

MANAGEMENT'S DISCUSSION & ANALYSIS
(All figures are expressed in thousands of Canadian dollars)

This Management's Discussion & Analysis ("MD&A") for the nine-months ended September 30, 2025 has been prepared to help investors understand the financial performance of Spectral Medical Inc. ("Spectral" or the "Company") in the broader context of the Company's strategic direction, the risks and opportunities as understood by management, and the key success factors that are relevant to the Company's performance. Management has prepared this document in conjunction with its broader responsibilities for the accuracy and reliability of the condensed interim consolidated financial statements and accompanying notes, which have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee, as well as the development and maintenance of appropriate information systems and internal controls to ensure that the financial information is complete and reliable. The Finance and Audit Committee of the Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability and consistency.

This MD&A is dated November 07, 2025 and should be read in conjunction with the condensed interim consolidated financial statements for the nine-months ended September 30, 2025, and the audited annual consolidated financial statements of the Company for the years ended December 31, 2024 and December 31, 2023 ("Annual Financial Statements"), as well as management's discussion and analysis for the year ended December 31, 2024.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities law. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding our future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. These statements are based on certain factors and assumptions regarding, among other things, expected growth, results of operations, performance and business prospects and opportunities. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. Forward looking-information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what we currently expect. These factors include, among other things, the availability of funds and resources to pursue development projects, the successful and timely completion of clinical studies, and the ability of the Company to take advantage of business opportunities, the granting of necessary approvals by regulatory authorities as well as general economic, market and business conditions. For more exhaustive information on these risks and uncertainties you should refer to our most recently filed Annual Information Form which is available at www.sedarplus.com. Forward-looking information contained in this MD&A is based on our current estimates, expectations and projections, which we believe are reasonable as of the current date. You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.

This document and the related consolidated financial statements can also be viewed on the Company's website at www.spectraldx.com and at www.sedarplus.com. The Company's Annual Information Form and Management Information Circular are also available on these websites.

INTRODUCTION

The Company's primary strategic focus is on the regulatory development and commercialization of its products in the area of septic shock. The Company's products for the treatment of septic shock include its EAA™ diagnostic and PMX therapeutic device. If approved, this will be the first targeted therapy guided by a specific diagnostic in the area of sepsis. Furthermore, the Company is continuing its legacy business of manufacturing and selling certain proprietary reagents.

ENDOTOXIN ACTIVITY ASSAY ("EAA™")

Spectral has pioneered the development of biochemical markers for the clinical syndrome known as "septic shock". In 2003, the Company achieved U.S. Food and Drug Administration ("FDA"), Health Canada ("HC") and European CE clearance of the EAA™ for the first recognized rapid test for the risk of developing sepsis in the Intensive Care Unit ("ICU"). In North America alone over 1,700,000¹ patients are diagnosed with the clinical syndrome of sepsis annually. Approximately 425,000² patients develop septic shock in the ICU, with a mortality rate at approximately 50%³. The Company's addressable market, which is comprised of patients suffering from endotoxic septic shock, represents an estimated 140,000 patients per year. Earlier identification and treatment of patients at risk for sepsis reduces mortality and saves significant cost by reducing the length of stay in the ICU and by helping to guide therapeutic interventions. Spectral's EAA™ endotoxin activity measurement is the only FDA cleared diagnostic for this indication currently on the market.

POLYMYXIN B-HEMOPERFUSION ("PMX")

PMX is a therapeutic hemoperfusion device that removes endotoxin from the bloodstream. PMX has been on the market in many countries outside the U.S. with over 360,000 units sold worldwide to date, and has demonstrated in clinical trials that it safely and effectively removes endotoxin and reduces mortality in patients with septic shock.

PROPRIETARY REAGENTS

Spectral develops, produces and markets recombinant proteins, antibodies and calibrators. These materials are sold for use in research and development as well as in products manufactured by other diagnostic companies.

1. *Centers for Disease Control and Prevention, National Center for Emerging and Zoonotic Infectious Diseases (NCEZID), Division of Healthcare Quality Promotion (DHQP) August 9, 2022*

2. *Critical Care Medicine 46(12):p 1889-1897, December 2018*

3. *National Centre for Emerging and Zoonotic Infectious Disease (NCEZID); Centers for Disease Control and Prevention, Division of Health Care Quality Promotion (DHCQP) data reports, 2016.*

4. *Report of Prior Investigations ("ROPI") is a report that is part of the Code of Federal Regulations, from September 1994 to January 2022.*

DIALCO AND INVESTMENT IN IDIALCO AS AN ASSOCIATE

Dialco Medical Inc. (“Dialco”) was incorporated in 2019 as a medical device start-up as a subsidiary of Spectral. Dialco was formed with the objective to commercially develop the SAMI and DIMI dialysis machines. SAMI is a proprietary Continuous Renal Replacement Therapy (“CRRT”) device focused on the acute market (ICU dialysis) and sub-acute markets. Dialco commenced procurement and development of SAMI units in 2017 but has had limited sales activity, with the first commercial sales occurring in 2020.

DIMI is a hemodialysis (HD) device focused on the chronic market (skilled nursing facilities and in-home). The DIMI device is not FDA approved for in-home use, and requires a home usability trial (“DIMI Trial”) prior to commercialization activities.

The DIMI Trial experienced challenges in securing participating sites to enroll patients in addition to complexity in running a trial where patients would have to be monitored while in-home. It was difficult to accurately budget for the cost of completing the DIMI Trial, but Spectral expected costs to exceed \$10,000. In order to pursue and complete the DIMI Trial, external funds would have been required. In 2022 Spectral engaged an investment bank and initiated a broad funding campaign reaching out to over 100 potential investors. The targeted audience of potential investors were predominantly healthcare and medical device- focused investors, which included private equity, venture capital, family offices, institutional investors of varying sizes, as well as potential strategic partners operating in the dialysis sector. The capital raise process was unsuccessful and Spectral was unable to find investors that were interested in investing in Dialco. With Spectral being unable to secure financing to support the DIMI Trial, on December 12, 2022, Spectral negotiated and entered into an investment as an associate with Infomed SA (“Infomed”), obtaining 30% interest in iDialco joint venture (the “iDialco”), whereby Infomed would fund operating expenditures of iDialco in addition to seeking to fund the DIMI Trial. iDialco will develop and manufacture blood purification devices, exclusively focused on commercializing the SAMI and DIMI dialysis devices in the North American markets.

With the investment in iDialco, Spectral is no longer focused on the dialysis device market, and therefore the Dialco operations were considered discontinued as at December 31, 2022.

As at December 31, 2023, the company impaired its investment in iDialco and no further losses are recorded. As at September 30, 2025 the investment was at \$Nil (December 31, 2024 – \$Nil). The Company will continue to track the future losses and gains booked by iDialco.

While the Company maintains a 30% ownership and voting rights within iDialco, there are no specific financial liabilities or cash obligations of Spectral. The iDialco operations are fully funded by Infomed. From time to time, certain services may be rendered by Spectral in support of investment in an associate charges incurred directly by Spectral which are then charged back to iDialco.

CLINICAL DEVELOPMENT

The Company's clinical development program continues to focus on obtaining FDA approval for PMX.

Below is a summary of key clinical development updates during 2022, 2023 and 2024;

On July 11, 2022, the Company announced that the FDA granted Breakthrough Device designation for the Company's PMX device. The goal of the Breakthrough Device Program (<https://www.fda.gov/regulatory-information/search-fda-guidance-documents/breakthrough-devices-program>) is to provide patients and health care providers with timely access to medical devices by speeding up their development, assessment, and review, while preserving the statutory standards for premarket approval, 510(k) clearance, and De Novo marketing authorization, consistent with the Agency's mission to protect and promote public health.

On August 18, 2022, the Company announced FDA approval to add up to 10 additional Tigris clinical trial sites. This approval allows for an increase to 25 trial sites. The Company believes the addition of sites will have a positive impact on patient enrollment rates into the Tigris trial.

The COVID-19 pandemic has had significantly negative impacts on non-COVID research in the ICU. The COVID-19 wave of infections had many ICUs in hard hit regions of the U.S. at full capacity of critically ill patients with COVID-19. Research staff were either drawn into clinical care, or were unable to enter the hospital or were engaged in high-priority studies of COVID therapies. During the second half of 2022, all clinical sites resumed screening and are open for enrollment. Recruitment has been significantly impacted but should normalize as the proportion of patients in the U.S. develop immunity either from vaccination or infection.

On March 23, 2023, the Company engaged a new contract research organization ("CRO"), Beaufort. Beaufort has extensive experience with ICU clinical trials and brings a strong regulatory group, experienced biostats personnel, and additional clinical field resources. Onboarding activities are progressing well, with full transition from the incumbent CRO expected by August 2023. As part of its engagement, Beaufort is reviewing and evaluating recruitment and enrollment processes on a site-by-site basis of Tigris sites.

On April 6, 2023, the Company announced positive results from the EUPHAS-2 clinical trial. This study included 50 critically ill endotoxic septic shock patients assessed with Spectral's EAATM diagnostic and treatment with PMX. The study reported a 28-day mortality of just 36% with the treated patients versus a predicted 75% mortality utilizing the widely accepted SAPS II mortality estimation tool. This represents more than a 50% estimated relative mortality reduction with the use of PMX. The patient population of the EUPHAS-2 study aligns with the patient population of the Tigris Trial.

On May 17-18, 2023, the Company held a Tigris trial investigator meeting in Charlotte, North Carolina. The in-person meeting was attended by principal investigators and clinical research coordinators from all existing and new trial sites, as well as the Company's new CRO, Beaufort. Also in attendance were representatives from the Company's strategic partner Baxter. It is believed that the Investigator Meeting will help bolster ongoing enrollment activities related to the Tigris trial.

On November 14, 2023, the Company announced the publication of its Tigris trial methods paper in Critical Care, which details the use of Bayesian methods in our clinical trial design. Specifically, the study incorporates historical data from a 179-patient subgroup of Spectral's EUPHRATES trial discounting this information by 25%. The prior data is then combined with the new data from Tigris using Bayesian statistics in a model which also adjusts for

baseline severity of illness using APACHE II. The published paper uses simulations to provide a range of possible outcomes based on achieving a 95% posterior probability of benefit for PMX on reducing mortality

On March 12-13, 2024, the Company held a Tigris trial Investigator Meeting in conjunction with the 29th International Conference on Advances in Critical Care Nephrology in San Diego, California. The in-person meeting was attended by multiple stakeholders, including: principal investigators and clinical research coordinators from existing and new trial sites; its CRO, Beaufort; and representatives from the Company's strategic partner Baxter. The focus of the meeting was on the practical aspects of diagnosing endotoxic septic shock and treating with PMX, as well as featuring several talks from trial sites on how EAA and PMX could be implemented into routine clinical practice after potential regulatory approval of PMX.

On April 10, 2025, the Company completed its Tigris trial enrollment. The Company finalized enrollment with a total of 157 patients randomized, which resulted in 151 evaluable patients in the Tigris study (100 whom received the PMX treatment). The incremental enrollment of 7 patients addresses the six patients randomized into the PMX arm who did not receive the treatment.

On August 12, 2025, the Company announced topline results from the Tigris trial. The key findings utilized Bayesian analysis to update prior evidence from the EUPHRATES trial with new data from the Tigris trial, producing a 'posterior probability' that reflects the most current and complete picture of the treatment effect. Results were presented for adjusted and unadjusted analyses. Consistent with expert recommendations and the FDA's guidance on clinical trials, the adjusted analysis is used to account for baseline prognostic covariates such as severity of illness and comorbidities – which provides a more precise estimate of the true treatment effect. Unadjusted analyses do not account for these important differences. The trial met its prespecified primary endpoint, achieving a 95.3% posterior probability of benefit for 28-day all-cause mortality with an adjusted odds ratio of 0.67 [0.39–1.08]. Observed 28-day mortality was 38.7% with PMX versus 45.1% with standard care, representing a 6.4% absolute reduction. The key secondary endpoint, 90-day mortality, demonstrated a >99% posterior probability of benefit (adjusted odds ratio 0.54 [0.32–0.87]) and a 17.4% absolute reduction, corresponding to a number needed to treat of 8.1. These results confirm a clinically meaningful and durable survival benefit for PMX in patients with endotoxic septic shock

On September 16, 2025, the Company announced publication of EDEN Observational Study. By clearly defining ESS as the subgroup of septic shock patients with the highest mortality, this study underscores the medical and commercial potential for the Company's theranostic strategy – pairing the EAA diagnostic with PMX therapy to deliver Targeted Rapid Endotoxin Adsorption ("TREA") Therapy. The findings strengthen the evidence base supporting the Company's upcoming FDA submission and potential future commercialization of PMX in the United States.

COMMERCIALIZATION INITIATIVES

The Company has taken a number of other operational and strategic measures to prepare itself for commercialization.

On February 4, 2020, the Company announced that it had completed an exclusive distribution agreement with Baxter International Inc. ("Baxter"), for PMX and EAA™ in the U.S. and Canada. As part of this agreement, Baxter has the right to pay the Company a series of milestone payments including a non-refundable US\$5,000 upfront rights payment, which was received in February 2020. Under the terms of the agreement, Baxter will be the Company's exclusive distributor of the PMX filter in the U.S. and Canada. Baxter also has non-exclusive rights to distribute

EAA™ globally. Under the terms of the agreement, the Company is entitled to access Baxter’s market capabilities while retaining control over the PMX regulatory process. Baxter has the option to maintain exclusive rights for PMX distribution through future milestone payments and maintaining minimum purchase requirements for PMX products.

Pursuant to the November 2, 2022 private placement, Baxter agreed to purchase certain of the Notes in connection with an amendment to a portion of the initial milestone payment due to the Company under the Distribution Agreement.

On January 6, 2023, Baxter announced a corporate re-organization, in which it will spin-off its Renal and Acute Therapies business, into an independent, publicly traded entity (“Vantive”) expected to be completed in late 2024. With respect to Spectral’s partnership with Baxter, the Company has been dealing with the Acute Therapies business unit; as such, we anticipate our exclusive distribution agreement will be transferred to Vantive at the time of the spin-off.

May 5, 2023, Baxter announced a new CEO of its Vantive business.

On August 22, 2023, Spectral executed a collaborative research agreement with Baxter Healthcare Corporation (“PrisMax Substudy”) whereby it will provide certain clinical research services for the completion of a sub study in relation to the PMX product. Specifically, the sub study aims to obtain FDA clearance for hemoperfusion for Baxter’s PrisMax device, which could be utilized to administer the PMX therapy upon completion of the Tigris Trial and when approved for commercial use.

Pursuant to the September 7, 2023 private placement, Baxter agreed to purchase certain of the Notes in connection with an amendment to a portion of the Second Milestone Exclusive Rights Payment due to the Company under the Distribution Agreement.

On February 15, 2024, the Company notified Baxter that it had enrolled patient number 90. Subsequently, Baxter exercised its right to maintain its exclusive distribution rights for PMX and paid a non-dilutive US\$1,500 payment to Spectral.

On February 21, 2024, the Company and Baxter announced an amendment to the initial term of the distribution agreement to 10 years post PMA approval.

On August 13, 2024, Baxter International announced that it had reached a definitive agreement with The Carlyle Group to divest its Vantive business (“Vantive-Carlyle transaction”). The Vantive-Carlyle transaction closed on February 3, 2025, at which time Spectral Medical’s PMX distribution agreement with Baxter was assigned to Vantive.

On February 10, 2025 the Vantive PrisMax Substudy, an observational study of the safety and efficacy of the PrisMax System Version 3 to perform hemoperfusion, a sub-study to the Tigris clinical trial, met its enrollment target.

5 Baxter PrisMax substudy was assigned to Vantive on the closing of the Vantive-Carlyle transaction.

OPERATIONS

The Company continues to focus its activities on its regulatory programs to achieve FDA approval of the PMX treatment for endotoxic septic shock. The Company also continues to sell its EAA™ diagnostic under the terms of existing commercial arrangements. Proprietary reagents continue to sell under regular purchase orders as issued by customers. Below is a summary of key Operational updates during 2023, 2024 and 2025;

On May 4, 2023, Mr. Jim Funk tendered his resignation from the Board of Directors of the Company, Mr. Funk served as a member of the Board of Directors since June 20, 2022.

On June 27, 2023, the Company announced that it had appointed Dr. David W. Feigal to its Board of Directors. Dr. Feigal brings over four decades of experience in regulatory affairs and clinical research of medical devices, biologics, and products in multiple therapeutic areas. Currently, Dr. Feigal is a Partner at NDA Partners LLC, a ProPharma Company, which is a life sciences management consulting and contract development organization (CDO) focused on providing product development and regulatory services to the pharmaceutical, biotechnology, and medical device industries worldwide. He has also worked for major U.S. and international life science corporations such as Amgen, Inc. serving as Vice President of Global Regulatory Affairs, and Elan Pharmaceuticals, Inc., serving as Senior Vice President of Global Regulatory Affairs and Global Safety Surveillance and Biostatistics. He has an extensive track record of international regulatory success with the approval/clearance of medical products in numerous therapeutic areas.

On October 2, 2023, Mr. Nosenzo tendered his resignation from the Board of Directors of the Company due to health reasons. Mr. Nosenzo served as a member of the Board of Directors since August 2020.

On November 30, 2023, Blair McInnis tendered his resignation as the CFO of the Company and Chris Seto resumed as acting CFO overseeing the Financial Management of the Company and supported by Ms. Medha Gupta who joined the company on December 4, 2023 as Vice President of Finance.

On April 1, 2024, Mr. Anthony Bihl resigned as the Chairman of the Board of Directors and Dr. Paul Walker was appointed as the new Chairman of the Board of Directors.

On June 7, 2024, Anthony Bihl retired from the Board of Directors of the Company.

On June 7, 2024, the Company announced that it had appointed Mr. Cristiano Franzi to its Board of Directors. Mr. Franzi is a seasoned global healthcare executive and board director with a 30-year track record at leading global Med-Tech companies. As Regional President for businesses of up to \$4 billion in size at Solventum, Baxter, Medtronic, and Covidien, Mr. Franzi has proven his ability to deliver value by developing compelling visions, identifying new market opportunities, and articulating clear growth strategies while streamlining operations and implementing highly disciplined business models. Mr. Franzi currently serves as SVP International at Solventum, which in April 2024 spun from 3M. From 2017 to 2023, Mr. Franzi served as President of Baxter EMEA, where he also served as the interim global lead for the spin-off of the \$4.5 billion Renal Care business (“Vantive”). Prior to Baxter, Mr. Franzi served as President, EMEA at Medtronic, and prior to that as President, EMEA at Covidien. Before that, he covered roles of increasing responsibilities at ev3, a private equity-backed medical device start up, where he played a key role in the international expansion of the company from inception to its \$156 million IPO in 2005. He has overseen large acquisitions, mergers, integrations, and divestitures. Mr. Franzi worked with Baxter’s Board on the strategy, due

diligence, and integration for the \$10.5 billion Hillrom acquisition and the preparations for the spin-off of the Renal Care business; he co-led the integration of Covidien at Medtronic in EMEA following the \$42.9 billion acquisition. Additionally, he has served as an industry leader on the Board of MedTech Europe, the industry association in Europe.

Mr. Franzi also serves as an expert advisor to leading global private equity firms and is an angel investor in MedTech startups. Mr. Franzi completed the Advanced Management Program (AMP197) at Harvard Business School, holds an MBA from George Washington University, and a bachelor’s degree in business administration from The American University.

On July 11, 2024, the Company announced that the MNP has been appointed as the auditors of the Company following the decision by PricewaterhouseCoopers LLP (“PWC”) to resign as the auditor of Spectral. The PWC’s resignation was not the result of any disagreement between the Company and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

OPERATING RESULTS

REVENUE

Total Revenue for the three-months ended September 30, 2025, increased to \$675 compared to \$502 for the same period in 2024, representing an increase of \$173, or 34%. Total Revenue for the nine months ended September 30, 2025, was \$2,060 compared to \$1,641 for the same period in 2024, representing an increase of \$419 or 26%. The period-over-period increase in total revenue for both the three-and-nine-month periods was primarily driven by higher Product revenue, reflecting the timing of EAA diagnostic order fulfillment, expanded EAA commercialization activities, and increased PMX pre-commercialization launch activities in collaboration with Vantive.

Specifically, EAA diagnostic and instrumentation revenue for the three months ended September 30, 2025, totaled \$232 compared to \$68 for the same period in 2024, representing an increase of \$164 or 241%. For the nine-month period, EAA diagnostic and instrumentation revenue totaled \$432 compared to \$356 for the same period in 2024, representing an increase of \$76 or 21%. PMX-related revenue for the three-and nine-month periods was \$109 and \$136, respectively, compared to \$79 and \$100 in the prior year. The PMX revenue is attributed to Vantive’s pre-commercialization launch activities for PMX, as PMX remains a non-FDA cleared product and there is no commercial activity in Canada to-date.

| Three-months ended September 30 | | | | |
|---------------------------------|------------|------------|------------|------------|
| | 2025 | 2024 | Change | Change |
| Product revenue | \$ | \$ | \$ | % |
| Proprietary biochemicals | 94 | 127 | (33) | (26) |
| EAA™ diagnostic | 104 | 68 | 36 | 53 |
| Instrumentation | 128 | - | 128 | 100 |
| PMX | 109 | 79 | 30 | 38 |
| Lab supplies | 11 | - | 11 | 100 |
| Total Product revenue | 446 | 274 | 172 | 265 |

| Nine-months ended September 30 | | | | |
|--------------------------------|------|------|--------|--------|
| | 2025 | 2024 | Change | Change |

| Product revenue | \$ | \$ | \$ | % |
|------------------------------|--------------|------------|-----------|----------|
| Proprietary biochemicals | 446 | 385 | 61 | 16 |
| EAA™ diagnostic | 304 | 255 | 49 | 19 |
| Instrumentation | 128 | 101 | 27 | 27 |
| PMX | 136 | 100 | 136 | 136 |
| Lab supplies | 11 | - | 11 | 100 |
| Total Product revenue | 1,025 | 841 | 284 | 298 |

In February 2024, the Company notified Baxter that it had enrolled patient number 90. Subsequently, the Company and Baxter announced an amendment to the initial term of the distribution agreement to 10 years post PMA approval and Baxter exercised its right to maintain its exclusive distribution rights for PMX. Baxter paid a non-dilutive US\$1,500 payment to Spectral.

EXPENSES

Operating expenses for the three-months ended September 30, 2025, were \$30,800 compared to \$ 10,409 for the same period in the preceding year, an increase of \$ 20,391, or 196 %. The increase in operating expenses was primarily attributable to the fair value adjustment of derivative liabilities, which is a non-cash item. The change in fair value reflects the increase in Spectral's share price from approximately \$0.81 at June 30, 2025 to \$1.46 at September 30, 2025, which increased the theoretical value of conversion features embedded in the Company's outstanding convertible notes. As the Company's market capitalization rises, these conversion options become more valuable to noteholders, resulting in a higher fair value liability and a corresponding non-cash loss recognized in the income statement.

Excluding the derivative adjustment, underlying cash-based operating costs were largely stable year-over-year. Consulting and Professional fees rose slightly for the three-months ended September 30, 2025, to \$1,375 compared to \$1,282 for the same period in the preceding year, an increase of \$93 or 7%. This increase reflects increased statistical and regulatory consulting activities associated with the completion of the Tigris trial and the Company's ongoing FDA PMA submission activities.

Interest expense for the three-months period ended September 30, 2025 was \$1,364 compared to \$970 for the three-months period ended September 30, 2024. The increase in interest expense reflects higher outstanding debt related to the Company's convertible notes and Vantive promissory note, including a full-quarter accrual of paid-in-kind interest. The principal amount of convertible notes issued in 2024 was \$9,880. The principal amount of promissory note issued in 2025 was \$9,669. Interest expense in the three-months period ended September 30, 2025 was offset by Finance income of \$2,252 recognized on the promissory note. Finance income represents the fair value discount upon initial recognition of the second tranche advanced on August 22, 2025.

Operating expenses for the nine months ended September 30, 2025 were \$46,364 compared to \$19,830 for the same period in 2024, representing an increase of \$26,534 or 134%. The increase was primarily driven by the non-cash fair-value adjustment of derivative liabilities, which rose significantly during the period as a result of the increase in the Company's share price. Additionally, there was an increase in interest expense, in relation to the full period impact of convertible notes previously issued on May 30, 2024 and July 19, 2024 in addition to the Tranche 1 and Tranche 2 draw downs of the Vantive promissory note in May 2025 and August 2025 Tranche 2. The interest

expense for the nine-months ended September 30, 2025 was \$3,622 compared to \$2,178 for the nine-months period ended September 30, 2024.

The increase in operating expenses was partially offset by non-cash finance income recognized on the Vantive promissory note. Finance income of \$5,389 was recognized in connection with the fair value discount upon initial recognition of the first tranche drawn in May 2025 and the second tranche drawn in August 2025.

Excluding these non-cash and financing-related items, the Company's underlying cost structure remained relatively stable.

Clinical development and regulatory program costs (as disclosed in Note 13 of the condensed interim consolidated financial statements) were \$1,055 for the three-months ended September 30, 2025 compared to \$638 for the same period in the prior year. For the nine-months ended September 30, 2025, clinical development costs are \$4,482 compared to \$3,015 for the corresponding period in prior year. A significant portion of clinical trial and regulatory costs consists of consulting and professional fees paid to contract research organizations, clinical sites, and other clinical and regulatory consultants. Increased clinical costs was due to the increase in volume of trial activities. Cumulative trial and regulatory program costs total as of September 30, 2025 was \$59,312.

LOSS

Loss for the three-months ended September 30, 2025 was \$30,316, \$(0.11) per share compared to a loss of \$9,995, \$(0.04) per share for the same period in the prior year. The increased loss of \$20,321 was due to increased operating expenses, primarily due to increase in fair value adjustments of derivative liabilities.

Loss for the nine-months ended September 30, 2025 was \$ 44,855, \$(0.16) per share, compared to a loss of \$18,556 \$(0.07) per share, for the same period in the prior year. The increased loss of \$26,299 was primarily attributable to the non-cash fair value adjustment of the derivative liability as at September 30, 2025. In addition, interest expense rose compared to the prior year, reflecting the full-period impact of the convertible notes issued in May and July 2024 and the interest accrued on drawdowns under the Vantive promissory note facility, including the first tranche advanced in May 2025 and the second tranche advanced in August 2025.

SECURITIES OUTSTANDING

The total number of securities outstanding for the Company as at September 30, 2025 is as follows:

| | |
|---------------|-------------|
| Common shares | 289,138,820 |
| Share options | 10,764,438 |
| RSUs | 6,436,677 |
| DSUs | 4,168,327 |
| Warrants | 5,718,838 |

SELECTED QUARTERLY FINANCIAL DATA

(In CAD (000s), except for Share and per Share data)

The following table summarizes the quarterly financial information for the nine-months ended September 30, 2025:

| Nine-months ended September 30, 2025 | First Quarter | Second Quarter | Third Quarter | Total |
|--|----------------------|-----------------------|----------------------|--------------|
| Revenue | \$572 | \$813 | \$675 | \$2,060 |
| Loss and comprehensive loss from continuing operations | \$(12,602) | \$(1,933) | \$(30,316) | \$(44,852) |
| Loss and comprehensive loss from discontinued operations | \$(3) | - | - | \$(3) |
| Loss and comprehensive loss for the year | \$(12,605) | \$(1,933) | \$(30,316) | \$(44,855) |
| Basic and diluted loss per Share | \$(0.04) | \$(0.00) | \$(0.11) | \$(0.16) |
| Weighted average number of Shares outstanding | 284,760,158 | 284,906,444 | 286,966,412 | 285,687,827 |

The following table summarizes the quarterly financial information for the year ended December 31, 2024 and the comparative year ended December 31, 2023.

| Year ended December 31, 2024 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total |
|--|----------------------|-----------------------|----------------------|-----------------------|--------------|
| Revenue | \$668 | \$471 | \$502 | \$645 | \$2,286 |
| Loss and comprehensive loss from continuing operations | \$(4,157) | \$(4,401) | \$(9,995) | \$3,158 | \$(15,395) |
| Loss and comprehensive loss from discontinued operations | \$(3) | \$0 | \$0 | \$(4) | \$(7) |
| Loss and comprehensive loss | \$(4,160) | \$(4,401) | \$(9,995) | \$3,154 | \$(15,402) |
| Basic and diluted loss per Share | \$(0.01) | \$(0.02) | \$(0.04) | \$(0.01) | \$(0.05) |
| Weighted average number of Shares outstanding | 279,472,325 | 280,049,434 | 281,705,359 | 283,485,724 | 281,080,174 |

| Year ended December 31, 2023 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total |
|--|----------------------|-----------------------|----------------------|-----------------------|--------------|
| Revenue | \$530 | \$306 | \$397 | \$365 | \$1,598 |
| Loss and comprehensive loss from continuing operations | \$(1,095) | \$(4,291) | \$(3,673) | \$(6,448) | \$(15,507) |
| Loss and comprehensive loss from discontinued operations | \$(43) | \$49 | \$(130) | \$(31) | \$(155) |
| Loss and comprehensive loss for the year | \$(1,138) | \$(4,242) | \$(3,803) | \$(6,479) | \$(15,662) |
| Basic and diluted loss per Share | \$(0.01) | \$(0.01) | \$(0.01) | \$(0.02) | \$(0.06) |
| Weighted average number of Shares outstanding | 278,547,804 | 278,552,182 | 278,604,718 | 278,576,261 | 278,563,241 |

BALANCE SHEET, FINANCIAL CONDITION AND GOING CONCERN

Cash of \$ 5,892 at September 30, 2025, increased by \$ 2,904 from \$2,988 as at December 31, 2024. The increase in cash in the third quarter of 2025 was primarily due to the funding received August 22, 2025 and warrants exercised. Cash is primarily used for the Company's Tigris clinical trial for its PMX treatment for endotoxemic septic shock including data analysis and submission of documentation to the FDA, the EDEN observational study, and for general corporate and working capital purposes.

| | September 30, 2025 \$ | September 30, 2024 \$ |
|---|--------------------------------------|--------------------------------------|
| Net cash used in operating activities | (6,817) | (6,523) |
| Net cash used in investing activities | (195) | (28) |
| Net cash provided by financing activities | 9,916 | 9,358 |
| Change in cash | 2,904 | 2,807 |
| Cash, beginning of the period | 2,988 | 2,952 |
| Cash, end of period | 5,892 | 5,759 |

As described in Note 1 of the condensed interim consolidated financial statements, management has assessed the Company's ability to continue as a going concern and concluded that it is dependent on the successful execution of management's operating and strategic plan, which includes among other things, securing additional financing, the

commercialization of its products, the continued financial support of its shareholders and, ultimately, the attainment of future profitable operations. There are no assurances that any of these initiatives will be successful. Factors within and outside the Company’s control could have a significant bearing on its ability to obtain additional financing.

The Company’s September 30, 2025 condensed interim consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

RELATED PARTIES

1. Toray Industries, Inc. (“Toray”)

Toray holds 45,630,105 shares of the Company as at September 30, 2025 representing approximately 16% (September 30, 2024 – 16.40%) ownership interest, calculated on a non-diluted basis.

Toray is entitled to certain pre-emptive rights, including pre-emptive rights upon issuance of additional Shares.

Toray is also entitled to nominate one director to the Board of Directors as long as it owns in the aggregate not less than 10% of the Shares issued and outstanding calculated on a non-diluted basis.

| | September 30, 2025 | December 31, 2024 |
|----------------------------------|-----------------------|----------------------|
| | \$ | \$ |
| Revenue | | |
| Toray Medical Co., Ltd. | 73 | 19 |
| Purchases | | |
| Toray International America Inc. | 119 | 297 |
| Toray Industries | - | 5 |

Effective April 1, 2019, Toray and the Company amended their respective distribution agreements for the purchase of Toraymyxin™ and EAA™, and agreed to remove the minimum purchase quantities.

2. Birch Hill Equity Partners Management Inc. ("Birch Hill")

Birch Hill, through a number of its funds and an investee company, holds 36,210,017 Shares of the Company as at September 30, 2025 representing approximately a 13% (2024 - 13%) ownership interest, calculated on a non-diluted basis.

Birch Hill is entitled to certain pre-emptive rights, including pre-emptive rights upon issuance of additional Shares.

Birch Hill is also entitled to nominate one director to the Company's Board of Directors so long as it owns in aggregate not less than 5% of the issued and outstanding Shares of the Company calculated on a non-diluted basis.

On July 19, 2024, Spectral received USD \$1,000 in convertible notes payable (the "Notes") upon the completion of an additional non-brokered offering sold to Birch Hill pursuant to the exercise of their anti-dilution pre-emptive rights relating to the closing of the offering of Notes that was completed on May 30, 2024. 1,000 Notes were issued and have a face value of USD\$1,000 per Note, bearing interest of 9% and are due May 1, 2028 (the "maturity date"). Further details are disclosed in Note 7 of the condensed interim consolidated financial statements.

3. iDialco Inc. ("iDialco")

On December 12, 2022, Spectral entered into an investment with an associate with Infomed SA, obtaining 30% interest in iDialco. iDialco develops and manufactures blood purification devices, exclusively focused on commercializing the SAMI and DIMI dialysis devices in the North American markets.

4. Key management consists of the Company's executive officers and its Board of Directors.

There are no other related party transactions.

FINANCINGS

1) Bought Deal Offering and Private Placement

On November 2, 2022, the Company closed its prospectus offering of units (the “Unit Offering”) of the Company and concurrent private placement and together with the Unit Offering, of US\$5,000 of convertible unsecured senior notes (the “Notes”). Aggregate gross proceeds raised pursuant to the Unit Offering and private placement were approximately CAD\$10,800. The Unit Offering consisted of the sale of 10,061,250 Units at a price of CAD\$0.40 per Unit and 5,000 Notes at a price of US\$1,000 per Note. Each Unit consisted of one common share of the Company and one-half (½) of one Common Share purchase warrant of the Company, with each Warrant entitling the holder thereof to acquire one Common Share at a price of CAD\$0.48 for a period of 36 months, expiring November 2, 2025.

The Company also issued 989,850 of compensation warrants (“compensation warrants”) to the underwriter supporting both the Prospectus offering and private placement, with each Warrant entitling the holder thereof to acquire one Common Share at a price of CAD\$0.40 for a period of 36 months, expiring November 2, 2025.

2) Private Placement Convertible Notes

On September 7, 2023, Spectral completed its private placement of USD\$4,553 in unsecured convertible senior notes (the “Notes”). The private placement consisted of the sale of 4,553 Notes at a price of USD\$1,000 per Note, bearing interest of 9% and are due November 1, 2026 (the “maturity date”). Holders of the Notes may convert all or any portion of the Notes into common shares of the Company in integral multiples of US\$ 1,000 principal amount at any time prior to the Maturity Date. The notes are convertible into approximately 15,475,647 common Shares representing a conversion price of approximately CAD\$0.40 per share subject to certain anti-dilution and make-whole fundamental change adjustments.

The Company also issued a number of compensation warrants (“compensation warrants”) to the underwriter for the issue on September 7, 2023 representing 6% of the total number of units issued under the Unit Offering, with each Warrant entitling the holder thereof to acquire one Common Share at a price of C\$0.40 for a period of 36 months, expiring September 6, 2026.

On May 30 2024, Spectral completed its private placement of USD \$6,232 in unsecured convertible senior notes (the “Notes”). The private placement consisted of the sale of 6,232 Notes at a price of USD\$1,000 per Note, bearing interest of 9% and are due May 1, 2028 (the “maturity date”). Holders of the notes may convert all or any portion of the Notes into common shares of the Company in integral multiples of USD \$1,000 principal amount at any time prior to the maturity date. The notes are convertible into approximately 16,359,000 Common Shares representing a conversion price of approximately CAD\$0.52 per share subject to certain anti-dilution and make whole fundamental change adjustments.

The Company also issued a number of compensation warrants (“compensation warrants”) to the underwriter for the issue on May 30, 2024 representing 6% of the total number of units issued under the Unit Offering, with each Warrant entitling the holder thereof to acquire one Common Share at a price of C\$0.45 for a period of 48 months, expiring May 30, 2028.

On July 19th, 2024 Spectral completed its private placement of USD \$1,000 in unsecured convertible senior notes (the “Notes”) of an additional non-brokered offering sold to Birch Hill pursuant to the exercise of its anti-dilution pre-emptive rights relating to the closing of the offering of Notes that was completed on May 30, 2024. The private placement consisted of the sale of 1,000 Notes at a price of USD\$1,000 per Note, bearing interest of 9% and are due May 1, 2028 (the “maturity date”). Holders of the notes may convert all or any portion of the Notes into common shares of the Company in integral multiples of USD \$1,000 principal amount at any time prior to the maturity date. The notes are convertible into approximately 2,625,000 Common Shares representing a conversion price of approximately CAD\$0.52 per share subject to certain anti-dilution and make whole fundamental change adjustments

On May 6, 2025, Spectral entered into a senior secured promissory note for up to US\$10 million with Vantive US Healthcare LLC (“Promissory Note Agreement”), pursuant to which Vantive will advance funds to Spectral in four separate tranches as certain milestones and conditions are met over the course of the period reaching PMX commercialization. The promissory note matures in four years, and bears interest at an annual rate of 9.00% on drawn amounts. The interest is paid in kind (“PIK”) interest. Both principal and accrued PIK interest to be paid in one lump sum at maturity of the promissory note.

- On May 6, 2025, the Company received the first tranche of US\$4 million.
- On August 22, 2025, the Company received the second tranche of US\$3 million

3) Short Form Base Shelf Prospectus

July 04, 2025, Spectral filed a preliminary short form base shelf prospectus with the securities regulatory authorities in each of the provinces in Canada, except Quebec. The base shelf prospectus, when made final, will allow Spectral to qualify the distribution by way of a prospectus of up to \$100 million of common shares, debt securities, subscription receipts, warrants and units, or any combination thereof, from time to time, during the 25-month period that the final short form base shelf prospectus is effective. The specific terms of any offering under the Base Shelf Prospectus will be established in a prospectus supplement, which will be filed with the applicable Securities Regulators in connection with any such offering

On September 26, 2025, Spectral filed a final short form base shelf prospectus (“Base Shelf Prospectus”) with the securities regulatory authorities in each of the provinces in Canada, except Quebec. The base shelf prospectus, allows Spectral to qualify the distribution by way of a prospectus of up to \$100 million of common shares, debt securities, subscription receipts, warrants and units, or any combination thereof, from time to time, during the 25-month period that the final short form base shelf prospectus is effective. The specific terms of any offering under the Base Shelf Prospectus will be established in a prospectus supplement, which will be filed with the applicable Securities Regulators in connection with any such offering.

SUBSEQUENT EVENT

- 1) 2,396,409 units of share warrants were issued to the investors on November 2, 2022. 1 unit of warrants is equal 1 unit of share exercisable at a price of \$0.48. In the month of October and November 2025, 2,396,409 common shares were issued for 2,396,409 share warrants exercised at \$0.48 per share.
989,850 units of broker warrants were issued to the investor on November 2, 2022. 1 unit of broker warrant is equal 1 unit of share exercisable at a price of \$0.40. In the month of October 2025, 989,850 common shares were issued for 989,850 broker warrants exercised at \$0.40 per share.
422,500 units of share warrants expired Nov 02, 2025
- 2) In October 2025, the Company received \$82 for the 2024 Ontario Innovation Tax Credit program from Revenue Canada.

OUTLOOK

The Company's primary focus continues to be working towards obtaining FDA approval of the PMX treatment; and progressing pre-commercialization launch activities for PMX.

With the Tigris study enrollment phase now complete, the Company is now heavily focused on the regulatory phase for PMX, in addition to our continued commercialization activities with our distribution partner Vantive.

REGULATORY ACTIVITIES

Key regulatory activities include:

- The Company's Premarket Approval submission ("PMA") is a modular approach, whereby non-clinical aspects are submitted separately from the clinical data.
 - To-date the Company has submitted all non-clinical studies and reports to the US Food & Drug Administration ("FDA") for evaluation.
 - The Company previously disclosed its intention to submit a Premarket Approval ("PMA") application for PMX to the U.S. Food and Drug Administration ("FDA") by the end of October 2025. Based on ongoing interactive discussions with the FDA, the Company now anticipates submitting the PMA in the first quarter of 2026. These discussions are focused on incorporating agency feedback to ensure a comprehensive submission package and to facilitate an efficient review process once filed. The Company continues to work collaboratively with the FDA and recognizes that the timing of the submission is also influenced by the agency's current resourcing and workload constraints

COMMERCIALIZATION ACTIVITIES

In anticipation of a positive Tigris trial outcome, the Company has been working closely since early 2022 with Vantive, the Company's strategic commercial partner, on post-approval marketing plans for PMX commercialization. This includes collaborating on the PrisMax sub study, and developing product branding, pricing and roll-out plans

with numerous Vantive departments. Vantive has communicated its intention to undertake a broad marketing campaign on day 1 of FDA approval for PMX

BUSINESS RISKS

The Company's operations are exposed to a variety of risk factors inherent in new product development. The Company's short operating history in its new endeavors make prediction of future operating results difficult. Actual future results may differ significantly from those projected in any forward-looking statements. Key business risks for the Company are detailed in its most recent Annual Information Form, which is available at www.sedarplus.com.

RISK MANAGEMENT

1. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and market risk. The Company's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Company's financial performance.

a. Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Financial instruments that potentially expose the Company to significant credit risk consist of cash, and trade and other receivables.

- i. Cash: The Company places its cash with Canadian Schedule I banks.
- ii. Trade and other receivables: The Company sells its products to distribution partners in major markets. The credit risk associated with the accounts receivable pursuant to these agreements is evaluated during initial negotiations and on an ongoing basis. There have been no events of default under these agreements. As at September 30, 2025 and 2024, no significant accounts receivable balances were considered impaired.

b. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities as they become due. The Company is exposed to liquidity risk, as it continues to have net cash outflows to support its operations. The Company's objective for liquidity risk management is to maintain sufficient liquid financial resources to meet commitments and obligations in the most cost effective manner possible.

The Company achieves this by maintaining sufficient cash and managing working capital. The Company monitors its financial resources on a weekly basis and updates its expected use of cash resources on the latest available data.

The Company will need additional capital to fund its clinical and regulatory programs and commercialization of the Toraymyxin™ therapeutic. Potential sources of capital could include equity and/or debt financings, the collection of revenues resulting from commercialization activities and/or new strategic partnerships.

There can be no assurance that the Company will be able to obtain sufficient capital to meet any or all of the Company's needs. The availability of equity or debt financing will be affected by, among other things, the ability to obtain regulatory approvals, the market acceptance of its products, the state of the capital market generally, strategic alliance agreements and other relevant commercial considerations. In addition, if the Company raised additional funds by issuing equity securities, its existing security holders will likely experience dilution, and any incurrence of additional debt would result in debt service obligations and could require the Company to agree to operating and financial covenants that would restrict its operations. Any failure on the Company's part to raise additional funds on terms favorable to it, or at all, may require it to significantly change or curtail its current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in the Company not taking advantage of business opportunities, the curtailment of its product development programs, the sale or assignment of rights to its technologies and/or products and the inability to file market approval applications at all or in time to competitively market its products.

Trade and other payables were \$2,978 as at September 30, 2025 (\$2,769 – December 31, 2024), which have expected settlement dates within one year. Notes payable were \$16,087 as at September 30, 2025 (\$14,425 - December 31, 2024). Derivative liabilities on the conversion option of the Notes Liability were \$47,411 as at September 30, 2025 (\$9,742 - December 31, 2024). Lease liabilities were \$404 as at September 30, 2025 (\$500 – December 31, 2024). Promissory Note were \$4,221 as at September 30, 2025 (December 31, 2024 \$Nil). All of the Company's financial liabilities, except for lease liabilities, contract liabilities and promissory notes are classified as current liabilities.

c. Market Risk

1. Currency risk: The majority of the Company's revenue is denominated in U.S. dollars and Euros. As at September 30, 2025, cash included US\$3,430 (December 31, 2024 - US\$1,569). Trade and other receivables included a total of US \$80 and €93 (December 31, 2024 - US\$151 and €36). Trade and other payables included a total of US\$421, €Nil, ¥Nil (December 31, 2024 - US\$498, €Nil, ¥Nil) . There is no active hedging program currently in place due to the relatively short time frame for settlement of these balances.
2. Interest rate risk: The Company has no significant exposure to fluctuations in interest rates.

2. CAPITAL RISK MANAGEMENT

The Company's primary objective when managing capital is to safeguard its ability to continue as a going concern and to provide returns for shareholders by ensuring it maintains sufficient levels of cash for working capital and operating purposes, as well as funding to pursue the commercialization efforts of its core products. Capital consists of share capital, contributed surplus, other equity reserves, and deficit. In order to maintain or adjust the capital structure, the Company may issue new Shares from time to time.

CRITICAL ACCOUNTING ESTIMATES

These condensed interim consolidated financial statements for the nine-months ended September 30, 2025 have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of condensed interim consolidated financial statements, including IAS 34 “Interim Financial Reporting”. The Company has identified the accounting policies and estimates that are critical to the understanding of the Company’s operation and financial results in the consolidated financial statements. Certain policies are selected by management and approved by the Finance and Audit Committee of the Board of Directors. These policies are set out in Note 3 of the consolidated financial statements for the years ended December 31, 2024 and 2023. Certain policies are more significant than others and are, therefore, considered critical accounting estimates. Accounting policies are considered to be critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position.

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates are related to the accrual estimates made for clinical trial and regulatory program expenses, recognition and measurement of leases, and the assessment of performance obligations for contracts where technology transfers, licensing, manufacturing support and where one or more other goods or services are bundled into a single contract. Actual results could differ from those estimates.

In February 2024, the Company notified Baxter that it had enrolled patient number 90. Subsequently, the Company and Baxter announced an amendment to the initial term of the distribution agreement to 10 years post PMA approval and Baxter exercised its right to maintain its exclusive distribution rights for PMX. Prior to this amendment the company was amortization the contract liabilities based on the agreement end date of December 31, 2029. Post the amendment signed in February 2024, the Company has estimated the end date of the agreement to be June 30, 2036 for amortization of the contract liabilities based on the current patient enrolments.

CONTINGENCIES AND COMMITMENTS

- i. The Company has committed to expenditures for its clinical and regulatory program, which are disclosed in Note 13 of the condensed interim consolidated financial statements for the nine-months ended September 30, 2025 and 2024. In addition, the Company is committed to certain future lease payments primarily in connection with the leased premises.

The contractual undiscounted cash flows of the Company’s lease liabilities are as follows:

| | September 30, 2025 |
|--|--------------------|
| | \$ |
| Not later than one year | 139 |
| Later than one year and not later than five years | 296 |
| <u>Total undiscounted lease liability as at September 30, 2025</u> | <u>435</u> |

In December, 2021 the Company extended its lease term for units 2 and 4 of its offices for an additional five and eight years, expiring August 31, 2027 and September 30, 2030 respectively.

Addendum to the sublease dated October 1, 2020 was signed on September 01, 2023 which reflects a reduction in square footage for a term expiring September 30, 2030.

- ii. Directors and officers are indemnified by the Company for various items including, but not limited to, costs to settle lawsuits or actions due to their association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the costs of any potential future lawsuits or actions. The term of the indemnification covers the period during which the indemnified party served as a director or officer of the Company.

In the normal course of business, the Company has entered into agreements that include indemnities in favor of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, leasing contracts and license agreements. These indemnification arrangements may sometimes require such third parties to compensate counterparties for losses as a result of breaches in representations, covenants and warranties provided by the Company or as a result of litigation or other third party claims or statutory sanctions that may be suffered by the counterparties as a consequence of the relevant transaction. In some instances, the terms of these indemnities are not explicitly defined. No accruals have been required to be made as at September 30, 2025 with respect to these agreements.

FINANCIAL INSTRUMENTS AND FAIR VALUES

Financial assets and financial liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized within operating loss in the consolidated statement of loss and comprehensive loss.

The Company has designated the following classifications for its financial assets and financial liabilities:

Cash and trade and other receivables are classified as financial assets at amortized cost with a total carrying value of \$6,325 at September 30, 2025 (December 31, 2024 - \$3,439)

Trade and other payables are classified as other financial liabilities, which are measured at amortized cost using the effective interest rate method, with a total carrying value of \$ 2,978 at September 30, 2025 (December 31, 2024 - \$2,769).

Cash, trade and other receivables, trade and other payables and Derivative liabilities are reflected in the consolidated financial statements at carrying values that approximate fair values because of the short-term maturities of these financial instruments.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Management's responsibility for financial reporting

Disclosure controls and procedures and internal controls over financial reporting

As at September 30, 2025, management has disclosure controls and procedures ("DC&P") that provide reasonable assurance that information required to be disclosed by the Company in its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of DC&P includes, among other things, the Company's Corporate Disclosure and Whistleblower policies and Code of Conduct, the review and approval procedures of the Disclosure Committee and continuous review and monitoring procedures by senior management.

As at September 30, 2025, management has designed internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS Accounting Standards. These controls were designed based on the framework established by Internal Control - Integrated Framework: 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Due to its inherent limitations, ICFR may not prevent or detect misstatements. In addition, the design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, even effective ICFR can only provide reasonable, not absolute, assurance of achieving the control objectives for financial reporting.

Changes in internal controls over financial reporting

There have been no changes to the Company's internal controls over financial reporting during the nine months ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

An evaluation of the design and effectiveness of the Company's DC&P and ICFR has been conducted by management, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Based on this evaluation, the CEO and CFO have concluded that, as of December 31, 2024, the Company's disclosure controls and procedures and internal control over financial reporting, as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, are operating effectively.