



NUREXONE BIOLOGIC INC.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2025
UNAUDITED

NUREXONE BIOLOGIC INC.

NOTICE OF NO AUDITOR REVIEW

The accompanying financial statements of NurExone Biologic Inc. (the “**Company**” or “**NurExone**”) are the responsibility of management and have been approved by the Board of Directors of the Company.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards as disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions that were not complete at the Statement of Financial Position date.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

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

November 26, 2025.

NUREXONE BIOLOGIC INC.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands (except share and per share data)

| | September 30, 2025 | December 31, 2024 |
|--|-------------------------------|------------------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 983 | \$ 700 |
| Restricted deposit | 41 | 41 |
| Other receivables | 122 | 293 |
| Prepaid expenses associated with materials | - | 600 |
| | <u> </u> | <u> </u> |
| Total current assets | 1,146 | 1,634 |
| | <u> </u> | <u> </u> |
| NON-CURRENT ASSETS: | | |
| Property, plant and equipment, net | 764 | 759 |
| Inventory | 618 | - |
| Right-of-use assets | 118 | 48 |
| | <u> </u> | <u> </u> |
| Total non-current assets | 1,500 | 807 |
| | <u> </u> | <u> </u> |
| Total assets | <u>\$ 2,646</u> | <u>\$ 2,441</u> |

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands (except share and per share data)

| | September 30, 2025 | December 31, 2024 |
|---|-------------------------------|------------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Other payables | \$ 496 | \$ 232 |
| Employees and payroll accruals | 366 | 166 |
| Total current liabilities | 862 | 398 |
| NON-CURRENT LIABILITIES: | | |
| Liability associated with royalty payments | 43 | 78 |
| Lease liability | 79 | 31 |
| Liability due to Israel Innovation Authority ("IIA") grants | 205 | 173 |
| Total non-current liabilities | 327 | 282 |
| CONTINGENT LIABILITIES AND COMMITMENTS | | |
| SHAREHOLDERS' EQUITY: | | |
| Share capital | * | * |
| Additional paid-in capital and other reserves | 23,823 | 19,466 |
| Foreign currency translation reserve | (45) | (202) |
| Share-based payment reserve | 1,768 | 1,597 |
| Accumulated deficit | (24,089) | (19,100) |
| Total shareholders' equity | 1,457 | 1,761 |
| Total liabilities and shareholders' equity | \$ 2,646 | \$ 2,441 |

* Represents an amount less than \$0.5.

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

| | | |
|---|---|---|
| <u>"Yoram Drucker"</u> Yoram Drucker Chairman | <u>"Dr. Lior Shaltiel"</u> Dr. Lior Shaltiel Director and CEO | <u>November 26, 2025</u> Date of approval of the Financial statements |
|---|---|---|

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

U.S. dollars in thousands (except share and per share data)

| | Nine-month period ended September 30, | | Three-month period ended September 30, | |
|--|---|------------|--|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Operating expenses: | | | | |
| Research and development expenses, net | \$ 2,018 | \$ 1,236 | \$ 703 | \$ 503 |
| General and administrative expenses | 2,970 | 2,289 | 763 | 782 |
| Operating loss | 4,988 | 3,525 | 1,466 | 1,285 |
| Financial expenses | 58 | 15 | 20 | 2 |
| Financial income | (57) | (43) | (21) | (37) |
| Net loss | 4,989 | 3,497 | 1,465 | 1,250 |
| Other comprehensive (gain) loss: | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Loss (gain) from translation of foreign operations | (25) | 29 | 2 | 4 |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Loss (gain) from foreign currency translation adjustments | (132) | 35 | (3) | (36) |
| Total comprehensive loss | \$ 4,832 | \$ 3,561 | \$ 1,464 | \$ 1,218 |
| Net loss per share: | | | | |
| Basic net loss per share | \$ 0.06 | \$ 0.06 | \$ 0.02 | \$ 0.02 |
| Weighted average number of common shares: | | | | |
| Basic and diluted | 77,589,868 | 63,528,644 | 77,589,868 | 63,528,644 |

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands (except share and per share data)

| | Number of shares | Ordinary share capital * | Additional paid-in Capital | Share-based payments reserve | Foreign currency translation reserve | Accumulated deficit | Total equity |
|---|------------------|--------------------------|----------------------------|------------------------------|--------------------------------------|---------------------|--------------|
| Balance as of January 1, 2025 | 71,073,598 | \$ - | \$ 19,466 | \$ 1,597 | \$ (202) | \$ (19,100) | \$ 1,761 |
| Net loss | - | - | - | - | - | (4,989) | (4,989) |
| Other comprehensive gain | - | - | - | - | 157 | - | 157 |
| Total comprehensive gain (loss) | - | - | - | - | 157 | (4,989) | (4,832) |
| Expiry of unexercised options | - | - | 34 | (34) | - | - | - |
| Share-based compensation | - | - | - | 954 | - | - | 954 |
| Release of restricted share units | 2,000,000 | - | 749 | (749) | - | - | - |
| Exercise of options | 20,000 | - | 4 | - | - | - | 4 |
| Exercise of warrants | 2,776,965 | - | 671 | - | - | - | 671 |
| Issuance of common shares in private placements, net of issuance expenses of \$59 | 6,588,682 | - | 2,899 | - | - | - | 2,899 |
| Balance as of September 30, 2025 | 82,459,245 | \$ - | \$ 23,823 | \$ 1,768 | \$ (45) | \$ (24,089) | \$ 1,457 |
| | Number of shares | Ordinary share capital * | Additional paid-in capital | Share-based payments reserve | Foreign currency translation reserve | Accumulated deficit | Total equity |
| Balance as of January 1, 2024 | 48,249,707 | \$ - | \$ 13,299 | \$ 992 | \$ (45) | \$ (14,057) | \$ 189 |
| Net loss | - | - | - | - | - | (3,497) | (3,497) |
| Other comprehensive loss | - | - | - | - | (64) | - | (64) |
| Total comprehensive loss | - | - | - | - | (64) | (3,497) | (3,561) |
| Expiry of unexercised Options | - | - | 16 | (16) | - | - | - |
| Share-based compensation | - | - | - | 626 | - | - | 626 |
| Release of restricted share units | 1,275,000 | - | 302 | (302) | - | - | - |
| Exercise of options, net cashless | 83,070 | - | 17 | (8) | - | - | 9 |
| Exercise of options | 17,000 | - | 8 | (4) | - | - | 4 |
| Exercise of warrants | 10,872,692 | - | 3,034 | - | - | - | 3,034 |
| Issuance of common shares in private placements, net of issuance expenses of \$16 | 10,019,534 | - | 2,627 | - | - | - | 2,627 |
| Balance as of September 30, 2024 | 70,517,003 | \$ - | \$ 19,303 | \$ 1,288 | \$ (109) | \$ (17,554) | \$ 2,928 |

* Represents an amount less than \$0.5.

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands (except share and per share data)

| | Nine-month period ended September 30, | |
|---|--|----------------|
| | 2025 | 2024 |
| <u>Cash flows from operating activities:</u> | | |
| Net loss | \$ (4,989) | \$ (3,497) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Adjustments to the profit or loss items: | | |
| Depreciation of property, equipment and right-of-use assets | 132 | 46 |
| Share-based compensation | 954 | 626 |
| Interest expenses | 18 | - |
| Revaluation of royalty payments liability | (17) | 34 |
| | <u>1,087</u> | <u>706</u> |
| Changes in operating assets and liabilities: | | |
| Increase (decrease) in employees and payroll accruals | 179 | (130) |
| Decrease (increase) in other receivables | 181 | (89) |
| Increase in inventory | (18) | - |
| Increase (decrease) in other payables | 223 | (143) |
| | <u>565</u> | <u>(362)</u> |
| Net cash used in operating activities | <u>(3,337)</u> | <u>(3,153)</u> |
| <u>Cash flows from investing activities:</u> | | |
| Purchase of property, plant and equipment | (46) | (603) |
| Restricted deposit | - | (10) |
| Net cash used in investing activities | <u>(46)</u> | <u>(613)</u> |

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands (except share and per share data)

| | Nine-month period ended September 30, | |
|---|--|-----------------|
| | 2025 | 2024 |
| <u>Cash flows from financing activities:</u> | | |
| Proceeds from issuance of private placements, net | 2,899 | 1,330 |
| Proceeds from exercise of warrants | 671 | 3,034 |
| Proceeds from exercise of options | 4 | 13 |
| Proceeds allocated to warrants reserve | - | 1,297 |
| Receipt of grants from the IIA | - | 50 |
| Payment of lease liabilities | (12) | (23) |
| Net cash provided by financing activities | <u>3,562</u> | <u>5,701</u> |
| Exchange differences on balances of cash and cash equivalents | <u>104</u> | <u>47</u> |
| Increase in cash and cash equivalents | 283 | 1,982 |
| Cash and cash equivalents at beginning of the period | <u>700</u> | <u>541</u> |
| Cash and cash equivalents at end of the period | <u>\$ 983</u> | <u>\$ 2,523</u> |
| <u>Significant non-cash transactions:</u> | | |
| Issuance expenses | <u>\$ 59</u> | <u>\$ 54</u> |
| Right-of-use asset and lease liability | <u>\$ 91</u> | <u>\$ 52</u> |
| Exercise of options, net cashless | <u>\$ -</u> | <u>\$ 25</u> |

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

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL

- a. NurExone Biologic Inc. (formerly EnerSpar Corp.) is a publicly traded company with a registered office located at 1 Adelaide St. East, Suite 801, Toronto, Ontario, M5C 2V9, Canada. The Company was incorporated in Alberta in 2011 and is a Reporting Issuer in Alberta, Ontario, and British Columbia
- b. On June 15, 2022, the Company completed a reverse takeover (“RTO”) with NurExone Biologic Ltd., a private company incorporated under the laws of Israel on June 17, 2020, which primarily operates in Israel (“NurExone Ltd.”). In connection with the RTO, the Company also completed a 10:1 consolidation.
- c. On April 22, 2025, the Company completed a continuance from the Province of Alberta, governed by the *Business Corporations Act* (Alberta), into the Province of Ontario, governed by the *Business Corporations Act* (Ontario) (the “Continuance”).
- d. The Company is listed on the following stock exchanges:
 - Under the symbol - Traded on the TSX Venture Exchange (the “TSXV”).
“NRX”
 - Under the symbol - Traded on the Frankfurt Stock Exchange, German Composite,
“J90” Stuttgart Stock Exchange, Munich Stock Exchange, Berlin Stock Exchange, Hamburg Stock Exchange, and Dusseldorf Stock Exchange.
 - Under the symbol - Quoted on the Over-the-Counter Qualified Board Venture Market.
“NRXBF”
- e. The Company is developing a platform for biologically guided exosome-based therapies to be delivered, minimally invasive, to patients who suffer from central nervous system (“CNS”) injuries. The Company’s first product, ExoPTEN, is developed for acute spinal cord injury (“SCI”). ExoPTEN has been granted “Orphan Drug Designation” by the U.S. Food and Drug Administration (the “FDA”) and the European Medicines Agency. The NurExone platform technology is expected to offer novel solutions to drug companies interested in minimally invasive targeted drug delivery for other indications.
- f. Going concern:

The Company is devoting substantially all of its efforts toward research and development activities. In conducting research and development, the Company has incurred operating losses in each year since its inception, including net losses of \$4,989 and \$3,497 for the nine-month period ended September 30, 2025, and 2024, respectively. Such losses are expected to continue for the foreseeable future. As of September 30, 2025, the Company had an accumulated deficit of \$24,089, compared to \$19,100 as of December 31, 2024. Management believes that the Company may not have sufficient funds to cover planned operations throughout the next twelve months. The Company may secure additional financing through the issuance of new equity and/or debt; however, there is no assurance that these initiatives will be successful. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. The unaudited condensed interim consolidated financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company were unable to continue as a going concern.

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands (except share and per share data)****NOTE 1:- GENERAL (Cont.)**

- g. Since October 7, 2023, Israel has been in armed conflict with Hamas, a militant group designated as a terrorist organization by Israel. On June 13, 2025, the conflict escalated into direct military hostilities between Israel and Iran (the “**Israeli War**”). These events led to periods of heightened security alerts, temporary interruptions to transportation and public services, and intermittent restrictions on workforce mobility in parts of Israel, including the Haifa region. A ceasefire has since been declared, and conditions have stabilized. As of the date of this report, the Company has continued operations in Haifa without material disruption, and management does not expect these events to have a material impact on the Company’s financial position, results of operations, or cash flows.
- h. Unless otherwise indicated, all amounts are presented in thousands of U.S. dollars (“**US\$**”). References to “**C\$**” denote Canadian dollars, and “**NIS**” refers to New Israeli Shekels.

NOTE 2:- MATERIAL ACCOUNTING POLICIES

- a. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2024 annual report.
- b. The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company’s audited consolidated financial statements for the years ended December 31, 2024.

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- a. On January 8, 2025, the Company issued 65,000 common shares in the capital of the Company (“**Common Shares**”) following the exercise of 65,000 warrants issued pursuant to a non-brokered private placement in January 2024 (the “**January 2024 Private Placement Warrants**”). Each January 2024 Private Placement Warrant was exercised at a price of C\$0.35 per Common Share, generating total proceeds of \$16 (C\$23). All Common Shares issued are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.
- b. On January 19, 2025, the Company received gross proceeds of \$506 (C\$728) through the exercise of 2,140,456 class A Common Share purchase warrants (each a “**Class A Warrant**”) at a price of C\$0.34 per Class A Warrant issued in the first tranche of the non-brokered private placement of the Company which closed on the August 25, 2023 (the “**August 2023 Offering**”). The exercise of the Class A Warrants followed the Company providing the Class A Warrant holders an acceleration notice on December 17, 2024 that the Class A Warrant acceleration trigger was met when the daily volume weighted average trading price of the Common Shares on the TSXV equaled or exceeded C\$0.69 for a period of 20 consecutive trading days. The effect of such exercises, along with the prior exercise of 181,818 Class A Warrant back in March 2024, resulted in all Class A Warrants issued in August 2023 Offering being exercised. All Common Shares issued are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands (except share and per share data)****NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)**

- c. On January 21, 2025, the Company completed a non-brokered private placement (the “**January 2025 Private Placement**”) of units of the Company (the “**January 2025 Unit**”) through the issuance of an aggregate of 856,996 January 2025 Units. Each January 2025 Unit was issued at a price of C\$0.56 per January 2025 Unit, generating aggregate gross proceeds of \$333 (C\$480), with issuance costs of \$23 (C\$33). Each January 2025 Unit was comprised of (i) one Common Share, and (ii) one Common Share purchase warrant (each, a “**January 2025 Warrant**”). Each January 2025 Warrant entitles the holder to purchase one Common Share at a price of C\$0.70 per Common Share for a period of 36 months, subject to acceleration. If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds C\$1.75, the Company may, upon providing written notice to the holders of the January 2025 Warrants (the “**January 2025 Offering Acceleration Notice**”), accelerate the expiry date of the January 2025 Warrants to the date that is 45 days following the January 2025 Offering Acceleration Notice. In addition, following the date of the issuance of the January 2025 Warrants, if the Company lists the Common Shares on a nationally recognized stock exchange in the United States, the Company may upon providing an acceleration notice (the “**January 2025 Offering U.S. Listing Acceleration Notice**”), accelerate the expiry date of the January 2025 Warrants to the date that is 45 days following the date of the January 2025 Offering U.S. Listing Acceleration Notice. If the January 2025 Warrants are not exercised by the applicable accelerated expiry dates, they will expire and become void. All securities issued under the January 2025 Private Placement are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.
- d. On January 29, 2025, following the approval by the Board, the Company granted incentive awards under the Company’s equity incentive plan (the “**Equity Incentive Plan**”) to certain employees and service providers. A total of 299,802 stock options (“**Options**”) were granted, each exercisable for one Common Share at a price of C\$0.56 per share (the “**January 2025 Options**”).

For further details regarding the grant, see Note 4(c)(1).

- e. On February 4, 2025, the Company incorporated Exo-Top Inc. (“**Exo-Top**”), its wholly owned subsidiary, under the laws of Nevada to advance its Good Manufacturing Practice (“**GMP**”) fully characterized exosome production. Incorporating Exo-Top offers key advantages, including closer proximity to strategic partners, access to a robust biopharma ecosystem, and greater market opportunities. The establishment of Exo-Top and the acquisition of the Master Cell Bank (“**MCB**”) gives the Company enhanced control over its exosome production process by securing the cell source of its exosomes. This acquisition enables the Company to potentially sell high-quality exosomes to pharmaceutical companies, biotech firms, and researchers globally. Exo-Top will operate independently, without external licensing or royalty obligations, ensuring cost efficiency and strategic flexibility as the Company advances its development pipeline.
- f. On February 19, 2025, the Company issued 328,625 Common Shares pursuant to the exercise of the January 2024 Private Placement Warrants. The January 2024 Private Placement Warrants were exercised at a price of C\$0.35 per Common Share, generating total proceeds of \$81 (C\$115). All Common Shares issued are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

- g. On April 2, 2025, the United States introduced wide-ranging changes to its tariff policies. As of the second quarter of 2025, Exo-Top, is continuing to assess the potential impact of these changes on its operations in the United States. Management will closely monitor the implementation of the new tariff policies and evaluate any potential effects on Exo-Top's business, supply chain, and financial results.
- h. On April 9, 2025, the Company completed a non-brokered private placement (the "**April 2025 Private Placement**") of units of the Company (each, an "**April 2025 Unit**") through the issuance of an aggregate of 3,543,238 April 2025 Units. Each April 2025 Unit was issued at a price of C\$0.65 per April 2025 Unit, generating aggregate gross proceeds of \$1,600 (C\$2,303), with issuance costs of \$9 (C\$12). Each April 2025 Unit was comprised of (i) one Common Share and (ii) one Common Share purchase warrant (each, an "**April 2025 Warrant**"). Each April 2025 Warrant entitles the holder to purchase one Common Share at a price of C\$0.85 per April 2025 Warrant for a period of 36 months. All securities issued under the April 2025 Private Placement are subject to applicable statutory hold periods.
- i. On April 9, 2025, the Board approved, following recommendations from the Compensation Committee on March 12, 2025, changes to director and officer compensation, including:
 1. Merit-based salary increases for certain officers ranging from 6% to 10%, respectively, and a 58% scope-of-work-based salary increase to an officer, effective January 1, 2025.
 2. A framework for future bonus payments with a minimum of \$25 and a maximum of \$65 per instance, associated with 2024 performance and certain future performance-based milestones, payable upon the achievement of specified corporate milestones.
 3. Merit-based increases in director fees, including an annual base payments increase of 20% and compensation for specific activities increasing in the range of 50% to 60% per specific activity, effective April 9, 2025.

The implementation and payment of all approved updates are subject to the successful completion of a minimum private placement or aggregate private placements by the Company of \$3 million. See Note 5 (a)(1).

- j. On April 9, 2025, following the approval by the Board, the Company granted incentive awards under the Company's Equity Incentive Plan to certain employees and service providers. A total of 110,000 Options were granted, each exercisable for one Common Share at a price of C\$0.68 per share.

On the same date, the Company also approved a future grant of an aggregate of 1,125,000 restricted share units ("**RSUs**") to certain directors and officers of the Company, to be issued at the later of: (i) June 18, 2025 and (ii) the date of the next annual general and special meeting of shareholders of the Company (the "**Annual Meeting**"). See Note 3(o).

For further details regarding both grants, see Note 4(c)(1).

- k. On April 22, 2025, the Company appointed Jacob Licht as Chief Executive Officer of Exo-Top and as Vice President of Corporate Development at NurExone. See Note 3(e).

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

- l. On April 27, 2025, the Company entered into a third amendment to the license agreement between TRDF and Ramot, Tel Aviv University's technology transfer company, under which the royalty section was amended such that the Company must make a fixed annual royalty payment of \$26, with the amount increasing by 30% annually, once Phase II of the clinical trial begins. Prior to this amendment, the royalty would have increased by 30% annually starting from the third anniversary of the agreement's effective date in June 2020. The maximum annual royalty remains capped at \$50. See Note 5(b).

- m. On May 26, 2025, following the approval by the Board, the Company granted incentive awards under the Company's Equity Incentive Plan to certain service providers. A total of 625,000 Options (the "**May 2025 Options**") were granted, each exercisable for one Common Share at a price of C\$0.68 per share.

On the same date, the Company also granted 300,000 RSUs (the "**May 2025 RSUs**") to a certain service provider.

For further details regarding both grants, see Note 4(c)(1).

- n. On June 3, 2025, the Company issued 2,000,000 Common Shares upon the release of RSUs, following the one-year vesting anniversary, to certain officers and directors. All Common Shares issued are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.

- o. On June 18, 2025, at the Annual Meeting, the shareholders approved, among other matters, the following:
 1. The approval of the amended and restated Equity Incentive Plan, adopted on May 12, 2025, which includes a dual structure under TSXV Policy 4.4: a rolling 10% stock option limit and a fixed allotment of up to 7,800,791 shares for other awards. The plan applies to directors, officers, employees, and consultants. The TSXV accepted the filing, and disinterested shareholders approved the plan at the Meeting.
 2. The approval of a continuance of the Company from the Province of Alberta to the Province of Ontario and the amendment of the Articles of Incorporation, including the removal of restrictions on the transfer of shares and the authority to fix the number of directors.

- p. On June 18, 2025, the Company granted an aggregate of 1,125,000 RSUs (the "**June 2025 RSUs**") following the Annual Meeting, and approval by the Board on April 9, 2025, to certain officers and directors. See Note 3(o).

For further details regarding the grant, see Note 4(c)(1).

- q. On July 22, 2025, the Company transferred its entire GMP-grade MCB, originally acquired for \$600 on December 30, 2024, together with a portion of its acquired Working Cell Bank for \$18, from a U.S. vendor to an external storage facility in Indianapolis, USA. The inventory is maintained under FDA and GMP conditions to support future manufacturing activities once Exo-Top's facility becomes operational.

- r. In August 2025, the Company issued 217,884 Common Shares pursuant to two exercises of the January 2024 Private Placement Warrants. The January 2024 Private Placement Warrants were exercised at a price of C\$0.35 per Common Share, generating total proceeds of \$55 (C\$77). All Common Shares issued are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands (except share and per share data)****NOTE 3:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)**

- s. On August 20, 2025, the Company completed a non-brokered private placement (the “**August 2025 Private Placement**”) of units of the Company (each, a “**August 2025 Unit**”) through the issuance of an aggregate of 1,258,072 August 2025 Units. Each August 2025 Unit was issued at a price of C\$0.62 per August 2025 Unit generating aggregate gross proceeds of \$568 (C\$780). Each August 2025 Unit was comprised of (i) one Common Share and (ii) one-half of one Common Share purchase warrant (each, an “**August 2025 Warrant**”). Each August 2025 Warrant entitles the holder to purchase one Common Share at a price of C\$0.80 per August 2025 Warrant for a period of 36 months. All securities issued under the August 2025 Private Placement are subject to applicable statutory hold periods, subject to acceleration. If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds C\$1.70, the Company may, upon providing written notice to the holders of the August 2025 Warrants (the “**August 2025 Offering Acceleration Notice**”), accelerate the expiry date of the August 2025 Warrants to the date that is 45 days following the date of the August 2025 Offering Acceleration Notice.
- t. On September 11, 2025, the Company completed a non-brokered private placement (the “**September 2025 Private Placement**”) of units of the Company (each, a “**September 2025 Unit**”) through the issuance of an aggregate of 930,376 September 2025 Units. Each September 2025 Unit was issued at a price of C\$0.68 per September 2025 Unit generating aggregate gross proceeds of \$457 (C\$633). Each September 2025 Unit was comprised of (i) one Common Share and (ii) one-half of one Common Share purchase warrant (each, an “**September 2025 Warrant**”). Each September 2025 Warrant entitles the holder to purchase one Common Share at a price of C\$0.88 per September 2025 Warrant for a period of 36 months. All securities issued under the September 2025 Private Placement are subject to applicable statutory hold periods, subject to acceleration. If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds C\$1.70, the Company may, upon providing written notice to the holders of the September 2025 Warrants (the “**September 2025 Offering Acceleration Notice**”), accelerate the expiry date of the September 2025 Warrants to the date that is 45 days following the date of the September 2025 Offering Acceleration Notice.
- u. On September 15, 2025, a total of 20,000 Options were exercised at an exercise price of C\$0.28, generating gross proceeds of \$4 (C\$6).
- v. On September 17, 2025, the Company issued 25,000 Common Shares pursuant to the exercise of the September 2024 Private Placement Warrants. The September 2024 Private Placement Warrants were exercised at a price of C\$0.70 per Common Share, generating total proceeds of \$13 (C\$17.5). All Common Shares issued are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 4:- SHAREHOLDERS' EQUITY

a. Share capital:

1. The following table summarizes the authorized, issued and outstanding share capital as of September 30, 2025, and December 31, 2024:

| | Authorized as of | | Issued and outstanding as of | |
|---|-------------------------------|------------------------------|-------------------------------------|------------------------------|
| | September 30, 2025 | December 31, 2024 | September 30, 2025 | December 31, 2024 |
| Consolidated Common Shares without a nominal par value | <u>Unlimited</u> | <u>Unlimited</u> | <u>82,459,245</u> | <u>71,073,598</u> |

2. The following table summarizes the changes in the issued and outstanding Common Shares at the beginning and end of each respective period:

| | Number of Common Shares |
|---|--|
| Outstanding as of December 31, 2024 | <u>71,073,598</u> |
| Issuance of Common Shares from a private placement ⁽¹⁾ | 856,996 |
| Issuance of Common Shares from an exercise of warrants ⁽²⁾ | <u>2,534,081</u> |
| Outstanding as of March 31, 2025 | <u>74,464,675</u> |
| Issuance of Common Shares from a private placement ⁽³⁾ | 3,543,238 |
| Issuance of Common Shares from release of RSUs ⁽⁴⁾ | <u>2,000,000</u> |
| Outstanding as of June 30, 2025 | <u>80,007,913</u> |
| Issuance of Common Shares from a private placements ⁽⁵⁾ | 2,188,448 |
| Issuance of Common Shares from an exercise of warrants ⁽⁶⁾ | 242,884 |
| Issuance of Common Shares from an exercise of options ⁽⁷⁾ | <u>20,000</u> |
| Outstanding as of September 30, 2025 | <u>82,459,245</u> |

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 4:- SHAREHOLDERS' EQUITY (Cont.)

a. Share capital (Cont.):

Notes:

- (1) On January 21, 2025, the Company issued 856,996 Common Shares pursuant to the January 2025 Offering. See Note 3(c).
- (2) Issuance of 2,534,081 Common Shares from the exercise of Warrants:
 - i. On January 8, 2025, the Company issued 65,000 Common Shares pursuant to the exercise of the January 2024 Private Placement Warrants. See Note 3(a).
 - ii. On January 19, 2025, the Company issued 2,140,456 Common Shares pursuant to the exercise of the August 2023 Private Placement Warrants. See Note 3(b).
 - iii. On February 19, 2025, the Company issued 328,625 Common Shares pursuant to the exercise of the January 2024 Private Placement Warrants. See Note 3(f).
- (3) On April 9, 2025, the Company issued 3,543,238 Common Shares pursuant to the April 2025 Offering. See Note 3(h).
- (4) Issuance of 2,000,000 Common Shares from the release of RSUs:

On June 3, 2025, the Company issued 2,000,000 Common Shares upon the release of RSUs, following a one-year period, vesting anniversary, to certain officers and directors. See Note 3(n).
- (5) Issuance of 2,188,448 Common Shares pursuant to private placements:
 - i. On August 20, 2025, the Company issued 1,258,072 Common Shares pursuant to the August 2025 Offering. See Note 3(s).
 - ii. On September 11, 2025, the Company issued 930,376 Common Shares pursuant to the September 2025 Offering. See Note 3(t).
- (6) Issuance of 242,884 Common Shares from the exercise of Warrants:
 - i. In August 2025, the Company issued 217,884 Common Shares pursuant to the exercise of the January 2024 Private Placement Warrants. See Note 3(r).
 - ii. On September 17, 2025, the Company issued 25,000 Common Shares pursuant to the exercise of the September 2024 Private Placement Warrants. See Note 3(v).
- (7) On September 15, 2025, the Company issued 20,000 Common Shares pursuant to the exercise of Options. See Note 3(u).

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 4:- SHAREHOLDERS' EQUITY (Cont.)

b. Warrants:

The following table summarizes the changes in outstanding warrants at the beginning and end of the respective periods:

| | Nine-month period ended September 30, | | Year ended December 31, | | | |
|---|--|---|----------------------------|---|--------------------------|---|
| | 2025 | 2024 | 2024 | | | |
| | Number of Warrants | Weighted average exercise price (CAD\$) | Number of Warrants | Weighted average exercise price (CAD\$) | Number of Warrants | Weighted average exercise price (CAD\$) |
| Outstanding at the beginning of the period | 14,133,424 | 0.45 | 18,076,888 | 0.39 | 18,076,888 | 0.39 |
| Issued | ⁽¹⁾ 465,188 | 0.88 | - | - | - | - |
| Issued | ⁽²⁾ 3,543,238 | 0.85 | - | - | - | - |
| Issued | ⁽³⁾ 629,036 | 0.80 | - | - | - | - |
| Issued | ⁽⁴⁾ 856,996 | 0.70 | 2,927,541 | 0.70 | 3,159,359 | 0.70 |
| Issued | - | - | 7,091,993 | 0.35 | 7,091,993 | 0.35 |
| Exercised | ⁽⁵⁾ (25,000) | 0.70 | - | - | - | - |
| Exercised | - | - | (181,818) | 0.48 | (181,818) | 0.48 |
| Exercised | - | - | (9,684,993) | 0.38 | (9,684,993) | 0.38 |
| Exercised | ⁽⁶⁾ (611,509) | 0.35 | (449,063) | 0.35 | (773,840) | 0.35 |
| Exercised | ⁽⁷⁾ (2,140,456) | 0.34 | (556,818) | 0.34 | (556,818) | 0.34 |
| Expired | - | - | (2,997,347) | 0.38 | (2,997,347) | 0.38 |
| Outstanding at the end of the period | 16,850,917 | 0.59 | 14,226,383 | 0.44 | 14,133,424 | 0.45 |

Notes:

- (1) Issuance of 465,188 September 2025 Private Placement Warrants. See Note 3(t).
- (2) Issuance of 3,543,238 April 2025 Private Placement Warrants. See Note 3(h).
- (3) Issuance of 1,258,072 August 2025 Private Placement Warrants. See Note 3(s).
- (4) Issuance of 856,996 January 2025 Private Placement Warrants. See Note 3(c).
- (5) Exercise of 25,000 August 2025 Private Placement Warrants. See Note 3(v).
- (6) Exercise of 611,509 warrants from several issuances, specifically:
 - i. Issuance of 65,000 January 2024 Private Placement Warrants. See Note 3(a).
 - ii. Issuance of 328,625 January 2024 Private Placement Warrants. See Note 3(f).
 - iii. Issuance of 217,884 January 2024 Private Placement Warrants. See Note 3(r).
- (7) Exercise of 2,140,456 August 2023 Private Placement Warrants. Note 3(b).

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 4:- SHAREHOLDERS' EQUITY (Cont.)

c. Share incentive plan:

1. The following table summarizes the grants of Options and RSUs during the nine-month period ended September 30, 2025:

| <u>Award Type</u> | <u>Quantity Granted</u> | <u>Exercise price (CAD\$)</u> | <u>Vesting Schedule, Expiry⁽¹⁾ and Holding Period⁽²⁾</u> | <u>Fair Value</u> |
|--|-------------------------|-----------------------------------|---|--|
| January 2025 Options See Note 3(d) | 299,802 | 0.56 | (i) 35,802 options vest over three months (ii) 189,000 options vest over six months (iii) 75,000 options vest over two years | US\$0.28 (C\$0.40) per Option Total \$84 (C\$121) |
| April 2025 Options See Note 3(j) | 110,000 | 0.68 | (i) 50,000 options: 25% vest after six months, then 12.5% vest each quarter over the following 24 months (ii) 60,000 options: 50% vest each quarter over six months (iii) Future grant of 1,125,000 RSUs, to be issued at the later of June 18, 2025, or the next AGM | US\$0.35 (C\$0.49) per Option Total \$39 (C\$54) |
| May 2025 Options See Note 3(m) | 625,000 | 0.68 | (i) 50,000 options vest over six months (ii) 75,000 options vest over 12 months (iii) 500,000 options vest over 18 months | US\$0.35 (C\$0.48) per Option Total \$217 (C\$298) |
| Total Options | <u>1,034,802</u> | | | |
| May 2025 RSUs See Note 3(m) | 300,000 | 0.66 | RSUs vest on the 1-year anniversary from the grant date | US\$0.48 (C\$0.66) ⁽³⁾ per RSU Total \$144 (C\$198) |
| June 2025 RSUs See Note 3(p) | 1,125,000 | 0.69 | Following the April 2025 approved grant: RSUs vest on the 1-year anniversary from the grant date | US\$0.50 (C\$0.69) ⁽³⁾ per RSU Total \$567 (C\$776) |
| Total RSUs | <u>1,425,000</u> | | | |

Notes:

- (1) Options have an exercise period of ten years starting from the vesting commencement date.
- (2) Options granted are subject to a hold period of four months and one day, in accordance with TSXV policies and applicable securities laws.
- (3) The fair value of RSUs is based on the Company's Common Share price on the grant date.

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 4:- SHAREHOLDERS' EQUITY (Cont.)

c. Share incentive plan (Cont.):

2. The following table summarizes the changes in outstanding Options at the beginning and end of the respective periods:

| | Nine-month period ended September 30, | | Year ended December 31, | | | |
|---|--|---|----------------------------|---|-------------------------|---|
| | 2025 | 2024 | 2024 | | | |
| | Number of Options | Weighted average exercise price (CAD\$) | Number of Options | Weighted average exercise price (CAD\$) | Number of Options | Weighted average exercise price (CAD\$) |
| Outstanding at the beginning of the period | 7,724,569 | 0.38 | 6,119,524 | 0.32 | 6,119,524 | 0.32 |
| Granted | ⁽¹⁾ 1,034,802 | 0.56 | 1,815,900 | 0.51 | 2,233,545 | 0.55 |
| Exercised | ⁽²⁾ (20,000) | 0.28 | (100,070) | 0.33 | (100,070) | 0.33 |
| Forfeited | - | - | (336,000) | 0.33 | (428,500) | 0.35 |
| Expired | ⁽³⁾ (42,500) | 0.32 | (99,930) | 0.31 | (99,930) | 0.31 |
| Outstanding at the end of the period | 8,696,871 | 0.41 | 7,399,424 | 0.36 | 7,724,569 | 0.38 |
| Exercisable at the end of the period | 7,395,492 | 0.38 | 5,190,821 | 0.32 | 5,752,621 | 0.33 |

Notes:

(1) See Note 4(c)(1).

(2) See Note 3(u).

(3) A total of 42,500 Options expired unexercised on April 1, 2025.

A total of \$183 in unrecognized share-based compensation costs related to Options, which are expected to be recognized over a period of up to two years.

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 4:- SHAREHOLDERS' EQUITY (Cont.)

c. Share incentive plan (Cont.):

3. The following table provides a summary of the outstanding and unvested RSUs at the beginning and end of the respective periods:

| | Nine-month period ended September 30, | | | | Year ended December 31, | |
|--|--|---|----------------------|---|----------------------------|--|
| | 2025 | | 2024 | | 2024 | |
| | Number of RSUs | Weighted average grant date fair value (CAD\$) | Number of RSUs | Weighted average grant date fair value (CAD\$) | Number of RSUs | Weighted average grant date fair value (CAD\$) |
| Unvested balance at the beginning of the period | 2,000,000 | 0.51 | 1,275,000 | 0.28 | 1,275,000 | 0.28 |
| Granted | ⁽¹⁾ 1,425,000 | 0.69 | 2,000,000 | 0.51 | 2,000,000 | 0.51 |
| Vested | ⁽²⁾ (2,000,000) | 0.51 | (1,275,000) | 0.28 | (1,275,000) | 0.28 |
| Unvested balance at the end of the period | 1,425,000 | 0.69 | 2,000,000 | 0.51 | 2,000,000 | 0.51 |

Notes:

(1) See Note 4(c)(1).

(2) See Note 3(n).

A total of \$405 in unrecognized share-based compensation costs related to RSUs, which are expected to be recognized over a period of up to one year.

4. As of September 30, 2025, a total of 16,046,716 Common Shares were reserved under the Company's Equity Incentive Plan, see Note 3(o)(1). Of this amount, 2,529,775 Common Shares remained available for future issuance, as detailed below:

| | September 30, 2025 |
|---|-------------------------------|
| Fixed allotment | 7,800,791 |
| Rolling 10% Option limit (based on outstanding Common Shares) | <u>8,245,925</u> |
| Total shares reserved under the Equity Incentive Plan | 16,046,716 |
| Outstanding Options | 8,696,871 |
| Outstanding RSUs | 1,425,000 |
| Exercised Options and vested RSUs held in trust as Shares | 3,361,493 |
| Shares sold from trust | <u>33,577</u> |
| Remaining available for issuance | <u>2,529,775</u> |

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 5:- RELATED PARTY TRANSACTIONS

a. Benefits to key executive personnel:

1. The compensation of key management personnel and directors' fees were comprised of the following:

| | Nine-month period ended September 30, | | Three-month period ended September 30, | | Year ended December 31, |
|---------------------------------------|---|---------------|--|---------------|----------------------------|
| | 2025 | 2024 | 2025 | 2024 | 2024 |
| Short-term benefits ⁽¹⁾ | \$ 414 | \$ 535 | \$ 27 | \$ 138 | \$ 670 |
| Share-based payment | 495 | 403 | 149 | 201 | 587 |
| | <u>\$ 909</u> | <u>\$ 938</u> | <u>\$ 176</u> | <u>\$ 339</u> | <u>\$ 1,257</u> |

Notes:

- (1) Short-term benefits include accruals for 2024 performance-based bonuses, as well as merit-based salary increases and directors' fees, totaling \$85 and \$64, respectively.
 2. The balance of other payables to key management personnel and directors amounted to \$203 as of September 30, 2025, compared to \$64 as of December 31, 2024.
- b. Related party:
1. Technion Research and Development Foundation Ltd. (“**TRDF**”) serves as the licensor of the Company’s core technology used for product development. The Company has engaged in services provided by TRDF and maintains financial balances with TRDF, a key vendor and principal shareholder holding 3,927,000 Common Shares, representing 4% (December 31, 2024 - 4.6%) on a fully diluted basis, including Common Shares and warrants, as of September 30, 2025.
 2. As of September 30, 2025, other payables to TRDF totaled \$91, compared to \$14 as of December 31, 2024. The royalty payment balance to TRDF was \$43 as of September 30, 2025 (December 31, 2024 - \$78).
 3. The Company recognized expenses and conducted transactions with TRDF totaling \$151 as of September 30, 2025, compared to \$121 as of December 31, 2024.

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 6:- SUBSEQUENT EVENTS

- a. On October 3, 2025, the Company issued 53,571 Common Shares pursuant to the exercise of the January 2024 Private Placement Warrants. The January 2024 Private Placement Warrants were exercised at a price of C\$0.35 per Common Share, generating total proceeds of \$14 (C\$19).

- b. On October 8, 2025, the Company announced the acceleration of the expiration date of certain warrants, further to its press releases dated August 28, 2023, September 6, 2023 and January 5, 2024. The acceleration applies to (i) 2,515,456 class B Common Share purchase warrants issued and outstanding from the private placement which closed in tranches on August 25, 2023 and September 6, 2023 (the “**September 2023 Warrants**”) and (ii) 5,653,073 Common Share purchase warrants issued and outstanding from the private placement which closed on January 4, 2024 (the “**January 2024 Warrants**”). Each September 2023 Warrant is exercisable at a price of \$0.48 per September 2023 Warrant and each January 2024 Warrant is exercisable at a price of \$0.35 per January 2024 Warrant. If all of the September 2023 Warrants and January 2024 Warrants are exercised, the Company will receive total gross proceeds of approximately C\$3.2 million. All funds received from exercises will be used for general corporate and working capital purposes. The acceleration triggers were met after the daily volume weighted average trading price of the Company’s Common Shares on the TSXV equaled or exceeded for a period of 20 consecutive trading days, in the case of the September 2023 Warrants, C\$0.83, and in the case of the January 2024 Warrants, C\$0.80 (the “**Acceleration Event**”). Pursuant to the terms of the warrants and following the occurrence of the Acceleration Event, the Company has provided notice to the warrant holders (the “**Acceleration Notice**”), thereby accelerating the expiry of the warrants. The warrants will now expire at 5:00 p.m. (Calgary time) on November 7, 2025 , which is 30 days from the date of the Acceleration Notice. If the warrants are not exercised by such time, they will expire and be of no further force or effect.

As announced on November 12, 2025, all of the September 2023 Warrants and January 2024 Warrants were exercised prior to expiry, resulting in aggregate gross proceeds of \$2,263 (C\$3,186). The breakdown of proceeds was (i) \$857 (C\$1,207) from the exercise of the September 2023 Warrants and (ii) \$1,405 (C\$1,979) from the exercise of the January 2024 Warrants.
