

Inolife R&D Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of Inolife R&D Inc. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Corporation have been prepared by management and are responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review or an audit of these interim financial statements.

Inolife R&D Inc.**Condensed Consolidated Interim Statements of Financial Position***As at September 30, 2021 and December 31, 2020*

(Unaudited - Expressed in Canadian dollars)

	September 30, 2021 \$	December 31, 2020 \$
ASSETS		
Current		
Cash	195,291	266,349
Cash held in trust	-	10,000
Restricted cash (Note 3)	4,419,460	5,730,740
Accounts receivable	708	3,120
Sales tax recoverable	237,435	142,189
Inventory	6,742	9,713
Deferred financing cost (Note 3)	224,895	269,260
Prepaid expenses	12,474	38,984
	5,097,005	6,470,355
Non-Current		
Property and equipment	21,675	27,490
Intangible assets and goodwill (Note 4)	7,110,651	8,063,727
	7,132,326	8,091,217
	12,229,331	14,561,572

Inolife R&D Inc.
Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(Unaudited - Expressed in Canadian dollars)

	September 30, 2021 \$	December 31, 2020 \$
LIABILITIES AND EQUITY		
Current		
Accounts payable and other liabilities	2,532,400	991,237
Loans (Note 5)	250,000	1,122,460
Cash consideration payable (Note 5)	-	1,398,334
Subscription receipts in escrow	4,642,000	6,000,000
Current portion of royalty obligation (Note 6)	-	239,010
	7,424,400	9,751,041
Non-Current		
Loans (Note 5)	611,325	37,151
Cash consideration payable (Note 5)	1,541,043	-
Contingent share consideration	364,813	339,924
Derivative liability (Note 7)	722,441	582,666
Convertible debt (Note 7)	4,884,209	4,543,040
	15,548,231	15,253,822
Equity		
Share capital (Note 8)	7,931,958	6,811,322
Reserves (Note 8)	1,153,364	1,008,730
Accumulated other comprehensive income	(171,988)	192,006
Deficit	(12,232,234)	(8,704,308)
	(3,318,900)	(692,250)
	12,229,331	14,561,572

Inolife R&D Inc.**Condensed consolidated Interim Statements of Loss and Comprehensive Loss***For the three and nine month period ended September 30, 2021 and 2020*

(Unaudited - Expressed in Canadian dollars)

	2021		2020	
	\$	\$	\$	\$
	(3 months)	(3 months)	(9 months)	(9 months)
Sales	26,781	20,352	108,689	20,483
Operating expenses				
Sales and marketing	9,714	33,981	69,252	204,430
Salaries and benefits	363,883	255,768	841,812	417,159
General and administrative	56,249	55,442	291,574	100,713
Professional fees	715,046	203,472	1,590,656	523,638
Depreciation expense	658	2,798	6,844	4,082
Amortization – intangible assets (Note 4)	157,068	158,359	471,204	201,392
Depreciation of Right-of-use asset	-	-	-	9,706
Loss (gain) on foreign exchange	7,306	154,862	(259,742)	201,946
	1,309,924	864,682	3,011,600	1,663,066
Loss before other expenses	1,283,143	844,330	2,902,911	1,642,583
Other expenses				
Finance expenses (Note 10)	322,993	478,713	925,063	671,890
Gain on extinguishment of debt (Note 5)	(303,444)	-	(303,444)	-
Income tax expense	846	5,674	3,396	5,674
Net loss for the period	(1,303,538)	(1,328,717)	(3,527,926)	(2,320,147)
Other comprehensive loss				
Cumulative translation adjustment	12,752	(246,264)	363,994	(246,264)
Net loss and comprehensive loss for the period	(1,316,290)	(1,082,453)	(3,891,920)	(2,073,883)
Loss per share - basic and diluted	(0.006)	(0.000)	(0.020)	(0.010)
Weighted average number of common shares outstanding - basic and diluted	194,028,752	170,751,458	192,466,609	154,273,334

Inolife R&D Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine month periods ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

	Note	Number of Shares	Share Capital \$	Reserves \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total equity \$
Balance, January 1, 2021		187,306,609	6,811,322	1,008,730	192,006	(8,704,308)	(692,250)
Net loss		-	-	-	-	(3,527,926)	(3,527,926)
Other comprehensive loss		-	-	-	(363,994)	-	(363,994)
Issuance of shares – private placement	8	10,185,000	1,213,366	144,634	-	-	1,358,000
Cost of issuance		-	(92,730)	-	-	-	(92,730)
Balance, September 30, 2021		197,491,609	7,931,958	1,153,364	(171,988)	(12,232,234)	(3,318,900)
	Note	Number of Shares	Share Capital \$	Reserves \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
Balance, January 1, 2020		141,947,621	3,423,235	1,214,299	-	(5,346,471)	(708,937)
Net comprehensive loss		-	-	-	-	(2,320,147)	(2,320,147)
Other comprehensive income		-	-	-	246,264	-	246,264
Issuance of shares – private placement	8	4,966,667	484,804	165,196	-	-	650,000
Issuance of shares – business combination	8	20,000,000	1,467,717	-	-	-	1,467,717
Issuance of shares – debt settlement	8	10,750,000	774,000	-	-	-	774,000
Issuance of shares – debt conversion	8	7,217,321	360,866	(62,005)	-	62,005	360,866
Convertible debenture – equity	8	-	-	86,121	-	-	86,121
Cost of issuance	8	-	-	(3,062)	-	-	(3,062)
Warrants issued	8	-	(165,196)	165,196	-	-	-
Balance, September 30, 2020		184,881,609	6,510,622	1,400,549	246,264	(7,604,613)	552,822

Inolife R&D Inc.

Condensed Consolidated Interim Statements of Cash Flows

For the nine months periods ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

	2021	2020
	\$	\$
Operating activities		
Net loss for the period	(3,527,926)	(2,320,147)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation	6,844	4,082
Impairment of intangible assets	-	21,323
Income tax expense	-	5,674
Amortization – Intangible assets (Note 4)	471,204	201,392
Accretion on royalty obligation (Note 6)	10,990	135,403
Accretion on CEBA loan (Note 5)	15,209	-
Depreciation of right-of-use asset	-	9,706
Accretion and interest expense on convertible debt (Note 7)	590,584	221,931
Accretion expense on cash consideration payable (Note 5)	143,616	66,768
Loss on fair value - contingent share consideration and derivative liability (Note 7)	164,664	7,418
Gain on extinguishment of debt (Note 5)	(303,444)	-
Loss on debt conversion	-	238,000
Consulting services – settled with shares	-	162,000
Gain on derecognition of lease	-	(814)
Loss (gain) on foreign exchange	(259,742)	201,946
Changes in non-cash working capital		
Accounts receivable	2,412	(4,439)
Sales taxes recoverable	(95,246)	(27,465)
Income tax receivable	-	110,798
Inventory	2,971	1,050
Prepaid expenses	26,510	13,320
Accounts payable and other liabilities	1,568,887	247,043
Royalty obligation	(250,000)	(150,000)
Cash used in operating activities	(1,432,467)	(855,011)
Investing activities		
Cash acquired on business combination	-	58,254
Acquisition of property plant and equipment	-	(5,928)
Cash provided from investing activities	-	52,326
Financing activities		
Proceeds of issuance of capital stock, net of issue costs	1,265,270	650,000
Proceeds from loans	100,000	40,000
Proceeds from debenture issuances	-	347,200
Cash provided from financing activities	1,365,270	1,037,200
Effect of foreign exchange rates on cash	(13,862)	(1,368)
Change in cash during the period	(81,059)	233,147
Cash, beginning of the period	276,349	1,941
Cash, end of the period	195,291	235,088

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Inolife R&D Inc., (“Inolife” or “the Company”) was incorporated under the laws of Ontario on September 5, 2017. The Company’s registered address and principal place of business is located at 1801-1 Yonge Street, Toronto, ON, M5E 1W7.

Inolife R&D Inc. is a medical device manufacturing company specializing in the field of needleless injections and related technologies.

On June 5, 2020, the Company closed the acquisition of all of the issued and outstanding share capital of European Pharma Group B.V. and its wholly owned subsidiaries European Pharma Group Shenzhen Ltd. and European Pharma Group Hong Kong Ltd. (“EPG”).

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations.

The Company incurred a net loss for the nine month period ended September 30, 2021 of \$3,527,926 and has accumulated a deficit of \$12,232,234. As the Company is working on developing markets and working to find distribution networks, it will require additional financing to meet its working capital requirements. As the Company is still in its development phase, material conditions exist that may cast significant doubt on the Company’s ability to continue as a going concern. Management actively manages its forecasted cash requirements and has determined that the Company has adequate resources to continue as a going concern through the next twelve months. On December 30, 2020, the Company closed a brokered private placement of \$6,000,000. These funds are held in escrow and will be released upon the listing of the Company on the TSX Venture.

These condensed consolidated interim financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Despite operations being impacted by the pandemic early on, the Company was still able to raise funds during the year and obtain the Canada Emergency Business Account Loan that provided working capital to allow the Company to continue to work on market development.

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance and compliance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of condensed consolidated interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements do not include all the information and disclosures required in the Company’s annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2020.

2.2 Basis of presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are recorded at fair value. 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. All subsidiaries have a reporting date of December 31 with the exception of EPG Hong Kong which has a reporting date of October 31.

2.4 Functional and presentation currency

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

	Functional	Presentation
European Pharma Group B.V.	Euro	Canadian dollars
European Pharma Group Shenzhen	Euro	Canadian dollars
European Pharma Group Hong Kong	Euro	Canadian dollars

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. These differences are recognized in other comprehensive income as currency translation differences until the disposal of the net investment.

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

2.5 Use of management estimates, judgements 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. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below:

a) The following areas require management's critical estimates:

Calculation of share-based payments

The Company measures the cost of share-based payments, either equity or cash-settled, 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 subjective assumptions such as stock price, volatility and expected life of the option or warrant. Details of the assumptions used are included in Note 8.

Collectability of sales taxes

The Company uses its best estimate of sales tax credits to be received from the respective governments in determining whether an allowance needs to be recorded.

Business combination

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to the valuation of intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

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 Monte Carlo or Black-Scholes pricing models 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. The expected volatility is based on volatilities of comparable companies. The risk-free rate assumed in valuing the conversion feature is based on the Canadian treasury yield curve in effect at the time of grant for the expected term of the convertible debentures issued. The discount rate is based on the estimated rate for a debenture without a conversion feature. The major event expected date and probability are based on management's best estimate at the time of valuation based current internal company information and market conditions. Changes to these estimates could result in the fair value of the derivative liability being less than or greater than the amount recorded

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction 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.

b) The following area requires management's critical judgment:

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.

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Intangible assets and goodwill

Significant judgements are made in determining the useful lives and recoverable amounts of the Company's intangible assets and goodwill, and in evaluating whether certain events or circumstances represent objective evidence of impairment. Estimates of the recoverable amounts of the intangible assets and goodwill rely on certain factors such as future cash flows and discount rates. Future cash flows are based on sales projections and costs which are estimated based on forecasted results while discount rates are based on the Corporation's cost of capital. Future outcomes may be materially different than those assumptions used in the impairment assessment and therefore could have a significant effect on the results of the Corporation.

Management uses its judgment to determine whether costs incurred meet the criteria to be recorded as an intangible asset.

Expenditures incurred for preparing and filing for regulatory approval are capitalized when the criteria for recognizing an asset are met, usually when approval is considered highly probable that a marketing authorization from the International health authorities will be granted. The likelihood of regulatory approval is reviewed and adjusted for, should facts and circumstances change.

Recognition of deferred tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on assessment of the Company's ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

3. RESTRICTED CASH

On December 30, 2020, the Company received \$6,000,000 in subscription receipts to purchase 15,000,000 units of the Company at \$0.40 per unit. The subscription receipts are held in escrow until the approval of the listing of the Company on the TSX Venture. The amount held in escrow is net of the commission paid to the broker of \$269,260. On February 26, 2021, \$725,503 was released from escrow for subscriptions of gross proceeds of \$750,000 less the commission paid to the broker of \$24,720. On May 28, 2021, \$96,778 was released from escrow for subscriptions of gross proceeds of \$100,000 less the commission paid to the broker of \$3,222. On August 19, 2021, \$198,483 was released from escrow for subscriptions of gross proceeds of \$208,000 less the commission paid to the broker of \$9,517. On September 17, 2021, \$290,516 was released from escrow for subscriptions of gross proceeds of \$300,000 less the commission paid to the broker of \$9,484. Following these releases, the amount held in escrow is \$4,419,460 net of the commission paid to the broker of \$224,895.

Inolife R&D Inc.**Notes to the Condensed Consolidated Interim Financial Statements***For the three and nine month periods ended September 30, 2021 and 2020*

(Unaudited – Expressed in Canadian dollars)

4. INTANGIBLE ASSETS AND GOODWILL

Following the acquisition of EPG on June 5, 2020, \$6,282,725 was recognized as intangible assets for the technology and trade name acquired by the business combination.

Cost	Insujet		Inojex	Nanojex	Goodwill	Total
	Tradename	Technology	Technology	Technology		
Balance – January 1, 2020	-	-	163,609	21,323	-	184,932
Acquired on business combination	839,012	5,443,713	-	-	1,755,400	8,038,125
Impairment	-	-	-	(21,323)	-	(21,323)
Balance – December 31, 2020	839,012	5,443,713	163,609	-	1,755,400	8,201,734
Accumulated amortization						
Amortization	48,042	311,708	-	-	-	359,750
Balance – December 31, 2020	48,042	311,708	-	-	-	359,750
Foreign currency translation						
Recorded in other comprehensive income	22,875	148,422	-	-	50,446	221,743
Carrying value, December 31, 2020	813,845	5,280,427	163,609	-	1,805,846	8,063,727

Inolife R&D Inc.**Notes to the Condensed Consolidated Interim Financial Statements***For the three and nine month periods ended September 30, 2021 and 2020*

(Unaudited – Expressed in Canadian dollars)

4. INTANGIBLE ASSETS AND GOODWILL (continued)

Cost	Insujet		Inojex	Goodwill	Total
	Tradename	Technology	Technology		
Balance –					
January 1, 2021	839,012	5,443,713	163,609	1,755,400	8,201,734
Acquisition	-	-	-	-	-
Balance –					
September 30, 2021	839,012	5,443,713	163,609	1,755,400	8,201,734
Accumulated amortization					
Balance –					
January 1, 2021	48,042	311,708	-	-	359,750
Amortization	62,925	408,279	-	-	471,204
Balance –					
September 30, 2021	110,967	719,987	-	-	830,954
Foreign currency translation					
Balance –					
January 1, 2021	22,874	148,422	-	50,446	221,743
Recorded in other comprehensive income	(60,074)	(316,625)	-	(105,172)	(481,871)
Balance –					
September 30, 2021	(37,200)	(168,203)	-	(54,726)	(260,129)
Carrying value, September 30, 2021	690,845	4,555,523	163,609	1,700,674	7,110,651

Amortization was taken for the period of nine months ended September 30, 2021 on the EPG intangible assets, based on a useful life of ten (10) years. No amortization was taken on Inojex as it remains under development.

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

5. LOANS

On December 18, 2020, the Company received a \$225,000 loan from Buzbuz Capital Corp, bearing 10% of interest. The loan shall be repaid in full on the earlier of: (i) closing qualifying transaction between the borrower and the lender; (ii) termination of the qualifying transaction or the definitive business combination agreement dated October 1, 2020 by either the lender or the borrower and (iii) on March 18, 2022. On August 26, 2021, the Company signed an amended and restated loan agreement with BuzBuz Capital Corp, obtaining a further \$25,000 for an aggregate loan principal balance of \$250,000, bearing interest at 10% maturing March 18, 2022.

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. On August 24, 2021, an amendment was agreed between both parties to reduce this amount to EUR 275,000 and shall be paid by the Company within 28 months from the listing of the Company on the TSX Venture Exchange. The loan was recognized at the fair value based on an estimated market interest rate of 15%. For the nine month period ended September 30, 2021, an amount of CAD \$387,894 has been recognized as gain on loan extinguishment. The fair value of the loan as at September 30, 2021 is CAD \$457,299.

During 2020, the Company received a \$60,000 loan from the Canada Emergency Business Account (“CEBA Loan”). The CEBA Loan bears 0% interest until December 31, 2022. If the balance is not paid by December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest paid monthly, effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025. No principal payments are required until December 31, 2022. Principal repayments can be voluntarily made at any time without fees or penalties. \$20,000 loan forgiveness is available, provided the outstanding balance is \$60,000 at December 31, 2020, and \$40,000 is paid back between January 1, 2021 and December 31, 2022. The loan was recognized at the fair value based on an estimated market interest rate of 18%. For the nine month period ended September 30, 2021, an amount of \$15,209 has been recognized as accretion expense. The fair value of the loan as at September 30, 2021 is \$52,360.

On August 27, 2021, the Company signed two loan agreements of \$50,000 each, for a total of \$100,000, bearing interest at 20%, maturing on February 27, 2023. A minimum of 6 months of interest shall be paid in advance, and in the event the Company repays the principal amount of these loans prior to August 27, 2022, the loan shall bear an additional interest of 5%. The balance payable of the loan including accrued interest as at September 30, 2021 is \$101,666.

As at September 30, 2021, the carrying balance of these three loans totalize \$611,325.

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. The fair value of the cash consideration payable of EUR 1,000,000 was measured by discounting the notional principal using a discount rate of 15% over the 16-month period from the acquisition date. On August 24, 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. The cash consideration payable was recognized at the fair value based on an estimated market interest rate of 15%. For the nine month period ended September 30, 2021, an amount of CAD \$143,616 has been recognized as accretion expense and an amount of CAD \$84,450 has been recognized as loss on loan extinguishment. As at September 30, 2021, the cash consideration payable is CAD \$1,541,043.

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – Expressed in Canadian dollars)

6. ROYALTY OBLIGATION

	September 30, 2021	2020
	\$	\$
Royalty obligation	(10,990)	92,872
Add: Accretion expense	10,990	146,138
Total royalty obligation	-	239,010
Less: current portion	-	(239,010)
Non-current portion	-	-

On March 31, 2017, the Company entered into a royalty payment agreement with TransferTech Sherbrooke (“TTS”) relating to the use and transfer of all rights, titles and interests associated with the Company’s powder injection (Nanorejex) technology. In exchange for the rights and an option to acquire the technology, the Company has agreed to a royalty rate of 5% on sales made from the technology, with minimum royalty payments to be made annually, the present value of which have been recorded as a liability. The term of the agreement is indefinite and the Company retains the option to buy the technology from TTS until March 31, 2026 for an agreed price of \$3,000,000 or an amount representing 10% of the sale of any asset related to the Technology. The minimum royalty payments for 2020 and 2021 are included in accounts payables for a total of \$460,079. As per an agreement between TTS and the Company, the minimum royalty payment for 2020 will be paid according to the following distribution: \$102,740 in cash and \$75,000 in Common Shares at a price of \$0.1333 per Common Share. The minimum royalty payment for March 31, 2021 and all subsequent years can be paid either in cash or common shares at the sole discretion of the Company.

7. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY

Convertible debt 1

On August 31, 2020, the convertible debt initially issued on September 25, 2017 in the amount of \$284,238 and \$76,628 of accrued interest was fully converted to 7,217,321 common shares at a price of \$0.05. Upon conversion, \$62,005 was transferred from reserves to deficit.

Convertible debt 2

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 6,235,000 EUR convertible at \$0.95 and carries no interest. The fair value of the debt component was estimated by discounting the principal by a market rate of 16.57% over its 5.5 year term. The fair value of the derivative liability was estimated using the Black-Scholes model, assuming a risk free rate of 0.89%, a duration of 5 years. As at September 30, 2021, the fair value of the derivative liability was reevaluated using the Black-Scholes model, assuming a share price of \$0.12, volatility of 94% and a term of 5 years.

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – Expressed in Canadian dollars)

7. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

Convertible debt 3

During the year ended December 31, 2020, the Company completed a bridge financing, by a non-brokered private placement for gross proceeds of \$455,000 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 the date that is thirty-six months from the closing date, convertible to acquire one (1) share at a conversion price of \$0.10 per share. The financing included transaction costs of \$12,800 which resulted into net proceeds of \$442,200. 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 period end. The value of the derivative liability at the date of issuance and September 30, 2021 was determined using the Monte Carlo method based on annual volatility of 100%, risk-free rate of 0.27%, market price of common share of \$0.07 for initial recognition valuation and annual volatility of 100%, risk-free rate of 0.49%, market price of common share of \$0.12 for September 30, 2021.

The following table summarizes the components of the convertible debt:

	Liability component	Derivative liability	Equity component	Total
Balance, December 31, 2019	269,162	-	62,005	331,167
<i>Convertible debt 1</i>				
Accretion and interest expense	12,671	-	-	12,671
Conversion of debentures to shares	(281,833)	-	(62,005)	(343,838)
<i>Convertible debt 2</i>				
Debentures issued on business combination	3,779,345	406,610	-	4,185,955
Accretion expense	379,861	-	-	379,861
Change in fair value	-	(94,110)	-	(94,110)
Effects of foreign exchange	115,984	-	-	115,984
<i>Convertible debt 3</i>				
Debentures issued on bridge financing	245,350	196,850	-	442,200
Accretion and interest expense	22,500	-	-	22,500
Change in fair value	-	73,316	-	73,316
Balance, December 31, 2020	4,543,040	582,666	-	5,125,706

Inolife R&D Inc.

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(Unaudited – Expressed in Canadian dollars)

7. CONVERTIBLE DEBENTURES AND DERIVATIVE LIABILITY (continued)

	Liability component	Derivative liability	Equity component	Total
Balance, December 31, 2020	4,543,040	582,666	-	5,125,706
<u>Convertible debt 2</u>				
Accretion expense	525,776	-	-	525,776
Change in fair value	-	99,851	-	99,851
Effects of foreign exchange	(249,415)	-	-	(249,415)
<u>Convertible debt 3</u>				
Accretion and interest expense	64,808	-	-	64,808
Change in fair value	-	39,924	-	39,924
Balance, September 30, 2021	4,884,209	722,441	-	5,606,650

8. SHAREHOLDER'S EQUITY

The following details the share capital of Inolife R&D Inc.

Authorized: An unlimited number of common shares.

a) *Share Capital Authorized*

Movements in the company's share capital are as follows:

	Number of Shares	Amount \$
Balance, December 31, 2019	141,947,621	3,423,235
Shares issued for private placements	4,966,667	650,000
Shares issued on debt settlement	10,750,000	774,000
Shares issued on debt conversion	7,217,321	360,866
Shares issued on business combination	20,000,000	1,467,717
Shares issued on warrants exercised	2,425,000	300,700
Warrants issued – private placement	-	(165,196)
Balance, December 31, 2020	187,306,609	6,811,322
Shares issued for private placements	10,185,000	1,213,366
Cost of issuance	-	(92,730)
Balance, September 30, 2021	197,491,609	7,931,958

During the nine month period ended September 30, 2021, the Company issued 10,185,000 units which comprise one common share and ½ warrant at an agreed price of \$0.13 per unit for gross proceeds of \$1,358,000, less a commission paid to the broker of \$92,730, for a net proceed of \$1,265,270. The fair value of the shares of \$1,213,366 was determined by reducing the value attributed to the warrants of \$144,634.

Inolife R&D Inc.**Notes to the Condensed Consolidated Interim Financial Statements***For the three and nine month periods ended September 30, 2021 and 2020**(Unaudited – Expressed in Canadian dollars)***8. SHAREHOLDER'S EQUITY (continued)***b) 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. All stock options granted in 2019 vest immediately and have a two-year term to expiry from the date of grant. The continuity of outstanding stock options outstanding is as follows:

	Number of stock options	Weighted average exercise price per share \$
Balance – December 31, 2019	4,390,000	0.098
Granted	-	-
Exercised	-	-
Expired/Cancelled	(3,030,000)	0.098
Balance – December 31, 2020	1,360,000	0.098
Granted	-	-
Exercised	-	-
Expired/Cancelled	(610,000)	0.098
Balance – September 30, 2021	750,000	0.17

The following table provides additional information about outstanding stock options at the end of September 30, 2021:

Exercise prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)
\$0.10	500,000	1.1
\$0.30	250,000	0.3
\$0.17	750,000	0.08

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

8. SHAREHOLDER'S EQUITY (continued)

c) Reserves

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

	September 30, 2021 \$	December 31, 2020 \$
Opening balance	1,008,730	1,214,299
Conversion of debentures	-	(62,005)
Warrant reserve (Note 8d))	144,634	165,196
Warrants exercised (Note 8a))	-	(58,200)
Warrants expired (Note 8a))	-	(250,560)
Total reserve	1,153,364	1,008,730

d) Warrants

During the nine months ended September 30, 2021, the Company issued 5,092,500 warrants in connection with a private placement offering a ½ warrant exercisable at \$0.23 over a one-year period for each unit purchased. These warrants were recorded in warrant reserve at the value attributed to them at the time of the issue of the private placement being \$144,634.

The continuity of outstanding share warrants is as follows:

	Number of warrants	Weighted average exercise price per share \$
Balance – December 31, 2019	31,523,810	0.11
Granted	4,616,667	0.24
Exercised	(2,425,000)	-
Expired/Cancelled	(10,440,000)	-
Balance – December 31, 2020	23,275,477	0.13
Granted	5,092,500	0.23
Exercised	-	-
Expired/Cancelled	4,210,000	0.11
Balance – September 30, 2021	24,157,977	0.16

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited – Expressed in Canadian dollars)

8. SHAREHOLDER'S EQUITY (continued)

The warrants granted during the period were valued using a Black-Scholes model, assuming share price of \$0.12, risk free interest rate of 0.29%, volatility of 82%.

The following table provides additional information about outstanding share warrants at the end of September 30, 2021:

<u>Exercise prices</u>	<u>No. of Warrants Outstanding</u>	<u>Weighted Average Remaining Life (Years)</u>
\$0.10	9,963,810	0.4
\$0.23	5,092,500	0.8
\$0.20	7,085,000	1.1
\$0.30	2,016,667	1.4
<hr/>		
\$0.16	24,157,977	0.7

9. 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:

	<u>September 30, 2021</u>	<u>September 30, 2020</u>
	<u>\$</u>	<u>\$</u>
Balances:		
Short-term employee benefits	281,406	144,875
Consulting fees	64,500	-
Share-based payments - options	-	-
Total compensation to key management	345,906	144,875

During the nine months ended September 30, 2021, key management personnel earned total compensation in the amount of \$345,906 compared to \$144,875 during the nine month period ended September 30, 2020.

Balances owed to key management include the following:

Included with Accounts payable and other liabilities is \$5,206 due to key management for reimbursement of expenses and board-related fees incurred during the nine months ended September 30, 2021.

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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10. FINANCE EXPENSES

	Nine months ended September 30, 2021 \$	Nine months ended September 30, 2020 \$
Accretion expenses – CEBA loan (Note 5)	15,209	-
Accretion and interest expense on convertible debt (Note 7)	590,584	223,682
Interest expense on lease liability	-	786
Accretion expenses - cash component (Note 5, 12)	143,616	66,768
Accretion expense - royalty obligation (Note 6)	10,990	135,403
Gain/loss on debt conversion	-	238,000
Gain on derecognition – lease liability	-	(814)
Loss on change in fair value on derivative liability and contingent share consideration	164,664	8,065
Total financial expenses	925,063	671,890

11. SEGMENT REPORTING

The Canadian-based 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 September 30, 2021 and 2020 and December 31, 2020 are as follows:

	September 30, 2021 \$	December 31, 2020 \$
Non-current assets		
Canada	165,346	165,644
Netherlands	6,953,881	7,904,290
China	13,099	21,283
Total	7,132,326	8,091,217

	September 30, 2021 \$	September 30, 2020 \$
Revenues		
Europe	82,295	20,483
Asia	24,394	-
Others	-	-
Total	108,689	20,483

Inolife R&D Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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12. SUBSEQUENT EVENTS

On October 14, 2021, the Company consolidated its share capital on the basis of 1 post consolidation share for every 3 pre-consolidation share held.

On October 19, 2021, the Company closed a qualifying transaction with Buzbuz Capital Corp. Buzbuz Capital Corp changed its name to “NuGen Medical Devices Inc.” and is now listed on the TSX Venture under the symbol “NGMD”.