

NuGen Medical Devices Inc.

Consolidated Financial Statements

December 31, 2024 and 2023

(expressed in Canadian dollars)



KPMG LLP
Tour KPMG
600, de Maisonneuve Blvd West, Suite 1500
Montréal, QC H3A 0A3
Canada
Telephone 514 840 2100
Fax 514 840 2187

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, 2024 and December 31, 2023
- 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 material accounting policy information

(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, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards 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, 2024 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, 2024. 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, 3.5, and 6 to the financial statements. The carrying values of intangible assets and goodwill as at December 31, 2024 are \$3,355,046 and \$1,727,170, respectively.

The Entity 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.

Evaluation of the fair value of certain convertible debts

Description of the matter

We draw attention to Notes 2.5, 3.12, and 12 to the financial statements. During 2024, the Entity completed a private placement of secured convertible debts ("Convertible debt 3"). The Convertible debt 3 represents hybrid financial instruments with multiple embedded derivatives requiring separation. The Convertible debt 3 host portion (the "Host") of the instrument is classified at amortized cost, whereas the aggregate conversion (the "Embedded Derivatives") is classified as a liability at fair value through profit and loss.

The fair value of the Convertible debt 3 at inception was determined using a valuation model. The carrying values of the Host and the Embedded Derivatives as at December 31, 2024 are \$3,104,601 and \$5,522,901, respectively.

Significant assumptions in determining the fair value of the Convertible debt 3 include credit-adjusted rate, expected share price volatility and discount for lack of marketability ("DLOM").



Why the matter is a key audit matter

We identified the evaluation of the fair value of Convertible debt 3 as a key audit matter. This matter represented a significant risk of material misstatement given the magnitude of the Convertible Debt 3 and the high degree of estimation uncertainty in determining the fair value of the Embedded Derivatives. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the Entity's significant assumptions in determining the fair value of the Convertible debt 3.

How the matter was addressed in the audit

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

We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the appropriateness of the valuation model as well as the appropriateness of the:

- Credit-adjusted rate by comparing it to publicly available market information from comparable entities.
- Entity's expected share price volatility rate by comparing it to the historical volatility.
- DLOM by comparing it to a DLOM calculated based on an extended valuation model commonly used in valuation of debentures with similar terms.

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 IFRS Accounting Standards 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.



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- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Montréal, Canada

April 30, 2025

*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	2024 \$	2023 \$
ASSETS			
Current			
Cash and cash equivalent		6,945,982	464,456
Restricted cash		51,944	50,375
Accounts receivable		99,962	20,752
Sales taxes recoverable		229,554	334,471
Inventory	5	320,728	209,285
Prepaid expenses		154,672	250,461
		7,802,842	1,329,800
Non-Current			
Intangible assets	6	3,355,046	3,892,839
Goodwill	6	1,727,170	1,692,227
Property and equipment	7	9,403	5,223
Right-of-use asset	8	-	25,647
		5,091,619	5,615,936
		12,894,461	6,945,736

NuGen Medical Devices Inc.
Consolidated Statements of Financial Position

As at December 31

(Expressed in Canadian dollars)

	Note	2024 \$	2023 \$
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other liabilities	9, 15	679,511	1,069,282
Deferred revenues		82,462	52,308
Current portion of lease liability	10	-	27,114
Current portion of long-term debt	11	574,651	2,141,827
		1,336,624	3,290,531
Non-Current liabilities			
Long-term debt	11	1,754,814	32,752
Convertible debt	12	15,474,682	5,682,726
		18,566,120	9,006,009
Shareholders' deficiency			
Share capital	14	23,223,669	21,359,683
Reserves	14	5,438,325	5,916,263
Accumulated foreign currency translation adjustment		39,594	(35,114)
Deficit		(34,373,247)	(29,301,105)
		(5,671,659)	(2,060,273)
		12,894,461	6,945,736

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

Subsequent event (Note 21)

On behalf of the Board of Directors:

/s/ Liang Lin

Liang Lin, CEO and Director

/s/ Arvind Rai

Arvind Rai, Director

NuGen Medical Devices Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	2024	2023
		\$	\$
Sales		1,009,879	331,403
Cost of goods sold		487,942	166,562
Gross profit		521,937	164,841
Selling, general and administrative expenses	16	5,679,401	8,212,895
Loss from operations		(5,157,464)	(8,048,054)
Other expenses (income)			
Other income		(43,083)	(13,214)
Net financial expenses	17	104,663	1,293,581
Loss before income taxes		(5,219,044)	(9,328,421)
Current tax expense	18	6,739	33,796
Net loss		(5,225,783)	(9,362,217)
Other comprehensive loss (income)			
Foreign currency translation adjustment		(74,708)	(193,450)
Net loss and comprehensive loss		(5,151,075)	(9,168,767)
Loss per share – basic and diluted		(0.02)	(0.05)
Weighted average number of common shares outstanding - basic and diluted		214,420,491	167,664,993

NuGen Medical Devices Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital \$	Reserves \$	Foreign currency translation adjustment \$	Deficit \$	Total equity \$
Balance,							
January 1, 2024		199,125,682	21,359,683	5,916,263	(35,114)	(29,301,105)	(2,060,273)
Net loss		-	-	-	-	(5,225,783)	(5,225,783)
Other comprehensive loss		-	-	-	74,708	-	74,708
Exercise of warrants	14	22,400,000	1,457,156	(337,156)	-	-	1,120,000
Exercise of options	14	2,300,000	196,830	(81,830)	-	-	115,000
Settlement of debt	11, 14	2,000,000	210,000	-	-	-	210,000
Share-based payments	14	-	-	94,689	-	-	94,689
Warrants expired	14	-	-	(153,641)	-	153,641	-
Balance,							
December 31, 2024		225,825,682	23,223,669	5,438,325	39,594	(34,373,247)	(5,671,659)
Balance,							
	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 debt	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)

NuGen Medical Devices Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

	2024	2023
	\$	\$
Operating activities		
Net loss for the year	(5,225,783)	(9,362,217)
Adjustments for:		
Depreciation, amortization and impairment	645,730	690,840
Share-based payments	94,689	1,363,973
Current tax expense	6,739	33,796
Net financial expenses	104,663	1,293,581
Income tax paid	-	(8,323)
Changes in non-cash working capital		
Accounts receivable	(79,210)	(15,012)
Sales taxes recoverable	104,917	(96,833)
Inventory	(111,443)	(132,512)
Prepaid expenses	95,789	(135,230)
Accounts payable and other liabilities	(379,982)	(361,722)
Deferred revenues	30,154	15,521
Cash used in operating activities	(4,713,737)	(6,714,138)
Investing activities		
Net change in restricted cash	(1,569)	(50,375)
Acquisition of property and equipment	(10,375)	(3,022)
Cash provided by investing activities	(11,944)	(53,397)
Financing activities		
Proceeds from issuance of convertible debt	10,000,000	6,579,823
Repayment of lease liability	(27,793)	(84,652)
Proceeds from exercise of warrants and options	1,235,000	1,392,000
Repayment of convertible debt	-	(786,630)
Cash provided by financing activities	11,207,207	7,100,541
Effect of foreign exchange rates on cash held in foreign currencies	-	-
Change in cash and cash equivalent during the year	6,481,526	333,006
Cash and cash equivalent, beginning of the year	464,456	131,450
Cash and cash equivalent, end of the year	6,945,982	464,456

NuGen Medical Devices Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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, 2024, the Company incurred a net loss of \$5,225,783 and negative cash flow from operations of \$4,713,737. At December 31, 2024, the Company has an accumulated deficit of \$34,373,247. 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. However, the Company was able to secure sufficient financing to be able to meet its business plan for at least the next twelve months. 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.

NuGen Medical Devices Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

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 30, 2025.

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.

NuGen Medical Devices Inc.
Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

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.

Convertible debt 3

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a valuation model and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the valuation model used for determining the fair value of the embedded derivatives in the Convertible Debts and the assumptions used by management are disclosed in note 12.

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

Convertible debt 1

The convertible debt is a compound financial instrument which the principal amount could be converted into a fixed number of common shares of the Company at the option of the holder.

The liability component of the compound instrument was established by using the effective discount rate, the remaining balance was allocated to the equity component of the financial instrument.

NuGen Medical Devices Inc.
Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Convertible debt 2

In determining the fair value for the convertible debt 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Cash and cash equivalent

The Company's cash is deposited with a major Canadian bank. The cash equivalent is a guaranteed investment certificate, bearing 3.72% interest, renewable sixty days after issuance.

3.2 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.

3.3 Inventory

Inventories consist of components and finished goods and are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to make the sale. Included in the cost of finished goods are direct product costs, direct labor and an allocation of variable and fixed manufacturing overhead. Included in the cost of inventories are transportation, duty and quality control costs, that are directly incurred to bring inventories to their present location and condition. Cost is determined based on the first-in, first-out method.

NuGen Medical Devices Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.4 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%

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.

3.5 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

3.6 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.

NuGen Medical Devices Inc.
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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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.

3.7 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.

3.8 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").

NuGen Medical Devices Inc.
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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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.

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.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.9 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).

3.10 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.

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.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.11 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.

3.12 Convertible debt

For convertible debts 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 debt 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 debts 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.

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, volatility and discount for lack of marketability (“DLOM”).

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.

NuGen Medical Devices Inc.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.13 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.

3.14 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, 2024 and 2023, the Company has only one operating segment.

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3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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 IFRS 9, Financial Instruments and IFRS 7, Financial Instruments disclosure

In May 2024, the IASB published Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures). The amendments to IFRS 9 clarify derecognition and classification of specific financial assets and liabilities respectively while the amendments to IFRS 7 clarify the disclosure requirements for investments in equity instruments designated at fair value through other comprehensive (loss) income and contractual terms that could change the timing or amount of contractual cash flows on the occurrence or nonoccurrence of a contingent event. The amendments to IFRS 9 and IFRS 7 are effective for annual reporting beginning on or after January 1, 2026. Earlier application is permitted. The impact of adoption of the amendments has not yet been determined by the Company.

Amendments to IFRS 9, Amendments to the Classification and Measurement of Financial Instruments

The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted. The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system. The Company is assessing the impact of adopting this amendment on its financial statements.

Amendments to IFRS 18, Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The new Accounting Standard introduces significant changes to the structure of a company's income statement, more discipline and transparency in presentation of management's own performance measures (commonly referred to as 'non-GAAP measures'), and less aggregation of items into large, single numbers.

The main impacts of the new Accounting Standard include:

- Introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities (i.e. operating, investing and financing);
- Requiring disclosure about management performance measures (MPMs); and
- Adding new principles for aggregation and disaggregation of information.

IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The extent of the impact of adoption of this new IFRS has not yet been determined and the Company has not determined if it would adopt by anticipation.

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4. 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.

5. INVENTORY

	2024	2023
	\$	\$
Components	125,682	96,149
Finished goods	195,046	113,136
	320,728	209,285

The amount of inventory included in cost of goods sold was \$487,942 for the year ended December 31, 2024 (2023 - \$166,562).

6. INTANGIBLE ASSETS AND GOODWILL

Cost	Insujet		Goodwill	Total \$
	Tradename	Technology		
Balance – January 1, 2024	808,818	5,247,809	1,692,227	7,748,854
Effect of movements in exchange rates	16,701	108,358	34,943	160,002
Balance – December 31, 2024	825,519	5,356,167	1,727,170	7,908,856
Accumulated amortization				
Balance – January 1, 2024	288,955	1,874,833	-	2,163,788
Amortization	81,943	531,670	-	613,613
Effect of movements in exchange rates	6,579	42,660	-	49,239
Balance – December 31, 2024	377,477	2,449,163	-	2,826,640
Carrying value, December 31, 2024	448,042	2,907,004	1,727,170	5,082,216

NuGen Medical Devices Inc.
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6. INTANGIBLE ASSETS AND GOODWILL (continued)

Cost	Insujet		Goodwill	Total
	Tradename	Technology		\$
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

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 \$7.9M as at December 31, 2024.

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 2025 forecasted revenue. The inputs used in this model are level 3 inputs in the fair value hierarchy described in Note 3.

The Company concluded that the estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$3.2M. As such, no impairment was recognized.

If all other assumptions were held constant and there was a 28% underperformance against 2025 forecasted revenue, or a decrease of 28% in the revenue multiplier, this would decrease the estimated recoverable amount by \$3.2M, making it equal to the carrying amount (breakeven) but there would be no impairment charge.

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7. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture & equipment	Total
Cost			\$
Balance – January 1, 2024	14,390	9,946	24,336
Additions	-	10,375	10,375
Balance – December 31, 2024	14,390	20,321	34,711
Accumulated depreciation			
Balance – January 1, 2024	13,319	5,794	19,113
Depreciation	643	5,552	6,195
Balance – December 31, 2024	13,962	11,346	25,308
Carrying value, December 31, 2024	428	8,975	9,403
	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

8. RIGHT-OF-USE ASSET

The Company recognized a new right-of-use asset for its Shenzhen facility with a corresponding lease liability (Note 9), 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, 2023	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
Depreciation on amended lease	(25,922)
Effect of movements in exchange rates	275
Balance – December 31, 2024	-

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9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2024	2023
	\$	\$
Accounts payable	665,772	971,078
Due to a director	-	65,731
Income tax payable	6,739	25,473
Other payables	7,000	7,000
	679,511	1,069,282

All amounts in accounts payable are due within one year.

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 years ended December 31, 2024 and 2023 are as follows:

	Total
	\$
Balance – January 1, 2023	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
Repayment of lease obligation	(27,793)
Interest on lease liability	388
Impact of change in foreign exchange rates	291
Balance – December 31, 2024	-

Contractual undiscounted cash flow for lease liabilities:

	2024	2023
	\$	\$
Less than one year	-	28,162
One to four years	-	-
More than four years	-	-
Total undiscounted cash flows	-	28,162

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10. LEASE LIABILITY (continued)

Amounts recognized in net earnings:

	2024	2023
	\$	\$
Interest on lease liabilities	388	7,189
Variable lease payments not included in the measurement of lease liabilities	182,689	111,715
	183,077	118,904

11. LONG-TERM DEBT

		2024	2023
		\$	\$
Loan payable to Mosadex	(i)	-	390,001
Bonus payment due to Mosadex	(i)	524,651	-
CEBA loan	(ii)	39,821	32,752
Promissory note	(iii)	50,000	50,000
Cash consideration due to Mosadex	(iv)	1,714,993	1,701,826
Total		2,329,465	2,174,579
Less current portion		574,651	2,141,827
Long-term portion		1,754,814	32,752

- (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, 2024, an accretion expense of \$12,375 (\$59,564 in 2023) was recorded. On April 16, 2024, a third amendment was agreed between both parties 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 and resulted in a gain on debt settlement of \$193,975 recognized in the net financial expenses. It was also agreed to issue a bonus payment of EUR 329,314 by November 8, 2026 or once the Company will complete a financing of a minimum of gross proceeds of \$3.5M, bearing 8% interest starting on March 8, 2024. This modification resulted in the accounting of a new liability for an amount of \$483,762 plus accrued interest of \$40,889 and result in a loss of the same amount recognized in net financial expenses. As the Company completed a financing of a minimum of gross proceeds of \$3.5M and has met this condition, the amount has been reclassified in the current portion as this loan is now repayable on demand.

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11. LONG-TERM DEBT (continued)

- (ii) During 2020, the Company received a \$60,000 loan from the Canada Emergency Business Account (“CEBA loan”). This CEBA loan:
- Bears 0% interest until January 18, 2024;
 - 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;
 - The full balance must be repaid no later than December 31, 2026;
 - No principal payments are required until January 18, 2024;
 - 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, 2024, an amount of \$7,069 (\$6,545 in 2023) has also been recognized as accretion expense.

- (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%. On April 16, 2024, a third amendment was agreed between both parties 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. 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 22.75% and resulted in a gain on debt extinguishment of \$303,603 recognized in the net financial expenses. For the year ended December 31, 2024, an amount of CAD \$284,159 (\$258,742 in 2023) has been recognized as accretion expense.

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11. LONG-TERM DEBT (continued)

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

		2024	2023
		\$	\$
Balance at beginning of the year		2,174,579	1,835,828
Government grant	(ii)	-	(7,248)
Accretion expenses	(i, ii, iv)	303,603	324,851
New liability – Bonus payment	(i)	483,762	-
Interest on bonus payment	(i)	40,889	-
Settlement in shares	(i)	(403,975)	-
Gain on derecognition of debt	(iv)	(303,603)	-
Foreign exchange variation on debt		34,210	21,148
Balance at end of the year		2,329,465	2,174,579

12. CONVERTIBLE DEBTS 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 debt 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.

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.

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12. CONVERTIBLE DEBTS AND DERIVATIVE LIABILITY (continued)

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 debt units, each unit being comprised of a \$1,000 unsecured convertible debt 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 debt 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.

Convertible debt 3

On September 20, 2024, the Company completed a private placement of secured convertible debts (the “debts”) for aggregate gross proceeds of \$10,000,000. The debts mature on the date that is five (5) years from the closing, being September 20, 2029 and bear interest at a rate of 12% per annum payable on the maturity date in arrears. The debts are secured by a first ranking security interest in all of the present and after-acquired property and assets of the Company pursuant to a general security agreement. At any time prior to the close of business on the last business day immediately preceding September 20, 2029, the holders have the right, at the holder’s option, to convert all or a portion of the outstanding principal amount of the debts into units of the Company at a price of \$0.10 per unit. Each unit shall be comprised of one common share in the capital of the Company and one common Share purchase warrant exercisable at a price of \$0.10 per common Share until September 20, 2029. The debts represent hybrid financial instruments with multiple embedded derivatives requiring separation. The debt host portion (the “Host”) of the instrument is classified at amortized cost, whereas the aggregate conversion (the “Embedded Derivatives”) are classified at fair value through profit and loss (FVTPL). The fair value of the debts at inception was estimated at \$10,000,000 and determined using a valuation model which required the use of significant unobservable inputs.

	September 20, 2024	Reasonably possible change	Sensitivity (derivative liability)	December 31, 2024	Reasonably possible change	Sensitivity (derivative liability)
Observable inputs						
Share price	\$0.10			\$0.075		
Unobservable inputs						
Expected volatility	85%	+/- 10% (absolute)	+\$138,600/ -\$145,300	79%	+/- 10% (absolute)	+\$217,500/ -\$241,200
Risk-free rate	2.7%	+/- 1% (absolute)	+\$8,800/ -\$9,500	2.94%	+/- 1% (absolute)	+\$18,200/ -\$21,100
Credit-adjusted rate	26.5%	+/- 5% (absolute)	+\$159,700/ -\$201,000	26.5%	+/- 5% (absolute)	+\$163,900/ -\$204,800
DLOM	43.0%	+/- 10% (absolute)	-\$1.6M/ +\$1.8M	37.7%	+/- 10% (absolute)	-\$1.15M/ +\$1.3M

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12. CONVERTIBLE DEBTS AND DERIVATIVE LIABILITY (continued)

The following table summarizes the components of the convertible debts:

	Host (amortized cost)	Derivative (FVTPL)	Total	Equity component
<u>Convertible debt 1</u>				
Balance, December 31, 2023	5,682,726	-	5,682,726	521,723
Accretion expense	1,037,292	-	1,037,292	-
Effects of foreign exchange	127,162	-	127,162	-
Balance, December 31, 2024	6,847,180	-	6,847,180	521,723
<u>Convertible debt 3</u>				
Balance, December 31, 2023	-	-	-	-
New issuance	2,818,144	7,181,856	10,000,000	-
Accretion expense	286,457	-	286,457	-
Fair value adjustment	-	(1,658,955)	(1,658,955)	-
Balance, December 31, 2024	3,104,601	5,522,901	8,627,502	-
Balance, December 31, 2024	9,951,781	5,522,901	15,474,682	521,723
	Host (amortized cost)	Derivative (FVTPL)	Total	Equity component
<u>Convertible debt 1</u>				
Balance, December 31, 2022	4,760,551	-	521,723	521,723
Accretion expense	863,993	-	-	-
Effects of foreign exchange	58,182	-	-	-
Balance, December 31, 2023	5,682,726	-	521,723	521,723
<u>Convertible debt 2</u>				
Balance, December 31, 2022	649,697	-	71,657	71,657
Accretion expense	46,099	-	-	-
Gain on extinguishment of debt	(9,013)	-	-	-
Repayment	(686,783)	-	(71,657)	(71,657)
Balance, December 31, 2023	-	-	-	-
Balance, December 31, 2023	5,682,726	-	521,723	521,723

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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.

	Contingent share consideration
	\$
Balance, December 31, 2022	175,000
Change in fair value	(40,000)
Reclassification of contingent share consideration	(135,000)
Balance, December 31, 2023 and 2024	-

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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, 2022		96,563,460	15,071,790
Shares issued for private placements	(i), (ii), (iii)	74,722,222	4,457,936
Shares issued for exercise of warrants	(iv)	26,390,000	1,716,712
Shares issued for exercise of options	(v)	1,450,000	113,245
Balance, December 31, 2023		199,125,682	21,359,683
Shares issued for exercise of warrants	(vi)	22,400,000	1,457,156
Shares issued for exercise of options	(vii)	2,300,000	196,830
Settlement of debt	(viii)	2,000,000	210,000
Balance, December 31, 2024		225,825,682	23,223,669

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.

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14. SHAREHOLDERS' EQUITY (continued)

- (v) 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.
- (vi) During the year ended December 31, 2024, 22,400,000 common shares were issued by the Company upon warrants exercised at an exercise price of \$0.05, for a gross amount of \$1,120,000.
- (vii) During the year ended December 31, 2024, 2,300,000 common shares were issued by the Company upon options exercised at an exercise price of \$0.05, for a gross amount of \$115,000.
- (viii) On April 26, 2024, the Company issued 2,000,000 shares as a debt settlement at a deemed price of \$0.20 per share and resulted in a gain on debt settlement of \$193,975 recognized in the net financial expenses.

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, 2022	8,720,000	0.16
Granted	13,875,000	0.20
Cancelled	(1,450,000)	0.05
Expired	(1,270,000)	0.40
Outstanding – December 31, 2023	19,875,000	0.18
Granted	923,000	0.14
Exercised	(2,300,000)	0.05
Expired	(950,000)	0.36
Outstanding – December 31, 2024	17,548,000	0.18
Exercisable – December 31, 2023	19,875,000	0.18
Exercisable – December 31, 2024	17,548,000	0.18

During the year ended December 31, 2024, the Company granted 923,000 options (13,875,000 in 2023) to certain consultants. Each option vests at grant date. One option allows the holder to purchase one common share of the Company at an exercise price between \$0.125 and \$0.15 (\$0.20 in 2023) per common share for a period of five years. The weighted average fair value of the options granted during the year of \$0.103 (\$0.098 in 2023) per option was estimated at the grant date based on the Black-Scholes valuation model using the following assumptions:

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14. SHAREHOLDERS' EQUITY (continued)

	2024	2023
Share price	\$0.13-\$0.15	\$0.12-\$0.205
Number of options granted	923,000	13,875,000
Exercise price	\$0.125-\$0.15	\$0.20
Expected life in years	5 yrs	5 yrs
Volatility	95%	95%
Risk-free interest rate	3.47% to 3.67%	3.31% to 4.00%
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.

The total expense recognized in profit or loss for the year ended December 31, 2024 amounts to \$94,689 (\$1,363,973 in 2023), \$50,514 recognized as compensation for consultants and \$44,175 recognized as a fee paid in settlement of past services.

The following table provides additional information about outstanding stock options as at December 31, 2024:

Exercise prices	No. of options outstanding	Weighted average remaining life (years)
\$0.05	2,250,000	2.96
\$0.125	523,000	4.17
\$0.15	400,000	4.53
\$0.20	13,675,000	3.54
\$0.40	700,000	1.92
\$0.18	17,548,000	3.44

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

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14. SHAREHOLDERS' EQUITY (continued)

d) Warrants

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.

During the year ended December 31, 2024, 22,400,000 common shares were issued by the Company upon warrants exercised at an exercise price of \$0.05, for a gross amount of \$1,120,000

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14. SHAREHOLDERS' EQUITY (continued)

The continuity of outstanding share warrants is as follows:

	Number of warrants	Weighted average exercise price per share \$
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
Exercised	(22,400,000)	0.05
Expired	(6,530,843)	0.30
Balance – December 31, 2024	29,913,681	0.21

All warrants outstanding are exercisable upon issuance. The following table provides additional information about outstanding share warrants as at December 31, 2024:

Exercise prices	Number of warrants outstanding	Weighted average remaining life (years)
\$0.05	3,710,000	2.06
\$0.18	1,481,459	0.32
\$0.24	24,722,222	0.32
\$0.21	29,913,681	1.28

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

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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 debts.

	Options \$	Warrants \$	Convertible debt (Note 11) \$	Shares to be issued (Note 12) \$	Total reserves \$
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 debt	-	-	(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
Share-based payment expense of the year	94,689	-	-	-	94,689
Warrants exercised	-	(153,641)	-	-	(153,641)
Options exercised	(81,830)	-	-	-	(81,830)
Warrants expired	-	(337,156)	-	-	(337,156)
Balance, December 31, 2024	3,290,750	1,437,519	521,723	188,333	5,438,325

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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, 2024	Year ended December 31, 2023
	\$	\$
Short-term employee benefits	531,337	286,387
Consulting fees paid to an officer	205,000	183,000
Consulting fees paid to directors and former directors	1,197,500	724,300
Share-based payments – options	-	368,693
Total compensation to key management	1,933,837	1,562,380

	Year ended December 31, 2024	Year ended December 31, 2023
	\$	\$
Sales to a company controlled by a director	862,419	-
Accretion expense on convertible debt held by two directors	(286,457)	-
Gain on change in fair value – derivative liability on convertible debt held by two directors	1,658,955	-
	2,234,917	-

Outstanding balances from related parties include the following:

Presented within accounts receivables is \$55,395 for sales realized during the period ended December 31, 2024 (\$Nil as at December 31, 2023) to a company controlled by a director.

Balances owed to related parties include the following:

Presented within the convertible debt is \$8,627,502 for convertible debt held by companies controlled by two directors (refer to convertible debt 3, Note 12).

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16. EXPENSES BY NATURE

	2024	2023
	\$	\$
<i>Selling, general and administrative expenses:</i>		
Salaries and benefits	1,120,657	688,653
Rent	182,689	111,715
Depreciation, amortization and impairment	645,730	690,840
Share-based payments	94,689	1,363,973
Professional and consulting fees	2,949,373	3,933,512
Other	686,263	1,424,202
Total selling, general and administrative expenses	5,679,401	8,212,895

17. NET FINANCIAL EXPENSES

	Note	2024	2023
		\$	\$
Interest expense on lease liability and other	10	388	1,360
Interest on loan	11	40,889	-
Accretion expense – loan to Mosadex	11	12,375	59,564
Accretion expense – CEBA loan	11	7,069	6,545
Accretion expense – cash consideration due to Mosadex	11	284,159	258,742
Accretion and interest expense – convertible debts	13	1,323,749	910,092
Government grant	11	-	(7,248)
Contingent payment – new liability	11	483,762	-
Gain – derecognition of debt	11	(303,603)	-
Gain – debt extinguishment	11	-	(9,013)
Gain – debt settlement	11	(193,975)	-
Gain on change in fair value – derivative liability and contingent share consideration	12, 13	(1,658,955)	(40,000)
Loss on foreign exchange		108,805	113,539
Total finance expenses		104,663	1,293,581

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18. INCOME TAXES

The income tax expense consists of the following:

	2024	2023
	\$	\$
Current income taxes:		
Current year	6,757	33,745
Current income tax expense	6,757	33,745
Deferred income taxes :		
Origination and reversal of temporary differences	(1,014,846)	(1,828,060)
Adjustment for prior years	45,932	48,439
Change in unrecognized deductible temporary differences	968,914	1,779,622
Deferred income tax expense	-	-
Total income tax expense	6,757	33,745

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, 2024	Year ended December 31, 2023
	\$	\$
Loss before taxes	(5,219,044)	(9,328,421)
Statutory tax rate	26.5%	26.5%
Expected income recovery	(1,383,047)	(2,472,032)
Difference in tax rates due to foreign subsidiaries	13,032	16,310
Items not deductible for income tax purposes and other	351,986	661,407
Impact of changes to deferred tax rates	-	-
Adjustments of prior years	45,932	48,439
Changes in unrecognized deductible temporary differences	978,854	1,779,622
Income tax expense	6,757	33,745
Current tax expense	6,757	33,745
Deferred tax recovery	-	-
Income tax expense	6,757	33,745

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18. INCOME TAXES (continued)

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

	Year ended December 31, 2024			
	\$			
	Opening balance	Recognized in business combination	Recognized in profit or loss	Closing balance
Deferred tax assets (liabilities):				
Intangibles	(707,965)	-	120,668	(587,297)
Unrealized foreign exchange and other	(26,072)	-	20,725	(5,347)
Right-of-use asset	(5,815)	-	5,815	-
Lease liability	5,815	-	(5,815)	-
Non-capital losses	734,037	-	141,393	592,644
Deferred tax asset	-	-	-	-

	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	-	-	-	-

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, 2024	Year ended December 31, 2023
	\$	\$
Property and equipment	11,155	9,617
Share issue and transaction costs	564,364	947,232
Lease liability	10,943	17,965
Non-capital losses	35,368,479	29,370,145
Intangibles	1,277,348	1,347,430
Unrecognized deductible temporary differences	37,232,289	31,692,388

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18. INCOME TAXES (continued)

The Company has not recognized a deferred tax asset in respect of \$18,609,412 non-capital losses in Canada, which expire between 2036 and 2043. The Company also has not recognized a deferred tax asset in respect of \$16,763,829 of non-capital losses in its foreign subsidiaries, which have no expiry.

Unrecognized losses	2024 \$	Expiry
Canada	18,609,412	2036 to 2043
Netherlands	16,758,074	No expiry
Hong Kong	5,755	No expiry
	16,763,829	

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, 2024 \$	Fair value Year ended December 31, 2024 \$	Carrying value Year ended December 31, 2023 \$	Fair value Year ended December 31, 2023 \$
Financial Assets					
Cash and cash equivalent	Amortized cost	6,945,982	6,945,982	464,456	464,456
Restricted cash	Amortized cost	51,944	51,944	50,375	50,375
Accounts receivable	Amortized cost	99,962	99,962	20,752	20,752
		7,097,888	7,097,888	535,583	535,583
Financial Liabilities					
Accounts payable and other liabilities	Amortized cost	686,456	686,456	1,069,282	1,069,282
Long-term debt	Amortized cost	2,329,465	1,921,089	2,174,579	2,054,695
Convertible debt	Amortized cost	9,900,823	7,989,805	5,682,726	5,076,683
Convertible debt	FVTPL	5,522,901	5,522,901	-	-
		18,439,645	16,120,251	8,926,587	8,200,660

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

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19. FINANCIAL INSTRUMENTS (continued)

Long-term financial instruments consist of the long-term debt and convertible debts. 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, except for the derivative of a convertible debt carried at fair value categorized under level 3 and measured using a Monte Carlo simulation as described in Note 12.

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 cash equivalent and accounts receivable. Cash and cash equivalent 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 cash equivalent and accounts receivable is minimal. The Company's maximum exposure to credit risk as at December 31, 2024 and 2023 is the carrying value of cash and cash equivalent and receivables.

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 its 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, 2024				
Accounts payable and other liabilities	686,456	686,456	-	-
Long-term debt	3,142,948	574,651	2,568,297	-
Convertible debt	24,946,602	-	25,307,608	-
	28,776,006	1,261,107	27,875,905	-
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	-

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.

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19. FINANCIAL INSTRUMENTS (continued)

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 euro and renminbi. The currencies in which these transactions are primarily denominated are euro, renminbi ("RMB") and some transactions in U.S. dollar ("USD"). 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 USD, RMB and EUR cash holdings, as well as receivables, payables, long-term debt and convertible debt in EUR and payables in RMB. At December 31, 2024 and 2023, a 10% change in the 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 \$823,020 on the liabilities with a corresponding impact on profit or loss and equity.

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, 2024		
Cash	35,888	35
Long-term debt	(2,031,086)	-
Convertible debt	(6,235,000)	-
Net statement of financial position exposure	(8,230,198)	35
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

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20. SEGMENT REPORTING

The Company has one operating segment and one reportable segment, being the manufacturing of needless injector devices. 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. Geographic segment information of the Company's non-current assets and revenues as at December 31, 2024 and 2023 and for the years then ended is as follows:

	December 31, 2024	December 31, 2023
Non-current assets	\$	\$
Canada	-	727
Netherlands	5,084,566	5,588,072
China	7,053	27,137
Total	5,091,619	5,615,936

	December 31, 2024	December 31, 2023
Revenues	\$	\$
Europe	66,964	164,433
Asia	895,687	84,049
North America	47,228	82,448
Others	-	473
Total	1,009,879	331,403

Customers accounting for at least 10% of total revenue for the years ended December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
	\$	\$
Customer A	4.6%	29.3%
Customer B	-	29.2%
Customer C	2.6%	10.3%
Customer D	-	17.7%
Customer E	86.0%	-

21. SUBSEQUENT EVENTS

During February 2025, 1,210,000 common shares were issued upon the exercise of warrants at an exercise price of \$0.05 per share, for gross proceeds of \$60,500.

On March 13, 2025, the Company signed two lease agreements for its Shenzhen facility, the first one starting on March 1, 2025 for a one-year term and a rent of \$1,557 per month, and the second lease starting on May 1, 2025 for a one-year term and a rent of \$6,811 per month.