

PART I—FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS



Condensed Consolidated Interim Financial Statements

(Unaudited)

APTOSE BIOSCIENCES INC.

For the three and nine months ended September 30, 2025 and 2024

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of applicable Canadian securities law, which we collectively refer to as “forward-looking statements”. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. In some cases, forward-looking statements can be identified by terminology such as “may,” “would,” “could,” “will,” “should,” “expect,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” “hope,” “foresee” or the negative of these terms or other similar expressions concerning matters that are not historical facts.

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including, among others:

- our ability to continue as a going concern;
- our need to raise substantial additional capital in the near future and our ability to raise such funds when needed and on acceptable terms;
- if a financing is completed, it may not be a large enough financing to fully fund the company's operations;
- our suppliers or clinical sites may choose to implement work stoppage on key programs, change the terms of contracts or terminate contracts for key programs;
- our conversations with partners to renegotiate existing product license agreements may not be successful;
- our lack of product revenues and net losses and a history of operating losses;
- our ability to meet the continued listing requirements of the TSX and the listing requirements to relist on The Nasdaq Stock Market (the "Nasdaq");
- our early stage of development, particularly the inherent risks and uncertainties associated with (i) developing new drug candidates generally, (ii) demonstrating the safety and efficacy of these drug candidates in clinical studies in humans, and (iii) obtaining regulatory approval to commercialize these drug candidates;
- further equity financing, which may substantially dilute the interests of our existing shareholders;
- clinical studies and regulatory approvals of our drug candidates are subject to delays, and may not be completed or granted on expected timetables, if at all, and such delays may increase our costs and could substantially harm our business;
- our reliance on external contract research/manufacturing organizations for certain activities and if we are subject to quality, cost, or delivery issues with the preclinical and clinical grade materials supplied by contract manufacturers, our business operations could suffer significant harm;
- clinical studies are long, expensive, may have uncertain outcomes, and the U.S. Food and Drug Administration ("FDA"), or other similar foreign regulatory agencies that we are required to report to, may ultimately not approve any of our product candidates;
- our ability to comply with applicable governmental regulations and standards;
- our inability to achieve our projected development goals in the time frames we announce and expect;
- difficulties in enrolling patients for clinical trials may lead to delays or cancellations of our clinical trials;
- our ability to maintain an adequate supply of clinical drug product to complete our ongoing and planned clinical trials;
- impact of government spending cuts;
- our reliance on third parties to conduct and monitor our preclinical studies;
- our ability to attract and retain key personnel, including key executives and scientists;
- any misconduct or improper activities by our employees;
- our exposure to exchange rate risk;
- our ability to commercialize our business attributed to negative results from clinical trials;

- the marketplace may not accept our products or product candidates due to the intense competition and technological change in biotechnology and pharmaceuticals, and we may not be able to compete successfully against other companies in our industries and achieve profitability;
- our ability to obtain and maintain patent protection;
- our ability to afford substantial costs incurred with defending our intellectual property;
- our ability to protect our intellectual property rights and not infringe on the intellectual property rights of others;
- our business is subject to potential product liability and other claims;
- potential exposure to legal actions and potential need to take action against other entities;
- commercialization limitations imposed by intellectual property rights owned or controlled by third parties;
- our ability to maintain adequate insurance at acceptable costs;
- our ability to find and enter into agreements with potential partners;
- extensive government regulation;
- data security incidents and privacy breaches could result in increased costs and reputational harm;
- our share price has been and is likely to continue to be volatile;
- future sales of our common shares (the "Common Shares") by us or by our existing shareholders could cause our share price to drop;
- changing global market and financial conditions;
- changes in an active trading market in our Common Shares;
- difficulties by non-Canadian investors to obtain and enforce judgments against us because of our Canadian incorporation and presence;
- potential adverse U.S. federal tax consequences for U.S. shareholders because we are a "passive foreign investment company";
- our "smaller reporting company" status;
- any failures to maintain an effective system of internal controls may result in material misstatements of our financial statements, or cause us to fail to meet our reporting obligations or fail to prevent fraud;
- our broad discretion in how we use the proceeds of the sale of Common Shares; and
- our ability to expand our business through the acquisition of companies or businesses.

More detailed information about risk factors and their underlying assumptions is included in our Annual Report on Form 10-K for the year ended December 31, 2024, under Item 1A – Risk Factors. Except as required under applicable securities legislation, we undertake no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

APTOSE BIOSCIENCES INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of US dollars, except for common share data)
(unaudited)

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 613	\$ 6,152
Restricted cash and restricted cash equivalents	1,024	555
Prepaid expenses	2,013	2,253
Other current assets	127	570
Total current assets	3,777	9,530
Non-current assets:		
Property and equipment, net	8	26
Right-of-use assets, operating leases	277	571
Other long-term assets	2,279	—
Total non-current assets	2,564	597
Total assets	\$ 6,341	\$ 10,127
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable	\$ 1,456	\$ 1,258
Accrued liabilities	4,804	2,773
Current portion of lease liability, operating leases	305	428
Interest on related party loan payable	514	18
Total current liabilities	7,079	4,477
Non-current liabilities:		
Lease liability, operating leases	—	193
Loan payable to related party	18,712	10,000
Total non-current liabilities	18,712	10,193
Total liabilities	25,791	14,670
Shareholders' deficit:		
Share capital:		
Common shares, no par value, unlimited authorized shares, 2,552,429 and 2,006,028 shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	459,771	457,404
Additional paid-in capital	83,771	83,336
Accumulated other comprehensive loss	(4,316)	(4,316)
Accumulated deficit	(558,676)	(540,967)
Total shareholders' deficit	(19,450)	(4,543)
Total liabilities and shareholders' deficit	\$ 6,341	\$ 10,127

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

Going concern, see Note 2b.

Commitments and Contingencies, see Note 10.

Related party transactions, see Note 11.

Subsequent events, see Note 15.

APTOSE BIOSCIENCES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in thousands of US dollars, except for common share and per common share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Revenue	\$ —	\$ —	\$ —	\$ —
Operating expenses:				
Research and development	2,205	4,702	7,867	15,560
General and administrative	2,708	2,263	9,428	8,510
Total operating expenses	<u>4,913</u>	<u>6,965</u>	<u>17,295</u>	<u>24,070</u>
Other income/(expense):				
Interest (expense) income	(212)	12	(406)	226
Foreign exchange loss	2	—	(8)	(1)
Total other (expense) income	<u>(210)</u>	<u>12</u>	<u>(414)</u>	<u>225</u>
Net loss and comprehensive loss	<u>\$ (5,123)</u>	<u>\$ (6,953)</u>	<u>\$ (17,709)</u>	<u>\$ (23,845)</u>
Basic and diluted loss per common share	<u>\$ (2.01)</u>	<u>\$ (11.33)</u>	<u>\$ (7.34)</u>	<u>\$ (44.41)</u>
Weighted average number of common shares outstanding used in the calculation of				
Basic and diluted loss per common share	<u>2,552,429</u>	<u>613,604</u>	<u>2,411,943</u>	<u>536,891</u>

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

APTOSE BIOSCIENCES INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficit

(Expressed in thousands of US dollars, except for common share data)

(unaudited)

	<u>Common Shares</u>		<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance, December 31, 2024	2,006,028	\$ 457,404	\$ 83,336	\$ (4,316)	\$ (540,967)	\$ (4,543)
Common shares issued under the ESPP	338	1	—	—	—	1
Common shares issued under 2025 ATM	137,000	828	—	—	—	828
Common shares issued pursuant to Hanmi debt conversion	409,063	1,538	—	—	—	1,538
Stock-based compensation	—	—	435	—	—	435
Net loss and comprehensive loss	—	—	—	—	(17,709)	(17,709)
Balance, September 30, 2025	<u>2,552,429</u>	<u>\$ 459,771</u>	<u>\$ 83,771</u>	<u>\$ (4,316)</u>	<u>\$ (558,676)</u>	<u>\$ (19,450)</u>
Balance, December 31, 2023	264,745	\$ 444,806	\$ 72,146	\$ (4,316)	\$ (515,537)	\$ (2,901)
Shares and warrants issued under the Registered Direct Offering	106,500	1,018	3,122	—	—	4,140
Common shares and warrants issued pursuant to the Hanmi Private Placement	70,175	2,043	1,659	—	—	3,702
Common shares and warrants issued pursuant to the January 2024 Public Offering	188,304	3,595	4,532	—	—	8,127
Common shares issued under the 2023 Committed Equity Facility	17,332	717	(82)	—	—	635
Common shares issued under the 2022 ATM	2,717	97	(118)	—	—	(21)
Stock-based compensation	—	—	1,003	—	—	1,003
Common shares issued under the ESPP	922	26	—	—	—	26
Net loss and comprehensive loss	—	—	—	—	(23,845)	(23,845)
Balance, September 30, 2024	<u>650,695</u>	<u>\$ 452,302</u>	<u>\$ 82,262</u>	<u>\$ (4,316)</u>	<u>\$ (539,382)</u>	<u>\$ (9,134)</u>

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

APTOSE BIOSCIENCES INC.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in thousands of US dollars)

(unaudited)

	Nine Months Ended September 30,	
	2025	2024
Cash flows used in operating activities:		
Net loss for the period	\$ (17,709)	\$ (23,845)
Adjustments to reconcile net loss to cash used in operating activities:		
Stock-based compensation	435	1,003
Depreciation of property and equipment	18	28
Loss on disposal of property and equipment	—	76
Amortization of right-of-use assets	294	279
Interest on lease liabilities	29	52
Interest on loan payable to related parties	496	—
Change in non-cash operating assets and liabilities:		
Prepaid expenses	240	1,130
Other assets	(1,836)	(761)
Operating lease payments	(345)	(346)
Related party payable	—	(2,554)
Accounts payable	198	(1,662)
Accrued liabilities	2,031	(1,317)
Cash used in operating activities	<u>(16,149)</u>	<u>(27,917)</u>
Cash flows provided by financing activities:		
Proceeds from loans payable with related parties	10,350	10,000
Repayment of loan with related party	(100)	—
Issuance of common shares and warrants under the Registered Direct Offering	—	4,140
Issuance of common shares and warrants pursuant to the January 2024 Public Offering	—	8,127
Issuance of common shares and warrants pursuant to the Hanmi Private Placement	—	3,702
Issuance of common shares under 2023 Committed Equity Facility	—	694
Issuance of common shares under 2022 ATM	—	97
Cost of offering	—	(177)
Issuance of common shares under 2025 ATM	828	—
Issuance of common shares under the ESPP	1	26
Cash provided by financing activities	<u>11,079</u>	<u>26,609</u>
Cash flows provided by investing activities:		
Disposal of property and equipment	—	18
Cash provided by investing activities	<u>—</u>	<u>18</u>
Decrease in cash, cash equivalents and restricted cash and restricted cash equivalents	<u>\$ (5,070)</u>	<u>\$ (1,290)</u>
Cash, cash equivalents, and restricted cash and restricted cash equivalents, beginning of period	<u>\$ 6,707</u>	<u>\$ 9,252</u>
Cash, cash equivalents, and restricted cash and restricted cash equivalents, end of period	<u>\$ 1,637</u>	<u>\$ 7,962</u>
Supplemental disclosures of non-cash financing activities:		
Conversion of loan payable with related party to common shares	\$ 1,538	\$ —

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

APTOSE BIOSCIENCES INC.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

Three and nine months ended September 30, 2025 and 2024

(Tabular amounts in thousands of United States dollars, except as otherwise noted)

1. Reporting entity

Aptose Biosciences Inc. ("Aptose," "the Company," "we," "us," or "our") is a science-driven, clinical-stage biotechnology company committed to the development and commercialization of precision medicines addressing unmet clinical needs in oncology, with an initial focus on hematology. The Company's small molecule cancer therapeutics pipeline includes products designed to provide single agent efficacy and to enhance the efficacy of other anti-cancer therapies and regimens without overlapping toxicities. The Company's executive offices are located in San Diego, California, and our head office address is located at 66 Wellington Street West, Suite 5300, TD Bank Tower Box 48, Toronto, Ontario, Canada.

We are advancing targeted agents to treat life-threatening hematologic cancers that require immediate treatment. We have two clinical-stage investigational products for hematological malignancies: our lead agent, tuspetinib, an oral, potent myeloid kinase inhibitor, and luxetpinib, an oral, dual lymphoid and myeloid kinase inhibitor.

2. Significant accounting policies

a. Reverse stock split

On February 26, 2025, the Company effected a 1-for-30 reverse stock split (the "Reverse Stock Split") of its issued and outstanding common shares (the "Common Shares"). The par value and the authorized shares of the Common Shares were not adjusted as a result of the Reverse Stock Split. All of the Company's Common Shares, stock options and warrants have been retroactively adjusted to reflect the Reverse Stock Split for all periods presented.

b. Basis of presentation - going concern

These unaudited condensed consolidated interim financial statements have been prepared in conformity with generally accepted accounting principles in the United States, or GAAP and the rules and regulations of the Securities and Exchange Commission, or SEC, related to quarterly reports filed on Form 10-Q, assuming the Company will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, substantial doubt about the Company's ability to continue as a going concern exists within one year after the date that the financial statements are issued. The Company does not have sufficient cash to fund operations and therefore relies on advances made by Hanmi (as defined below).

Since the Company's inception, the Company has financed its operations and technology acquisitions primarily through equity financing, proceeds from the exercise of warrants and stock options, and interest income on funds held for future investment. Cash used for operating activities primarily consists of salaries and wages for management and employees, facility and facility-related costs for the Company's offices, fees paid in connection with preclinical and clinical studies, licensing fees, drug manufacturing costs, laboratory supplies and materials, and professional fees. Due to the early stage of the Company's clinical trials, the Company does not expect to generate positive cash flow from operations for the foreseeable future. Negative cash flows are expected to continue until the Company receives regulatory approval to commercialize any of its products under development and/or when royalty or milestone revenue from such products exceeds expenses.

The Company incurred a net loss of \$17.7 million for the nine months ended September 30, 2025 and \$23.8 million for the nine months ended September 30, 2024. As of September 30, 2025, the Company had an accumulated deficit of \$558.7 million (December 31, 2024, \$541.0 million); cash, cash equivalents and restricted cash and restricted cash equivalents of \$1.6 million (December 31, 2024, \$6.7 million); current assets less current liabilities of negative \$3.3 million (December 31, 2024, \$5.1 million); and negative shareholder's equity of \$19.5 million (December 31, 2024, negative shareholder's equity of \$4.5 million). The Company's cash needs for the next twelve months include estimates of the number of patients and rate of enrollment in its clinical trials, the amount of drug product it will require to support its clinical trials and general corporate overhead costs to support its operations. The Company has based these estimates on assumptions and plans that may change and could impact the magnitude and/or timing of operating expenses and its cash runway.

Management recognizes that to meet the capital requirements and continue to operate, additional financing will be necessary. The Company plans to raise additional funds to fund its business operations through debt or other financing activities. Management continues considering options for raising capital including debt, through collaborations or reorganization to reduce operational expenses. However, given the decrease in the share price, the Company's delisting from Nasdaq for failure to gain compliance with the Nasdaq's minimum equity requirement of \$2.5 million ("Stockholders' Equity Requirement") by March 31, 2025, as well as the

difficulty for micro-cap market capitalization companies to raise significant capital, there can be no assurance that the Company will be able to obtain additional liquidity when needed or under acceptable terms, if at all.

The Company's ability to raise additional funds has been affected by adverse market conditions, the status of its product pipeline, delays in enrollment in its trial, and various other factors and the Company may be unable to raise capital when needed, or on terms favorable to the Company. The raising of additional capital to make bulk payments to repay accounts payable, if successful, would potentially alleviate the substantial doubt on the Company's ability to continue as a going concern. In the event that debt or equity financing is unable to be secured or contemplated, and trade sales fail to materialize, the Company may need to resolve to other means of protecting its assets in the best interests of its shareholders, including foreclosure or forced liquidation and/or seeking creditors' protection.

The aforementioned conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying condensed consolidated interim financial statements do not reflect any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Company is unable to continue as a going concern; these types of adjustments could be material.

c. Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions, balances, revenue, and expenses are eliminated on consolidation.

d. Significant accounting policies, estimates and judgments

No changes to the Company's significant accounting policies occurred during the nine months ended September 30, 2025 as described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the SEC on March 28, 2025.

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from those estimates. The unaudited condensed consolidated interim financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

e. Foreign currency

The functional and presentation currency of the Company is the U.S. dollar.

f. Concentration of risk

The Company is subject to credit risk from its cash, cash equivalents and restricted cash and restricted cash equivalents. The carrying amount of the financial assets represents the maximum credit exposure. The Company manages credit risk associated with its cash, cash equivalents and restricted cash and restricted cash equivalents by maintaining minimum standards of R1-low or A-low investments. The Company invests only in highly rated corporations and treasury bills, which are capable of prompt liquidation.

g. Recent accounting pronouncements

The Company adopted no new accounting pronouncements during the three and nine months ended September 30, 2025. Various accounting standards and interpretations were issued recently, none of which are expected to have a material impact on the Company's financial position, operations, or cash flows.

3. Cash and cash equivalents

Cash and cash equivalents as of September 30, 2025, consists of cash of \$0.6 million (December 31, 2024 - \$1.5 million) and deposits in high interest savings accounts, money market funds and accounts with original maturities of less than 90 days totaling nil (December 31, 2024 - \$4.7 million).

4. Restricted cash and restricted cash equivalents

Restricted cash consist of deposits in operating accounts, and restricted cash equivalents consist of deposits in high interest savings accounts, money market funds and accounts with original maturities of less than 90 days. As of September 30, 2025, the restricted cash balance was \$1.0 million (December 31, 2024 - nil). As of September 30, 2025, the restricted cash equivalents balance was nil (December 31, 2024 - \$0.6 million).

On August 27, 2024, the Company and Hanmi Pharmaceutical Co. Ltd. ("Hanmi") entered into a loan agreement, pursuant to which Hanmi agreed to loan \$10.0 million to the Company (the "Hanmi Loan Agreement"). Under the terms of the Hanmi Loan Agreement, the loan proceeds are restricted in their use and must be used for Tuspentinib-related business operation purposes, unless otherwise authorized by Hanmi. The use of the funds is also contingent upon the Company meeting specific manufacturing and clinical milestones. As of September 30, 2025, the restricted cash and restricted cash equivalents pursuant to the Hanmi Loan Agreement were fully utilized and no unspent proceeds associated with the Hanmi Loan Agreement remained. See Note 11: Related party transactions.

On June 18, 2025, the Company and Hanmi entered into a facility agreement (the "Hanmi Facility Agreement"), pursuant to which Hanmi provided an uncommitted facility for up to \$8.5 million, administered through multiple advances for the purpose of the continued clinical development of Tuspentinib and to fund operations of the Company. Advances under the Hanmi Facility Agreement may be provided in one or more (but no more than five advances) until December 31, 2025. No single advance shall be for an amount in excess of \$2.5 million. As of September 30, 2025, the restricted cash and restricted cash equivalents pursuant to the Hanmi Facility Agreement were fully utilized and no unspent proceeds associated with the Hanmi Facility Agreement remained. See Note 11: Related party transactions.

On September 22, 2025, the Company and Hanmi entered into an amended facility agreement (the "Amended Facility Agreement"), which amended and restated the Hanmi Facility Agreement entered into on June 18, 2025, pursuant to which Hanmi provided an additional uncommitted facility for up to \$11.9 million, administered through multiple advances for the purpose of the continued clinical development of Tuspentinib and to fund operations of the Company. Advances under the Amended Facility Agreement may be provided in one or more (but no more than eight advances) until December 31, 2025. No single advance shall be for an amount in excess of \$2.0 million or for an amount that is less than \$0.5 million. Additionally, Hanmi may cancel availability under the Amended Facility Agreement at any time without notice, acting solely at its discretion. The restricted cash and restricted cash equivalents balance noted above reflects the balance, as of September 30, 2025, of the unspent proceeds associated with the Amended Facility Agreement. See Note 11: Related party transactions. Also see Note 15: Subsequent events.

5. Prepaid expenses

Prepaid expenses are comprised of the following:

	September 30, 2025	December 31, 2024
Prepaid research and development expenses	\$ 995	\$ 1,648
Prepaid insurance	956	558
Other prepaid operating expenses	62	47
Total	<u>\$ 2,013</u>	<u>\$ 2,253</u>

6. Right-of-use assets, operating leases

Right-of-use assets, operating leases are comprised of the following:

	September 30, 2025	December 31, 2024
Right-of-use assets, beginning of period	\$ 3,124	\$ 3,124
Additions to right-of-use assets	—	—
Right-of-use assets, end of period	3,124	3,124
Accumulated amortization	(2,847)	(2,553)
Right-of use assets, net	<u>\$ 277</u>	<u>\$ 571</u>

7. Other Long-Term Assets

Other long-term assets consist of upfront payments provided in advance of services being rendered in connection with clinical trial programs. Since the Company will not receive such services within one year of the balance sheet date, these assets are considered long-term.

8. Fair value measurements and financial instruments

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means; and

Level 3 - inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following table presents the fair value of Company's assets that are measured at fair value on a recurring basis for the periods presented:

	September 30, 2025	Level 1	Level 2	Level 3
Assets				
High interest savings account	\$ —	\$ —	\$ —	\$ —
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

	December 31, 2024	Level 1	Level 2	Level 3
Assets				
High interest savings accounts	\$ 5,201	\$ —	\$ 5,201	\$ —
Total	<u>\$ 5,201</u>	<u>\$ —</u>	<u>\$ 5,201</u>	<u>\$ —</u>

9. Accrued liabilities

Accrued liabilities are comprised of the following:

	September 30, 2025	December 31, 2024
Accrued personnel related costs	\$ 2,602	\$ 982
Accrued research and development expenses	1,904	1,647
Other accrued expenses	298	144
Total	<u>\$ 4,804</u>	<u>\$ 2,773</u>

10. Commitments and Contingencies

Operating Leases

The Company leases office space in San Diego, California, pursuant to a lease agreement that is scheduled to expire on May 31, 2026. The Company leased office space in Toronto, Ontario, Canada, which expired on June 30, 2024. The Company has not included any extension periods in calculating its right-of-use assets and lease liabilities. The Company also enters into leases for small office equipment.

Minimum payments, undiscounted, under our operating leases are as follows:

Years ending December 31,	Amount
2025	\$ 117
2026	197
Total minimum lease payments	314
Less: imputed interest	(9)
Present value of lease liabilities	305
Less: current portion of lease liability	(305)
Lease liability, non-current	<u>\$ —</u>

The following table presents the weighted average remaining term of the leases and the weighted average discount rate:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Weighted-average remaining term – operating leases (years)	0.7	1.4
Weighted-average discount rate – operating leases	7.90%	7.90%
Lease liability, current portion	\$ 305	\$ 428
Lease liability, long-term portion	—	193
Total	<u>\$ 305</u>	<u>\$ 621</u>

Operating lease costs and operating cash flows from our operating leases are as follows:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 107	\$ 107	\$ 321	\$ 331
Operating cash flows from operating leases	\$ 116	\$ 112	\$ 345	\$ 346

As of September 30, 2025 and December 31, 2024, the Company did not have any significant leases that have not yet commenced that would create significant rights and obligations for the Company.

Retention Bonuses

The Company has entered into retention award agreements with its senior leadership team and certain other key employees. In the event of a change in control, subject to the terms of these agreements, retention bonuses will be payable in an aggregate amount of \$1.0 million. As the events triggering the retention bonuses are outside the control of the Company and given the level of uncertainty surrounding such a transaction, the expense related to these payments would not be recognized until the event occurs.

11. Related party transactions

Hanmi Pharmaceutical Co. Ltd.

On November 4, 2021, Aptose entered a licensing agreement (the "Tuspetinib Licensing Agreement") with the South Korean company Hanmi for the clinical and commercial development of tuspetinib. Under the terms of the Tuspetinib Licensing Agreement, Hanmi granted Aptose exclusive worldwide rights to tuspetinib for all indications. Hanmi received an upfront payment of \$12.5 million, including \$5.0 million in cash and \$7.5 million in Common Shares. Aptose issued Hanmi 7,190 Common Shares as part of the upfront licensing payment. Hanmi will also receive up to \$407.5 million in future milestone payments contingent upon achieving certain clinical, regulatory and sales milestones across several potential indications, as well as tiered royalties on net sales. The term of the Tuspetinib Licensing Agreement will continue on a product-by-product and country-by-country basis until the expiration of the royalty period for such product in such country. The licenses to Aptose pursuant to the Tuspetinib Licensing Agreement will survive and become non-exclusive, perpetual, irrevocable and fully paid-up on a product-by-product and country-by-country basis, upon their natural expiration under the terms of the Tuspetinib Licensing Agreement.

In 2022, the Company and Hanmi also entered into a separate supply agreement for additional production of new drug substance and drug product to support further tuspetinib clinical development (the "Supply Agreement"), for which the Company pays Hanmi

per batch of production. For the nine months ended September 30, 2025 and 2024, expenses related to the Supply Agreement totaled nil for both periods. Since inception to September 30, 2025, \$7.1 million has been expended under the Supply Agreement.

Under the Supply Agreement, the Company paid supply costs to Hanmi of nil and \$2.6 million for the nine months ended September 30, 2025 and 2024, respectively. As of September 30, 2025 and December 31, 2024, the Company did not have either accounts payable or accrued liabilities related to the Supply Agreement.

On August 27, 2024, the Company and Hanmi entered into the Hanmi Loan Agreement, pursuant to which Hanmi loaned \$10.0 million to the Company. Under the terms of the Hanmi Loan Agreement, the loan proceeds are restricted to use for Tuspentinib-related business operation purposes, unless otherwise authorized by Hanmi. The use of the funds is also contingent upon the Company meeting specific manufacturing and clinical milestones as outlined in the agreement. The loan is repayable in full on January 31, 2027, with an initial interest period ending on September 30, 2024 and subsequent interest payments due at the end of each three-month period thereafter. Aptose may repay all or any portion of the outstanding principal at any time without penalty, provided that any accrued and unpaid interest on the principal amount being repaid is also settled. The accrued interest on the unpaid principal loan amount is payable at the periods specified in the Hanmi Loan Agreement at a rate of 6% per annum. During the nine months ended September 30, 2025 and 2024, Aptose recognized interest expense of \$0.4 million and \$0.1 million, respectively, and paid nil and \$0.1 million, respectively, in interest pursuant to the Hanmi Loan Agreement.

On March 18, 2025, the Company entered into a debt conversion and interest payment agreement ("Debt Conversion Agreement") with Hanmi pursuant to which the Company and Hanmi agreed to convert \$1.5 million of Hanmi's indebtedness under the Hanmi Loan Agreement into 409,063 Common Shares at \$3.70 per share which was the average closing price of the Company's Common Shares on Nasdaq for the five trading days immediately prior to entering into the Debt Conversion Agreement. Additionally, pursuant to the Debt Conversion Agreement, the Company and Hanmi agreed that the interest payment associated with the period from December 21, 2024 through March 31, 2025 (the "First Deferred Interest Period") may be deferred and made on or before the final closing date of a financing, not including the amount being converted pursuant to the Debt Conversion Agreement, totaling \$15.0 million ("Capital Raise"), but no later than June 27, 2025. On June 24, 2025, the Company and Hanmi entered into an Interest Payment Agreement whereby the interest due for the First Deferred Interest Period and interest associated with the period from March 31, 2025 through June 30, 2025 (the "Second Deferred Interest Period") may be deferred and made no later than December 31, 2025. Further, pursuant to the Debt Conversion Agreement, Hanmi, at its sole discretion, can opt to convert the remaining indebtedness amount, or a portion thereof, to Aptose Common Shares upon the successful completion of the Capital Raise, provided that the amount of Aptose Common Shares delivered to Hanmi pursuant to such subsequent conversion shall not cause Hanmi to own more than 19.99% of the Company. Subsequently, pursuant to the Hanmi Facility Agreement, the maturity date for the Hanmi Loan Agreement was modified such that the outstanding principal amount and accrued and unpaid interest under the Hanmi Loan Agreement would be repayable on August 31, 2028 as discussed below.

Pursuant to FASB's Accounting Standards Codification ("ASC") Topic 470, Debt ("ASC 470"), the Company accounted for the debt conversion as a troubled debt restructuring as the Company was experiencing financial difficulties and a concession had been granted whereby the effective interest rate of the modified debt was lower than the original interest rate pursuant to the Hanmi Loan Agreement. The carrying value of the loan was reduced by the fair value of the Common Shares issued in connection with the transaction. The Company determined that the future undiscounted cash flows of the loan exceeded its carrying value, and accordingly, no gain or loss was recognized in connection with the Debt Conversion Agreement.

On June 18, 2025, the Company and Hanmi entered into the Hanmi Facility Agreement, pursuant to which Hanmi provided an uncommitted facility ("Facility #1") for up to \$8.5 million, administered through multiple advances for the purpose of the continued clinical development of Tuspentinib and to fund operations of the Company. Advances under the Hanmi Facility Agreement may be provided in one or more (but no more than five advances) until December 31, 2025. No single advance shall be for an amount in excess of \$2.5 million. Any amounts repaid under the Hanmi Facility Agreement may not be re-borrowed. As of September 30, 2025, the Company fully utilized this facility and received a total of \$8.5 million under the Hanmi Facility Agreement. Amounts outstanding pursuant to the Hanmi Facility Agreement are repayable in full on August 31, 2028, with an initial interest period commencing on June 20, 2025 and ending on December 31, 2025 and subsequent interest payments due at the end of each three-month period thereafter. Unpaid principal with respect to each advance shall accrue interest at a rate of 6% per annum. During the nine months ended September 30, 2025, Aptose recognized interest expense of \$0.1 million and paid nil in interest pursuant to the Hanmi Facility Agreement.

Pursuant to the Hanmi Facility Agreement, the maturity date for the Hanmi Loan Agreement was modified such that the outstanding principal amount and accrued and unpaid interest under the Hanmi Loan Agreement would be repayable on August 31, 2028. The Company evaluated whether the amended maturity date represented a debt modification or extinguishment in accordance with ASC 470-50, *Debt – Modifications and Extinguishments*. The amendment to the Hanmi Loan Agreement was accounted for as a

debt modification since the amendment did not result in substantially different terms as the present value of the cash flows pursuant to the revised terms is less than 10% different from the remaining cash flows under the terms of the original agreement.

On September 22, 2025, the Company and Hanmi entered into the Amended Facility Agreement, pursuant to which Hanmi provided an additional uncommitted facility ("Facility #2") for up to \$11.9 million, administered through multiple advances for the purpose of the continued clinical development of Tuspentinib and to fund operations of the Company. Advances under the Amended Facility Agreement may be provided in one or more (but no more than eight advances) until December 31, 2025. No single advance shall be for an amount in excess of \$2.0 million or for an amount that is less than \$0.5 million. Additionally, Hanmi may cancel availability under the Amended Facility Agreement at any time without notice, acting solely at its discretion. Any amounts repaid under the Amended Facility Agreement may not be re-borrowed. Aptose has received a total of \$4.2 million; the initial advance of \$1.8 million was received on September 25, 2025 and additional advances of \$1.2 million on October 17, 2025 and \$1.2 million on October 27, 2025. Amounts outstanding pursuant to the Amended Facility Agreement are repayable in full on August 31, 2028, with an initial interest period commencing on September 22, 2025 and ending on December 31, 2025 and subsequent interest payments due at the end of each three-month period thereafter. Unpaid principal with respect to each advance shall accrue interest at a rate of 6% per annum. During the nine months ended September 30, 2025, Aptose recognized minimal interest expense and paid nil in interest pursuant to the Amended Facility Agreement.

Pursuant to the Amended Facility Agreement, the Amended Facility Agreement effectively replaced the Hanmi Facility Agreement. The Company evaluated whether the Facility #2 transaction resulted in a debt modification or extinguishment in accordance with ASC 470-50, *Debt – Modifications and Extinguishments*. The amendment to Facility #1 was accounted for as a debt modification since the amendment did not result in substantially different terms as the present value of the cash flows pursuant to the revised terms is less than 10% different from the remaining cash flows under the terms of the original agreement given that, as of the effective date of the Amended Facility Agreement, no amounts had been advanced to the Company pursuant to Facility #2.

Pursuant to the Hanmi Facility Agreement and Amended Facility Agreement, the Company granted a first ranking general security interest to Hanmi over all present and after acquired personal property, including over all inventory of drug substances and drug products that the Company has purchased or manufactured or will purchase or manufacture, and the Tuspentinib Licensing Agreement and all Tuspentinib clinical trial data.

In connection with the Hanmi Loan Agreement, on September 2, 2024, Aptose and Hanmi executed a letter of understanding, which outlines the steps associated with the negotiation of a co-development collaboration agreement for the advancement of tuspentinib (the "Future Collaboration Agreement"). Under the terms of the Future Collaboration Agreement, upon execution, the loan principal and any accrued and unpaid interest under the Hanmi Loan Agreement will automatically convert to Hanmi's prepayment of future milestone obligations under the Future Collaboration Agreement. Upon conversion, the Hanmi Loan Agreement, consisting of the \$8.5 million loan principal with any accrued and unpaid interest, would be deemed fully paid and satisfied. Hanmi has a security interest over all inventory of drug substance and drug products related to the Tuspentinib License Agreement.

As of September 30, 2025, Hanmi held 508,710 Common Shares and 77,972 warrants to purchase Common Shares at an exercise price of \$51.30 per Common Share of Aptose. Also see Note 12, Share capital.

Short-Term Advance from CEO

On June 17, 2025, the Company's CEO provided an interest-free short-term advance of \$100,000 to support operations. The amount was repaid in full on June 26, 2025. The loan balance was not outstanding at September 30, 2025.

12. Share capital

The Company has authorized an unlimited number of Common Shares.

a. Equity issuances:

(i) 2025 Committed Equity Facility

On February 7, 2025, the Company and Keystone Capital Partners, LLC ("Keystone") entered into the Purchase Agreement, which provides that subject to the terms and conditions set forth therein, the Company may sell to Keystone up to the lesser of (i) \$25 million of the Common Shares and (ii) 19.99% of the Common Shares outstanding as of the date of the Purchase Agreement (subject to certain exceptions provided in the Purchase Agreement) (the "Total Commitment"), from time to time during the two year term of the Purchase Agreement. Additionally, on February 7, 2025, the Company and Keystone entered into a registration rights agreement (the "Registration Rights Agreement"), pursuant to which the Company agreed to file a registration statement with the SEC covering the resale of Common

Shares that are issued to Keystone under the Purchase Agreement. Upon entering into the Purchase Agreement, the Company agreed to issue to Keystone an aggregate of 8,020 Common Shares (the “Commitment Shares”) as consideration for Keystone’s commitment to purchase Common Shares upon the Company’s direction under the Purchase Agreement. As the registration statement has not been declared effective by the SEC, the Commitment Shares have not been issued. The Company also agreed to pay Keystone up to \$25,000 for its reasonable expenses under the Purchase Agreement.

(ii) 2025 At-The-Market Facility

On February 3, 2025 the Company and A.G.P./Alliance Global Partners (“AGP”) entered into a sales agreement whereby the Company, may from time to time, sell Common Shares having an aggregate offering value of up to \$1.0 million through AGP on Nasdaq (the “2025 ATM Facility”). Costs associated with the proceeds consist of 3% cash commission. Up to February 12, 2025, the Company issued 137,000 Common Shares under this 2025 ATM Facility at an average price of \$7.31 per share for gross proceeds of \$1.0 million (\$0.8 million net of share issuance costs).

(iii) November 2024 Public Offering

On November 25, 2024, the Company completed a reasonable best efforts public offering (the “November 2024 Public Offering”) with participation from the Company’s CEO and existing and new healthcare focused investors for the purchase and sale of 1,333,333 Common Shares at a price of \$6.00 per share and warrants to purchase up to 666,599 Common Shares (the “November 2024 Investor Warrants”). The November 2024 Investor Warrants have an exercise price of \$6.00 per share, were exercisable immediately and will expire five years from the issuance date. In connection with the November 2024 Public Offering, the Company received aggregate gross proceeds of \$8.0 million, before deducting placement agent fees and other offering expenses of approximately \$1.1 million, comprised of placement agent fees of \$0.6 million and professional fees of \$0.5 million. Additionally, AGP, the lead placement agent engaged by the Company, received 53,333 warrants, each with an exercise price of \$8.25 (the “AGP Warrants”). The AGP Warrants were exercisable immediately and will expire five years from November 25, 2024.

(iv) September 2024 Common Share Issuance

On September 5, 2024, the Company held a Special Meeting of Shareholders pursuant to which, shareholders voted to authorize, for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of Common Shares underlying certain warrants in an amount equal to or in excess of 20% of our Common Shares outstanding immediately prior to the issuance of such warrants pursuant to the June 2024 Registered Direct Offering. On September 11, 2024, the Company issued 46,500 Common Shares upon the exercise of 46,500 Pre-Funded Warrants for cash proceeds of \$1,000 at an exercise price of \$0.03 per Common Share.

(v) June 2024 Registered Direct Offering and Concurrent Private Placement

On June 3, 2024, the Company completed the Registered Direct Offering for the purchase and sale of 60,000 Common Shares at a purchase price of \$34.50 per Common Share and 68,500 pre-funded warrants (the “Pre-Funded Warrants”) with an exercise price of \$0.03 per Pre-Funded Warrant. Each Pre-Funded Warrant was exercisable immediately and expires on June 25, 2029.

In a concurrent private placement, Aptose issued unregistered series A warrants to purchase up to 128,500 Common Shares (“Series A Warrants”) and series B warrants to purchase up to 128,500 Common Shares (“Series B Warrants”), each at an exercise price of \$34.50 per share. The series A and series B unregistered warrants became exercisable beginning on the effective date of shareholder approval of the issuance of the Common Shares issuable upon exercise of the Series A and Series B Warrants, which was obtained on September 5, 2024. The Series A Warrants expire five years from September 5, 2024 and the Series B Warrants expire March 5, 2026.

The gross proceeds to the Company from the Registered Direct Offering were approximately \$4.4 million, less cash transaction costs of approximately \$0.4 million, which include placement agent and other professional fees. In addition, H.C. Wainwright (“HCW”), the lead placement agent engaged by the Company for the Registered Direct Offering, received 6,423 warrants, each with an exercise price of \$43.13 (the “HCW Warrants”). The HCW Warrants were exercisable beginning on September 5, 2024 and will expire on June 3, 2029.

(vi) January 2024 Public Offering

On January 30, 2024, the Company completed a public offering (the “January 2024 Public Offering”) of 188,304 Common Shares (including 24,561 Common Shares issued pursuant to a full exercise by the underwriter, Newbridge Securities Corporation (“Newbridge”), of its over-allotment option at a purchase price of \$51.30 per Common Share, for aggregate gross proceeds of \$9.7 million, less cash transaction costs of \$1.6 million. The Company also issued share purchase warrants underlying a total of 188,174 Common Shares to each investor who participated in the January 2024

Public Offering (the “January 2024 Investor Warrants”). Each January 2024 Investor Warrant has an exercise price of \$51.30 per share and was exercisable immediately upon issuance. The January 2024 Investor Warrants will expire January 30, 2029.

Additionally, in connection with the January 2024 Public Offering, the Company issued share purchase warrants underlying a total of 18,084 Common Shares to Newbridge as compensation payable thereto, with each warrant having an exercise price of \$64.13 per share and being exercisable beginning on July 30, 2025 and expiring on January 30, 2028. The issue-date fair value of all warrants issued to Newbridge in connection with the January 2024 Public Offering and the January 2024 Private Placements (the “Newbridge Warrants”) was recorded as additional transaction costs, with a reduction to Common Shares and a corresponding increase to additional paid-in capital.

(vii) Hanmi Private Placement

Concurrently with the January 2024 Public Offering, the Company completed a private placement with Hanmi (the “Hanmi Private Placement”) of 70,175 Common Shares at a price of \$57.00 per Common Share, representing an 11% premium over the price of the Common Shares issued as part of the January 2024 Public Offering, for gross proceeds of \$4.0 million, less cash transaction costs of \$0.3 million. Also, as part of the January 2024 Private Placement, the Company issued to Hanmi, Common Share purchase warrants underlying 77,972 of our Common Shares (the “Hanmi Warrants”). Each Hanmi Warrant has an exercise price of \$51.30 per Common Share and was exercisable immediately upon issuance. The Hanmi Warrants will expire January 31, 2029.

(viii) Hanmi 2023 Equity Investment

On August 10, 2023, the Company entered into a binding term sheet with Hanmi, under which Hanmi agreed, in its sole discretion, to invest up to \$7 million in Aptose, subject to a maximum total ownership of 19.99% by Hanmi. On September 6, 2023, the Company entered into a subscription agreement with Hanmi, pursuant to which the Company agreed to sell 22,281 Common Shares to Hanmi for proceeds of \$3 million.

(ix) 2023 Committed Equity Facility

On May 25, 2023, the Company and Keystone entered into a committed equity facility, (the “2023 Committed Equity Facility”), which provides that subject to the terms and conditions set forth therein, the Company may sell to Keystone up to the lesser of (i) \$25.0 million of the Common Shares and (ii) a number of Common Shares equal to 19.99% of the Common Shares outstanding immediately prior to the execution of the 2023 Committed Equity Facility Agreement. Additionally, on May 25, 2023, the Company entered into a Registration Rights Agreement with Keystone, pursuant to which the Company agreed to file a registration statement with the SEC covering the resale of Common Shares that are issued to Keystone under the 2023 Committed Equity Facility. This registration statement became effective on June 30, 2023 and the 2023 Committed Equity Facility commencement date was July 12, 2023 (the “Commencement Date”).

Upon entering into the 2023 Committed Equity Facility, the Company agreed to issue to Keystone an aggregate of 838 Common Shares (the “Commitment Shares”) as consideration for Keystone’s commitment to purchase Common Shares upon the Company’s direction under the 2023 Committed Equity Facility. The Company issued 251 Common Shares, or 30% of the Commitment Shares, on the date of the 2023 Committed Equity Facility Agreement. An additional 251 Common Shares, or 30% of the Commitment Shares, were issued to Keystone in October 2023.

During the nine months ended September 30, 2024, the Company issued 17,003 Common Shares to Keystone at an average price of \$40.80 per Common Share for cash proceeds of \$0.7 million and 329 Commitment Shares valued at \$23,000.

Since May 25, 2023 to April 2024, the time the Committed Equity Facility was terminated, the Company's issuance of Common Shares to Keystone comprised of an aggregate of 41,019 Common Shares at an average price of \$68.10 per Common Share for aggregate gross cash proceeds of \$2.8 million and 838 Commitment Shares.

From May 25, 2023 to the termination of the Committed Equity Facility, the Company recognized \$168,000 of financing costs associated with professional fees. In April 2024, the Company's issuances of Common Shares to Keystone reached the Total Commitment of the Committed Equity Facility, i.e., 19.99% of the Common Shares outstanding immediately prior to the execution of the 2023 Committed Equity Facility Agreement.

(x) 2022 At-The-Market Facility (“ATM”)

On December 9, 2022, the Company entered into an equity distribution agreement pursuant to which the Company may, from time to time, sell Common Shares having an aggregate offering value of up to \$50 million through Jones Trading Institutional Services LLC (“Jones Trading”) on Nasdaq (the “2022 ATM Facility”). During the prior year up to May 30, 2024, the date on which the Company terminated the 2022 ATM Facility, the Company issued 2,717 Common Shares

under this 2022 ATM Facility at an average price of \$36.60 per share for gross proceeds of \$100,000 (\$97,000 net of share issuance costs). Since inception to May 30, 2024, the Company raised a total of \$2.1 million of gross proceeds (\$2.0 million net of share issuance costs) under the 2022 ATM Facility. Costs associated with the proceeds consisted of a 3% cash commission.

b. Loss per share:

Loss per share is calculated using the weighted average number of Common Shares outstanding and is presented in the table below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net loss	\$ (5,123)	\$ (6,953)	\$ (17,709)	\$ (23,845)
Weighted-average common shares – basic and diluted	2,552,429	613,604	2,411,943	536,891
Net loss per share – basic and diluted	\$ (2.01)	\$ (11.33)	\$ (7.34)	\$ (44.41)

The effects of any potential exercise of the Company's stock options outstanding during the three and nine months ended September 30, 2025 and 2024 have been excluded from the calculation of diluted loss per share, since such securities would be anti-dilutive.

13. Warrants

A summary of warrant activity during the nine months ended September 30, 2025 is as follows:

	Nine Months Ended September 30, 2025		
	Common Shares Issuable upon Exercise	Weighted average exercise price	Weighted average remaining contractual life (years)
Outstanding, beginning of period	1,267,585	\$ 22.40	4.4
Issued	—	—	—
Exercised	—	—	—
Outstanding, end of period	1,267,585	\$ 22.40	3.6
Exercisable, end of period	1,267,585	\$ 22.40	3.6

The following table shows the number of outstanding warrants by exercise price and date of expiration as of September 30, 2025:

Shares Issuable Upon Exercise	Exercise Price	Expiration Date
128,500	\$ 34.50	March 5, 2026
18,084	\$ 64.13	January 30, 2028
188,174	\$ 51.30	January 30, 2029
77,972	\$ 51.30	January 31, 2029
6,423	\$ 43.13	June 3, 2029
128,500	\$ 34.50	September 5, 2029
666,599	\$ 6.00	November 25, 2029
53,333	\$ 8.25	November 25, 2029
1,267,585		

Upon full exercise of all the warrants exercisable as of September 30, 2025, the Company would issue an additional 1,267,585 of its Common Shares, which could dilute existing shareholders.

14. Stock-based compensation

All references in this report to historical Common Share prices, numbers of Common Shares, stock options, warrants and earnings per share calculations have been presented to reflect the effect of the Reverse Stock Split.

a. Stock option plan and employee stock purchase plan

Effective June 1, 2021, the Company adopted a new stock incentive plan ("New Incentive Plan") and an employee stock purchase plan ("ESPP").

The New Incentive Plan authorizes the Board of Directors to administer the New Incentive Plan to provide equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units and dividend equivalents.

The Company currently maintains its existing share option plan ("Share Option Plan") and 2015 Stock Incentive Plan ("2015 SIP"). Effective June 1, 2021 no further grants will be made under the Share Option Plan or 2015 SIP, though existing grants under the Share Option Plan will remain in effect in accordance with their terms.

The aggregate number of the Company's Common Shares, no par value, that may be issued under all awards under the New Incentive Plan is (i) 23,046, plus (ii) any of the Company's Common Shares subject to any outstanding award under its prior plans that, after June 1, 2021, are not purchased or are forfeited or reacquired by the Company, or otherwise not delivered to the participant due to termination, cancellation or cash settlement of such award subject to the share counting provisions of the New Incentive Plan.

Under both the Share Option Plan and the New Incentive Plan, the exercise price of each option equals the closing trading price of the Company's stock on the day prior to the grant if the grant is made during the trading day or the closing trading price on the day of grant if the grant is issued after markets have closed. Vesting is provided for at the discretion of the Board of Directors and the expiration of options is to be no greater than ten years from the date of grant.

The Company uses the fair value-based method of accounting for employee awards granted under both plans. The Company calculates the fair value of each stock option grant using the Black-Scholes option pricing model at the grant date. The stock based compensation expense is recognized over the vesting period of the stock options, using an estimate of the number of options that will ultimately vest.

The ESPP, administered by the Board of Directors, allows eligible employees of the Company to purchase Common Shares with accumulated payroll deductions up to a maximum of 15% of eligible compensation. The ESPP is implemented in consecutive offering periods with a new offering period commencing on the first trading day on or after February 1 and August 1 each year, or on such other date as the Board of Directors determines, and continuing thereafter until terminated in accordance with the Plan. Unless the Board of Directors provides otherwise, the purchase price will equal eighty-five percent (85%) of the fair market value of a Common Share on the offering date or the exercise date, whichever is lower.

The maximum number of Common Shares available for sale under the ESPP is 3,777. There were 338 and 922 Common Shares issued under the ESPP during the nine months ended September 30, 2025 and 2024, respectively.

Stock option transactions for the nine months ended September 30, 2025 are summarized as follows:

	Options	Nine Months Ended September 30, 2025 Weighted average exercise price	Weighted average remaining contractual life (years)
Outstanding, beginning of period	39,489	\$ 1,170.30	—
Granted	—	—	—
Exercised	—	—	—
Forfeited	(2,119)	1,500.95	—
Outstanding, end of the period	37,370	\$ 1,157.39	5.8
Exercisable, end of the period	29,763	\$ 1,396.22	5.4
Vested and expected to vest, end of period	35,496	\$ 1,207.38	5.7

As of September 30, 2025, there was \$0.2 million of total unrecognized compensation cost related to non-vested stock options, which is expected to be recognized over an estimated weighted-average period of 1.0 years. As of September 30, 2025, total compensation cost not yet recognized related to grants under the ESPP was nil.

The following table presents the weighted average assumptions that were used in the Black-Scholes option pricing model to determine the fair value of stock options granted during the period and the resulting weighted-average fair values:

	Nine Months Ended
	September 30, 2024
Risk-free interest rate	4.07%
Expected dividend yield	—
Expected volatility	83.1%
Expected life of options (years)	5 years
Grant date fair value	\$ 40.80

The Company uses historical data to estimate the expected dividend yield and expected volatility of its Common Shares in determining the fair value of stock options. The expected life of the options represents the estimated length of time the options are expected to remain outstanding. No stock options were granted during the nine months ended September 30, 2025.

The following table presents the vesting terms of options granted in the period:

	Nine Months Ended
	September 30, 2024
	Number of options
3-year vesting (50%-25%-25%)	666
4-year vesting (50%-16 2/3%-16 2/3%-16 2/3%)	12,939
Total stock options granted in the period	13,605

The Company has a stock incentive plan (SIP) pursuant to which the Board may grant stock-based awards comprised of restricted stock units or dividend equivalents to employees, officers, consultants, independent contractors, advisors and non-employee directors of the Company. Each restricted stock unit ("RSU") is automatically redeemed for one Common Share of the Company upon vesting. During the nine months ended September 30, 2025 and 2024, the Company granted nil RSUs.

b. Share-based compensation expense

The Company recorded share-based compensation expense related to stock options is as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Research and development	\$ 30	\$ (81)	\$ 184	\$ 317
General and administrative	14	68	251	686
	\$ 44	\$ (13)	\$ 435	\$ 1,003

15. Subsequent events

On October 17, 2025 and October 27, 2025, the Company received advances of \$1.2 million and \$1.2 million, respectively, from Hanmi under the Amended Facility Agreement resulting in a total of \$4.2 million of advances to date.