

VAXIL BIO LTD

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

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

In accordance with National Instrument 51-102 - *Continuous Disclosure Obligations*, of the Canadian Securities Administrators, the Company (as defined herein) discloses that its auditors have not reviewed the accompanying unaudited condensed interim consolidated financial statements.

The accompanying unaudited condensed interim consolidated financial statements of Vaxil Bio (“Vaxil”, the “Company”) for the three and nine months ended September 30, 2024, have been prepared by and are the responsibility of the Company’s management and have not been reviewed by the Company’s auditors.

VAXIL BIO LTD**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

(Expressed in Thousands of Canadian Dollars, except per share data)

	Note	September 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 535	\$ 938
Unsecured note	1b	26	-
Secured note	1b	232	-
Amounts receivable and prepaid expenses		27	38
Total assets		\$ 820	\$ 976
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	3	\$ 82	\$ 85
Total liabilities		82	85
Shareholders' equity			
Share capital	4	16,074	16,074
Equity reserves	4	4,260	4,255
Accumulated other comprehensive loss		(83)	(81)
Accumulated deficit		(19,513)	(19,357)
Total shareholders' equity		738	891
Total liabilities and shareholders' equity		\$ 820	\$ 976

Nature and continuance of operations (Note 1)

Approved and authorized by the Board on November 27, 2024:

"Gadi Levin"
Gadi Levin, Director

"Ari Kellen"
Ari Kellen, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VAXIL BIO LTD
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Thousands of Canadian Dollars, except per share data)

	Note	Three months ended		Nine months ended	
		September 30,		September 30,	
		2024	2023	2024	2023
Expenses:					
General and administration costs	6	\$ 54	\$ 24	\$ 149	\$ 179
Research and development	5	3	1	10	92
Share based compensation	4	-	8	5	14
Total Expenses		57	33	164	285
Operating Loss		(57)	(33)	(164)	(285)
Gain on sale of equipment		-	5	-	5
Interest income	1b	8	-	8	-
Net loss for the period		(49)	(28)	(156)	(280)
Other comprehensive loss					
Foreign currency translation adjustment		-	(7)	(2)	(10)
Comprehensive loss for the period		\$ (49)	\$ (35)	\$ (158)	\$ (290)
Basic and fully diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.00
Weighted average number of shares outstanding		136,978,973	136,978,973	136,978,973	136,978,973

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VAXIL BIO LTD
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Thousands of Canadian Dollars, except per share data)

	Nine months ended	
	September 30,	
	2024	2023
Cash flows from operating activities		
Net loss for the period	\$ (156)	\$ (280)
Items not affecting cash:		
Share-based compensation	5	14
Interest on unsecured and secured notes	(8)	-
Changes in non-cash working capital:		
Amounts receivable and prepaid expenses	10	(11)
Accounts payable and accrued liabilities	(7)	(215)
Net cash flows used in operating activities	(156)	(492)
Cash flows from investing activities		
Unsecured and secured notes	(250)	-
Net cash flows used in investing activities	(250)	-
Net decrease in cash before effect of exchange rate changes	(406)	(492)
Effect of changes in foreign exchange rates	3	(9)
Net decrease in cash	(403)	(501)
Cash, beginning of period	938	1,510
Cash, end of period	\$ 535	\$ 1,009

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

VAXIL BIO LTD
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Thousands of Canadian Dollars, except per share data)

	Share capital		Warrant reserve	Equity reserves	Accumulated other comprehensive loss	Accumulated deficit	Total Shareholders' equity
	Number of shares	Amount					
Balance - December 31, 2022	136,978,973	\$ 16,074	\$ 324	\$ 3,911	\$ (70)	\$ (19,103)	\$ 1,136
Share based compensation	-	-	-	14	-	-	14
Net loss and comprehensive loss for the period	-	-	-	-	(10)	(280)	(290)
Balance - September 30, 2023	136,978,973	\$ 16,074	\$ 324	\$ 3,925	\$ (80)	\$ (19,383)	\$ 860
Share based compensation	-	-	-	6	-	-	6
Expiration of warrants	-	-	(324)	324	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(1)	26	25
Balance - December 31, 2023	136,978,973	\$ 16,074	\$ -	\$ 4,255	\$ (81)	\$ (19,357)	\$ 891
Share based compensation (Note 4 (c(ii)))	-	-	-	5	-	-	5
Net loss and comprehensive loss for the period	-	-	-	-	(2)	(156)	(158)
Balance -September 30, 2024	136,978,973	\$ 16,074	\$ -	\$ 4,260	\$ (83)	\$ (19,513)	\$ 738

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. **NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN**

- a. Vaxil Bio Ltd. (“Vaxil, and with its subsidiaries, the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 26, 2006. Vaxil was incorporated as a biotechnology company and has been focused on a novel drug discovery and development platform based on Signal Peptides (“SPs”) to fight infectious diseases and cancer. In recent years, the Company has been more focused on P-Esbp-DOX.

On August 2, 2023, the Company announced that, given the need for additional investment, the Company began exploring new sources of capital and potential partners to support continued development of this platform. In parallel, the board of directors began actively exploring strategic options for maximizing shareholder value from the Company’s assets, which may not be a continuation of the business in its current form (see note 1b).

Vaxil’s common shares (the “Common Shares”) trade on the TSX Venture Exchange (the “TSXV”) under the symbol “VXL.V”. The Company’s head office is located at 3400 One First Canadian Place, ON, M5X 1A4, Toronto, Ontario.

The accompanying condensed interim consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception of \$19,513, is currently in the development stage and has not commenced commercial operations. The Company’s ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. As of September 30, 2024, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business plan, all of which may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company not be able to continue as a going concern.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2024.

b. **Definitive Agreement with Green Data in Respect of a Proposed Reverse Takeover**

On May 25, 2024, the Company entered into a non-binding letter of intent (the “LOI”), pursuant to which Vaxil and Green Data Center Real Estate Inc (“Green Data Centers”) intend to complete a business combination or other similarly structured transaction which will constitute a reverse take-over of Vaxil (the “Transaction”). On August 20, 2024, Vaxil and Green Data Centers signed an amalgamation agreement pursuant to the terms of the LOI. It is intended that the Transaction will be an arm’s length “Reverse Takeover” for Vaxil as that term is defined in Policy 5.2 of the Corporate Finance Manual of the TSXV.

The Transaction is subject to requisite regulatory approval, including the approval of the TSXV, and standard closing conditions, including completion of due diligence investigations to the satisfaction of each of Vaxil and Green Data Centers, shareholder approval, and the conditions described below. The legal structure for the Transaction will be confirmed after the parties have considered all applicable tax, securities law and accounting efficiencies.

Vaxil is at arm's length to Green Data Centers, and no director, officer or insider of Vaxil or Green Data Centers beneficially owns, or controls or directs, directly or indirectly, any securities of the other party. Therefore, the Transaction is expected to be an Arm's Length Transaction as defined under TSXV Policy 1.1 - Interpretation and will not be considered a “related party transaction” for the purpose of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

1. **NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN (CONTINUED)**

b. Definitive Agreement with Green Data in Respect of a Proposed Reverse Takeover (continued)

In terms of the LOI, on June 4, 2024, and on June 27, 2024, the Company advanced Green Data Centers \$25 and \$225, respectively, and on June 24, 2024, Green Data Centers issued the Company an unsecured promissory note (“Unsecured Note”) in the amount of \$25 and a secured promissory note (“Secured Note”) in the amount of \$225 (Unsecured Note and Secured Note, together, the “Notes”).

The Notes bear interest at 12% per annum and may be repaid by Greed Data Centers at any time, but no later than six months from the termination of the LOI.

The principal amount and any accrued interest on the Secured Note has been secured by a general security agreement provided by the Green Data Centers in favor of the Company over all of the present and after-acquired property of Green Data, including all of the assets, and undertakings, of whatever nature or kind and wheresoever situated and all proceeds thereof

In the event the Transaction is completed, the unpaid principal amounts of the Notes and all interest accrued thereon shall be permanently, irrevocably and unconditionally forgiven by the Company and Green Data Centers shall be released from its obligations to make any payments in respect of these Notes.

2. **BASIS OF PREPARATION**

Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) with an effective date of September 30, 2024.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ending December 31, 2023. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these condensed interim consolidated financial statements.

Basis of Presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented in thousands and are in Canadian dollars unless otherwise specified.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of Vaxil and its wholly-owned subsidiaries Vaxil Bio Ltd. (an Israeli entity) (“Vaxil Israel”), and Vaxil Biotherapeutics Ltd. (Israel) (“Vaxil Biotherapeutics”). All intercompany balances and transactions have been eliminated on consolidation.

2. BASIS OF PREPARATION (CONTINUED)

Significant Accounting Judgments and Estimates

The preparation of these condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

The critical judgments and significant estimates required in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are:

- The series of loans made to the subsidiary company are considered part of the parent Company's net investment in a foreign operation as the Company does not plan to settle these balances in the foreseeable future. As a result of this assessment, the unrealized foreign exchange gains and losses on the intercompany loans are recorded through other comprehensive loss. If the Company determined that settlement of these amounts was planned or likely in the foreseeable future, the resultant foreign exchange gains and losses would be recorded through profit or loss.
- Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.
- Management assesses the fair value of options and warrants granted in accordance with the accounting policy disclosed in share-based payments. The fair value of stock options granted is measured using the Black-Scholes option valuation model. The same model is used by the Company in order to arrive at a fair value for the issuance of warrants.
- Management expenses the costs directly associated with research and development activities. Indirect costs are estimated using management's calculation of the amount of the activity that is deemed to be associated with research and development.
- In order to assess whether it is appropriate for the company to continue as a going concern, management is required to apply judgment and make estimates with respect to future cash flow projections. In arriving at this judgment, there were a number of assumptions and estimates involved in calculating these future cash flow projections. This includes making estimates regarding the timing and amounts of future expenditures and the ability and timing to raise additional financing.

3. RELATED PARTY TRANSACTIONS

The following are the expenses incurred related to key management for the period ended September 30, 2024 and 2023 and the balances owing as of September 30, 2024 and 2023:

For the period ended September 30, 2024

	Directors Fees	Consulting Fees, professional fees and laboratory experiments	Share based awards	Total	Amounts owing at September 30, 2024
Gadi Levin, Director and CEO	\$ -	\$ 27	\$ 1	\$ 28	\$ 3
Alan Rootenberg, CFO	-	16	2	18	4
Daniel Bloch, Director	-	14	1	15	-
Ari Kellen, Director	-	-	-	-	-
Shawn Langer, Director	-	-	-	-	-
Total	\$ -	\$ 57	\$ 4	\$ 61	\$ 7

For the period ended September 30, 2023

	Directors Fees	Consulting Fees, professional fees and laboratory experiments	Share based awards	Total	Amounts owing at September 30, 2023
Gadi Levin, Director and CFO	\$ -	\$ 42	\$ 1	\$ 43	\$ 3
Alan Rootenberg, CFO	\$ -	\$ 4	\$ 2	\$ 6	\$ 2
Yuval Avnir, CEO	-	35	-	35	-
Daniel Bloch, Director	-	5	1	6	5
Ari Kellen, Director	-	-	-	-	-
Shawn Langer, Director	-	-	-	-	-
Total	\$ -	\$ 86	\$ 4	\$ 90	\$ 10

4. SHARE CAPITAL AND RESERVES

a) Issued and authorized share capital:

As at September 30, 2024, the authorized share capital of the Company comprises an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid (the “Common Shares”). As of September 30, 2024, the Company had 136,978,973 (December 31, 2023 – 136,978,973) Common Shares issued and outstanding.

b) Transactions during the period:

There were no changes to the Common Shares during the nine months ended September 30, 2024 and 2023.

c) Stock options

(i) Stock option transactions during the year ended December 31, 2023 and the nine months ended September 30, 2024 are summarized as follows:

	Options Issued	Average Exercise Price
Balance outstanding at December 31, 2022	1,600,000	\$ 0.09
Issued	1,100,000	0.05
Forfeited	(500,000)	0.06
Balance outstanding at December 31, 2023 and September 30, 2024	2,200,000	\$ 0.07

(ii) During the three and nine months ended September 30, 2024, the Company expensed \$nil and \$5, respectively, as share based compensation in respect of current and prior period option grants (for the three and nine months ended September 30, 2023: \$8 and \$14, respectively).

(iii) As of September 30, 2024, the Company had outstanding stock options, enabling the holders to acquire Common Shares as follows:

Options Outstanding			Options Exercisable	
Number Outstanding at September 30, 2024	Exercise Price	Expiry Date	Exercisable at September 30, 2024	Weighted Exercise Price
700,000	\$ 0.12	September 14, 2025	700,000	\$ 0.12
400,000	0.05	June 20, 2027	400,000	0.05
1,100,000	0.05	August 2, 2028	1,100,000	0.05
2,200,000	\$ 0.07		2,200,000	\$ 0.07

4. SHARE CAPITAL AND RESERVES (CONTINUED)

d) Common Share Purchase Warrants:

Common Share purchase warrant transactions for the nine months ended September 30, 2024 are summarized as follows:

	Warrants Issued	Weighted average exercise price
Balance at December 31, 2022	10,409,440	\$ 0.10
Expired	(10,409,440)	0.10
Balance at December 31, 2023 and September 30, 2024	-	\$ -

5. RESEARCH AND DEVELOPMENT COSTS

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Laboratory experiments and materials	\$ 3	\$ -	\$ -	\$ 67
Consultants and sub-contractors	-	(17)	-	(15)
Patent registrations	-	18	10	40
	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 10</u>	<u>\$ 92</u>

6. GENERAL AND ADMINISTRATION COSTS

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Professional fees	\$ 32	\$ 1	\$ 86	\$ 98
Consulting and management fees	14	13	43	46
Insurance	4	5	14	15
Office rental and other	3	5	5	20
	<u>\$ 54</u>	<u>\$ 24</u>	<u>\$ 149</u>	<u>\$ 179</u>

7. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed in varying degrees, to a variety of financial instrument related risks:

Fair value

The carrying value of due to/from related parties and accounts payable approximated their fair value because of the relatively short-term nature of these instruments. Cash, which is classified as held for trading and carried at fair value, has been determined using Level 1 inputs.

Foreign exchange risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has limited operations in Israel with such operations incurred in NIS, and the balance of operations being incurred in Canadian dollars. The Company has not hedged its exposure to currency fluctuations. An increase or decrease of 5% of the NIS relative to the Canadian dollar would not have a significant effect on the Company's results.

Credit risk

The Company manages credit risk, in respect of cash and cash equivalents, by holding them at major Canadian and Israeli financial institutions in accordance with the Company's investment policy. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, secured and unsecured promissory notes and other receivables and prepaid expenses. The Company's exposure as of September 30, 2024 and December 31, 2023 was \$820 thousand and \$976 thousand, respectively, which consisted of \$535 thousand (December 31, 2023 - \$938 thousand) in cash held in bank accounts, \$27 thousand (December 31, 2023 - \$38 thousand) in amounts receivable and prepaid expenses and \$258 thousand in secured and unsecured promissory notes. None of the Company's amounts receivable are overdue as of September 30, 2024.

Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet current obligations and future commitments. The Company's approach to managing liquidity risk is to forecast cash requirements to provide reasonable assurance that it will have sufficient funds to meet its liabilities when due. As of September 30, 2024, the Company had cash of \$535 thousand (December 31, 2023 - \$938 thousand), amounts receivable and prepaid expenses of \$27 thousand (December 31, 2023 - \$38 thousand) and \$258 thousand in secured and unsecured promissory notes (December 31, 2023 - \$nil thousand) to settle current liabilities in the amount of \$82 thousand (December 31, 2023 - \$85 thousand).

Capital management

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments based on the funds available to the Company, in order to support the Company's activities. The Board of Directors have not established quantitative return on capital criteria for management but rely on the expertise of the Company's management to sustain future development of the business. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned activities and pay for administrative costs, the Company will need to raise additional funds. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.