares, resulting an issuance of 1,644,736 common shares at a price of $0.25 per share for a total amount of $411,184.

(ii) On July 22, 2022 and September 8, 2022, the Company issued a total of 6,403,763 units which comprise one common share and one warrant at an agreed price of $0.10 per unit for gross proceeds of $640,376. The common shares were recorded at $489,763 and share issuance costs amounted to $95,862, including $92,708 paid in cash and $3,154 in broker warrants. The warrants were recorded in warrants reserve at the value attributed to them at the time of the issuance of the units being $150,613. As part of the private placement, the Company also issued 127,080 broker warrants.

(iii) On December 28, 2022, the Company issued 2,500,000 units which comprise one common share and one warrant at an agreed price of $0.05 per unit for gross proceeds of $125,000. The common shares were recorded at $75,000 and the warrants were recorded in warrants reserve at the value attributed to them at the time of the issuance of the units being $50,000.

(iv) On February 14, 2023, the Company issued 50,000,000 units which comprise one common share and one warrant at an agreed price of $0.05 per unit for gross proceeds of $2,500,000. The common shares were recorded at $1,747,421 and the warrants were recorded in warrants reserve at the value attributed to them at the time of the issuance of the units being $752,579.

(v) On April 25, 2023, the Company issued 22,222,222 units which comprise one common share and one warrant at an agreed price of $0.18 per unit for gross proceeds of $4,000,000. The common shares were recorded at $2,922,870 and the warrants were recorded in warrants reserve at the value attributed to them at the time of the issuance of the units being $1,077,130. As part of the private placement, the Company also issued 1,306,624 broker warrants.

(vi) On May 18, 2023, the Company issued 2,500,000 units which comprise one common share and one warrant at an agreed price of $0.18 per unit for gross proceeds of $450,000. The common shares were recorded at $328,083 and the warrants were recorded in warrants reserve at the value attributed to them at the time of the issuance of the units being $121,917. As part of the private placement, the Company also issued 174,835 broker warrants.

(vii) Between June 23, 2023 and November 7, 2023, 26,390,000 common shares were issued by the Company upon warrants exercised at an exercise price of $0.05, for a gross amount of $1,319,500.

(viii) Between July 31, 2023 and November 16, 2023, 1,450,000 common shares were issued by the Company upon options exercised at an exercise price of $0.05, for a gross amount of $72,500.

(Expressed in Canadian dollars)

14. SHAREHOLDERS' EQUITY (continued)

c) Share Purchase Options

The Company has a stock option plan (the "Plan") under which the Company may grant options to directors, officers, employees and consultants. The number of shares to be reserved and set aside for issue under this plan is determined from time to time by the Board. The continuity of outstanding stock options is as follows:

	Number of stock options	Weighted average exercise price per share $
Outstanding – December 31, 2021	7,986,667	0.39
Granted	6,000,000	0.05
Cancelled	(3,400,000)	0.40
Expired	(1,866,667)	0.34
Outstanding – December 31, 2022	8,720,000	0.16
Granted	13,875,000	0.20
Exercised	(1,450,000)	0.05
Expired	(1,270,000)	0.40
Outstanding – December 31, 2023	**19,875,000**	**0.18**
Exercisable – December 31, 2022	8,720,000	0.16
Exercisable – December 31, 2023	19,875,000	0.18

During the year ended December 31, 2023, the Company granted 13,875,000 options (6,000,000 in 2022) to certain directors, officers, employees and consultants. Each option vests at grant date. One option allows the holder to purchase one common share of the Company at an exercise price of $0.20 ($0.05 in 2022) per common share for a period of five years. The weighted average fair value of the options granted during the year of $0.098 ($0. 031) per option was estimated at the grant date based on the Black-Scholes valuation model using the following assumptions:

	2023	2022
Share price	$0.12-$0.205	$0.04-$0.05
Number of options granted	13,875,000	6,000,000
Exercise price	$0.20	$0.05
Expected life in years	5 yrs	5 yrs
Volatility	95%	95%
Risk-free interest rate	3.31% to 4.00%	3.10% to 3.28%
Dividend yield	-	-

The volatility of the Company's shares is based on an average of share volatilities as reported by a selection of small-cap, publicly traded peers operating within the needleless injection and general medical device space.

(Expressed in Canadian dollars)

14. SHAREHOLDERS' EQUITY (continued)

The total expense recognized in profit or loss for the year ended December 31, 2023 amounts to $1,363,973 ($431,746 in 2022).

The following table provides additional information about outstanding stock options as at December 31, 2023:

Exercise prices	No. of options outstanding	Weighted average remaining life (years)
$0.05	**4,550,000**	3.96
$0.20	**13,875,000**	4.54
$0.40	**1,450,000**	2.92
$0.18	**19,875,000**	4.29

The following table provides additional information about outstanding stock options as at December 31, 2022:

Exercise prices	No. of options outstanding	Weighted average remaining life (years)
$0.05	**6,000,000**	4.95
$0.40	**2,720,000**	2.52
$0.16	**8,720,000**	4.20

d) Warrants

During the year ended December 31, 2022, the Company extended the expiry term of these warrants for an additional 12 months from September 30, 2022 to September 30, 2023 and amended the exercise price of the warrants from $0.70 to $0.40 per warrant. These amendments had a net impact on equity of nil.

On July 22, 2022 and September 8, 2022, the Company issued a total of 6,403,763 warrants in connection with a private placement. Each warrant is exercisable at $0.30 over a two-year period. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being $150,613. In connection with the issuance of the private placement units, the Company issued 127,080 warrants as commission to the broker. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being $3,154.

The warrants issued in July and September 2022 were valued using a Black-Scholes model, assuming share prices of $0.09 and $0.10, respectively, risk-free interest rate of 3.07% and 3.63%, respectively, and volatility of 95%.

On December 28, 2022, the Company issued a total of 2,500,000 warrants in connection with a private placement. Each warrant is exercisable at $0.05 over a five-year period. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being $50,000.

(Expressed in Canadian dollars)

14. SHAREHOLDERS' EQUITY (continued)

The warrants issued in December 2022 were valued using a Black-Scholes model, assuming share price of $0.05, risk-free interest rate of 3.50% and volatility of 95%.

On February 14, 2023, the Company issued a total of 50,000,000 warrants in connection with a private placement. Each warrant is exercisable at $0.05 over a two-year period. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being $752,579.

The warrants issued in February 2023 were valued using a Black-Scholes model, assuming share price of $0.035, risk-free interest rate of 4.27% and volatility of 95%.

On April 25, 2023, the Company issued a total of 22,222,222 warrants in connection with a private placement. Each warrant is exercisable at $0.24 over a two-year period. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being $1,077,130. In connection with the issuance of the private placement units, the Company issued 1,306,624 warrants as commission to the broker. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being $146,979.

The warrants issued in April 2023 were valued using a Black-Scholes model, assuming share price of $0.132 ($0.205 for the brokers warrants), risk-free interest rate of 3.64% and volatility of 95%.

On May 18, 2023, the Company issued a total of 2,500,000 warrants in connection with a private placement. Each warrant is exercisable at $0.24 over a two-year period. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being $121,917. In connection with the issuance of the private placement units, the Company issued 174,835 warrants as commission to the broker. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being $23,282.

The warrants issued in May 2023 were valued using a Black-Scholes model, assuming share price of $0.132 ($0.23 for the brokers warrants), risk-free interest rate of 4.10% and volatility of 95%.

Between June 23, 2023 and November 7, 2023, 26,390,000 common shares were issued by the Company upon warrants exercised at an exercise price of $0.05, for a gross amount of $1,319,500.

The continuity of outstanding share warrants is as follows:

	Number of warrants	**Weighted average exercise price per share $**
Balance – December 31, 2021	14,697,269	0.57
Issued	9,030,843	0.23
Expired	(5,605,580)	0.54
Balance – December 31, 2022	18,122,532	0.46
Issued	76,203,681	0.11
Exercised	(26,390,000)	0.05
Expired	(9,091,689)	0.46
Balance – December 31, 2023	**58,844,524**	**0.16**

(Expressed in Canadian dollars)

14. SHAREHOLDERS' EQUITY (continued)

All warrants outstanding are exercisable upon issuance. The following table provides additional information about outstanding share warrants as at December 31, 2023:

Exercise prices	Number of warrants outstanding	Weighted average remaining life (years)
$0.05	**26,110,000**	0.49
$0.18	**1,481,459**	1.33
$0.24	**24,722,222**	1.33
$0.30	**6,530,843**	0.58
$0.16	**58,844,524**	1.28

The following table provides additional information about outstanding share warrants as at December 31, 2022:

Exercise prices	Number of warrants outstanding	Weighted average remaining life (years)
$0.05	**2,500,000**	5.00
$0.30	**6,530,843**	1.61
$0.40	**7,552,800**	0.75
$0.60	**866,666**	0.63
$0.90	**672,223**	0.26
$0.34	**18,122,532**	1.61

(Expressed in Canadian dollars)

14. SHAREHOLDERS' EQUITY (continued)

e) ***Reserves***

The option and warrant reserve accounts have been created to record the offsetting credits of the share-based payment expenses relating to the issuance of stock options, warrants and convertible debentures.

	Options $	Warrants $	Convertible debenture (Note 12) $	Shares to be issued (Note 13) $	Total reserves $
Balance, December 31, 2021	**1,522,917**	**1,478,492**	**521,723**	**-**	**3,523,132**
Share-based payment expense of the year	431,746	-	-	-	431,746
Private placement warrants (Note 14(d))	-	203,767	-	-	203,767
Warrants expired	-	(780,913)	-	-	(780,913)
Issuance of convertible debenture	-	-	71,657	-	71,657
Shares to be issued (Note 13)	-	-	-	53,333	53,333
Balance, December 31, 2022	**1,954,663**	**901,346**	**593,380**	**53,333**	**3,502,722**
Share-based payment expense of the year	1,363,973	-	-	-	1,363,973
Private placement warrants	-	2,121,887	-	-	2,121,887
Warrants exercised	-	(397,212)	-	-	(397,212)
Options exercised	(40,745)	-	-	-	(40,745)
Warrants expired	-	(697,705)	-	-	(697,705)
Repayment of convertible debenture	-	-	(71,657)	-	(71,657)
Shares to be issued	-	-	-	135,000	135,000
Balance, December 31, 2023	**3,277,891**	**1,928,316**	**521,723**	**188,333**	**5,916,263**

(Expressed in Canadian dollars)

15. RELATED PARTY TRANSACTIONS

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

Compensation awarded to key management includes the following:

	Year ended December 31, 2023 $	Year ended December 31, 2022 $
Short-term employee benefits	**286,387**	348,183
Consulting fees paid to an officer	**183,000**	106,000
Consulting fees paid to directors and former directors	**724,300**	48,145
Share-based payments – options	**368,693**	198,512
Total compensation to key management	**1,562,380**	700,840

Balances owed to key management include the following:

Presented as a due to a director within accounts payable and other liabilities is $65,731 for unpaid consulting fees incurred during the year ended December 31, 2023 ($43,628 as at December 31, 2022).

On April 27, 2023, the Company reimbursed a convertible debt to a company controlled by a director for a total amount of $786,630 including an accrued interest of $46,630.

16. EXPENSES BY NATURE

	2023 $	2022 $
Selling, general and administrative expenses:		
Salaries and benefits	**688,653**	854,420
Rent	**111,715**	92,014
Depreciation, amortization and impairment	**690,840**	652,399
Share-based payments	**1,363,973**	431,746
Professional fees	**3,933,512**	2,028,944
Other	**1,424,202**	833,680
Total selling, general and administrative expenses	**8,212,895**	4,893,203

(Expressed in Canadian dollars)

17. NET FINANCIAL EXPENSES

	Note	**2023** $	2022 $
Interest expense on lease liability and other	11, 12	**1,360**	20,857
Accretion expense – loan to Mosadex	12	**59,564**	47,220
Accretion expense – CEBA loan	12	**6,545**	6,545
Accretion expense – cash consideration due to Mosadex	12	**258,742**	205,897
Accretion and interest expense – convertible debt	14	**910,092**	730,973
Government grant	12	**(7,248)**	(6,545)
Gain – debt conversion	13, 14	**-**	(150,907)
Gain – debt extinguishment	12	**(9,013)**	-
Gain on change in fair value – derivative liability and contingent share consideration	14, 15	**(40,000)**	(117,427)
Loss on foreign exchange		**113,539**	101,099
Total finance expenses		**1,293,581**	837,712

18. INCOME TAXES

The income tax expense consists of the following:

	2023 $	2022 $
Current income taxes:		
Current year	**33,745**	3,179
Current income tax expense	**33,745**	3,179
Deferred income taxes :		
Origination and reversal of temporary differences	**(1,828,060)**	(1,217,200)
Adjustment for prior years	**48,439**	159,567
Change in unrecognized deductible temporary differences	**1,779,622**	1,057,633
Deferred income tax expense	**-**	-
Total income tax expense	**33,745**	3,179

(Expressed in Canadian dollars)

18. INCOME TAXES (continued)

Income tax recovery differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.5% to income before taxes. The reasons for the differences are as follows:

	Year ended December 31, 2023 $	Year ended December 31, 2022 $
Loss before taxes	**(9,328,421)**	(5,574,474)
Statutory tax rate	**26.5%**	26.5%
Expected income recovery	**(2,472,032)**	(1,477,236)
Difference in tax rates due to foreign subsidiaries	**16,310**	11,153
Items not deductible for income tax purposes and other	**661,407**	337,047
Impact of changes to deferred tax rates	**-**	(84,984)
Adjustments of prior years	**48,439**	159,567
Changes in unrecognized deductible temporary differences	**1,779,622**	1,057,632
Income tax expense	**33,745**	3,179
Current tax expense	**33,745**	3,179
Deferred tax recovery	**-**	-
Income tax expense	**33,745**	3,179

The significant components of the deferred tax assets and liabilities of the Company are as follows:

	Year ended December 31, 2023 $			
	Opening balance	**Recognized in business combination**	**Recognized in profit or loss**	**Closing balance**
Deferred tax assets (liabilities):				
Intangibles	(788,757)	-	80,792	(707,965)
Unrealized foreign exchange and other	(31,116)	-	5,044	(26,072)
Right-of-use asset	(38,742)	-	32,927	(5,815)
Lease liability	38,742	-	(32,927)	5,815
Non-capital losses	819,873	-	(85,836)	734,037
Deferred tax asset	**-**	**-**	**-**	**-**

(Expressed in Canadian dollars)

18. INCOME TAXES (continued)

	Year ended December 31, 2022 $			
	Opening balance	**Recognized in business combination**	**Recognized in profit or loss**	**Closing balance**
Deferred tax assets (liabilities):				
Intangibles	(1,253,932)	-	465,175	(788,757)
Unrealized foreign exchange and other	(44,336)	-	13,220	(31,116)
Right-of-use asset	-	-	(38,742)	(38,742)
Lease liability	-	-	38,742	38,742
Non-capital losses	1,298,268	-	(478,395)	819,873
Deferred tax asset	**-**	**-**	**-**	**-**

The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	Year ended December 31, 2023 $	Year ended December 31, 2022 $
Property and equipment	**9,617**	13,896
Share issue and transaction costs	**947,232**	1,650,839
Lease liability	**17,965**	16,797
Non-capital losses	**29,370,145**	20,969,731
Intangibles	**1,347,430**	1,596,964
Unrecognized deductible temporary differences	**31,692,388**	24,248,227

The Company has not recognized a deferred tax asset in respect of $14,871,708 non-capital losses in Canada, which expire between 2036 and 2043. The Company also has not recognized a deferred tax asset in respect of $14,502,904 of non-capital losses in its foreign subsidiaries, which have no expiry.

Unrecognized losses	2023 $	Expiry
Canada	**14,871,708**	2036 to 2043
Netherlands	14,497,464	No expiry
Hong Kong	5,440	No expiry
	14,502,904	

(Expressed in Canadian dollars)

19. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

The Company does not acquire, hold or issue derivative financial instruments for trading purposes. The following table presents the classification, measurement subsequent to initial recognition, carrying values and fair values (where applicable) of financial assets and liabilities.

Classification	Measurement	**Carrying value Year ended December 31, 2023 $**	**Fair value Year ended December 31, 2023 $**	Carrying value Year ended December 31, 2022 $	Fair value Year ended December 31, 2022 $
Financial Assets					
Cash	Amortized cost	**464,456**	**464,456**	131,450	131,450
Accounts receivable	Amortized cost	**20,752**	**20,752**	5,740	5,740
		485,208	**485,208**	137,190	137,190
Financial Liabilities					
Accounts payable and other liabilities	Amortized cost	**1,069,282**	**1,069,282**	1,493,020	1,493,020
Long-term debt	Amortized cost	**2,174,579**	**2,054,695**	1,835,828	1,767,879
Convertible debt	Amortized cost	**5,682,726**	**5,076,683**	5,410,248	4,827,128
Contingent share consideration	FVTPL	**-**	**-**	175,000	175,000
		8,926,587	**8,200,660**	8,914,096	8,263,027

Short-term financial instruments, comprising cash and restricted cash, accounts receivable, accounts payable and other liabilities and royalty obligation are carried at amortized cost which, due to their short-term nature, approximates their fair value.

Long-term financial instruments consist of the debt and convertible debt. They are carried at amortized cost and their fair value categorized under level 2 is measured based upon discounted future cash flows using a discount rate, adjusted for the Company's own credit risk, that reflects current market conditions for instruments with similar terms and risks.

Contingent share consideration is carried at fair value categorized under level 3 and is measured using a multi-scenarios analysis as described in Note 13.

A summary of the Company's risk exposures as it relates to financial instruments is reflected below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management. Management believes credit risk with respect to financial instruments included in cash and accounts receivable is minimal. The Company's maximum exposure to credit risk as at December 31, 2023 and 2022 is the carrying value of cash and receivables.

(Expressed in Canadian dollars)

19. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting it operations and anticipating its operating and investing activities. The contractual cash flows of the Company's undiscounted financial liabilities are as follows:

	Contractual cash flows ($)	Less than one year ($)	One to five years ($)	Greater than five years ($)
December 31, 2023				
Accounts payable and other liabilities	1,069,282	1,069,282	-	-
Long-term debt	2,276,335	2,210,335	66,000	-
Convertible debt	8,946,602	-	8,946,602	-
	12,292,219	3,279,617	9,012,602	-
December 31, 2022				
Accounts payable and other liabilities	1,493,020	1,493,020	-	-
Long-term debt	2,222,555	90,000	2,132,555	-
Convertible debt	9,754,563	-	9,754,563	-
	13,470,138	1,583,020	11,887,118	-

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is not exposed to any significant interest rate price risk.

Foreign currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Company's subsidiaries. The functional currencies of the Company's subsidiaries are primarily the Canadian dollar and euro. The currencies in which these transactions are primarily denominated are euro, renminbi ("RMB") and US dollars. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The company is exposed to unrealized foreign exchange risk through its U.S. dollar ("USD"), RMB and EUR cash holdings, as well as receivables, payables, long-term debt and convertible debenture in EUR and payables in RMB. At December 31, 2023 and 2022, a 10% change in the USD and RMB foreign exchange rate would not result in a meaningful impact on profit or loss and equity, and a 10% change in the EUR foreign exchange would result in a change of approximately $743,500 on the liabilities with a corresponding impact on profit or loss and equity.

(Expressed in Canadian dollars)

19. FINANCIAL INSTRUMENTS (continued)

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	EUR	USD
December 31, 2023		
Cash	-	209
Long-term debt	(1,200,000)	-
Convertible debt	(6,235,000)	-
Net statement of financial position exposure	(7,435,000)	209

	EUR	USD
December 31, 2022		
Cash	-	200
Long-term debt	(1,200,000)	-
Convertible debt	(6,235,000)	-
Net statement of financial position exposure	(7,435,000)	200

20. SEGMENT REPORTING

The Company has one operating segment and one reportable segment, being the manufacturing of needless injector devices. Geographic segment information of the Company's non-current assets and revenues as at December 31, 2023 and 2022 is as follows:

Non-current assets	**December 31, 2023** **$**	December 31, 2022 $
Canada	**727**	1,023
Netherlands	**5,588,072**	6,119,825
China	**27,137**	161,571
Total	**5,615,936**	6,282,419

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

Revenues	**December 31, 2023** **$**	December 31, 2022 $
Europe	**164,433**	60,662
Asia	**84,049**	66,808
North America	**82,448**	-
Others	**473**	24,888
Total	**331,403**	152,358

(Expressed in Canadian dollars)

20. SEGMENT REPORTING (continued)

Customers accounting for at least 10% of total revenue for the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
	$	$
Customer A	**29.3%**	-
Customer B	**29.2%**	19.9%
Customer C	**10.3%**	14.2%
Customer D	**29.2%**	-
Customer E	**10.3%**	-

21. SUBSEQUENT EVENTS

Between January 16 and March 19, 2024, 15,300,000 common shares were issued upon the exercise of 15,000,000 warrants and 300,000 options at an exercise price of $0.05 per share, for gross proceeds of $765,000.

On January 29, 2024, the Company signed two lease agreements for its Shenzhen facility, the first one starting on March 1, 2024 for a one-year term and a rent of $1,490 per month, and the second lease starting on May 1, 2024 for a one-year term and a rent of $6,874 per month.

On February 29, 2024, the Company granted 523,000 options to two consultants. Each option vests at grant date. One option allows the holder to purchase one common share of the Company at an exercise price of $0.125 for a period of five years.

On April 16, 2024, an amended share purchase agreement was signed between the Company and Care4Pharma B.V., to postpone the payments that were due on March 8, 2024.

It was agreed to postpone the repayment of EUR 1,200,000 due on March 8, 2024 to November 8, 2026. This amount will now bear 8% interest calculated since November 8, 2021. It was also agreed to issue a bonus payment of EUR 329,314 by November 8, 2026 or once the Company will complete an equity financing of a minimum of $3.5M, bearing 8% interest starting on March 8, 2024. This modification will increase the liabilities for an amount of $146,765 and result in a gain of the same amount in the consolidated statement of loss and comprehensive loss.

Finally, it was agreed to settle the amount due of EUR 275,000 by the issuance of 2,000,000 shares at a deemed price of $0.20 per share. The 2,000,000 shares were issued on April 26, 2024.