NUREXONE BIOLOGIC INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD ENDED

MARCH 31, 2026

(Expressed in thousands of U.S. Dollars)

Dated May 31, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") discusses the operating results, financial position, and cash flows of NurExone Biologic Inc. (the "**Company**" or "**NurExone**"), formerly known as EnerSpar Corp., and its wholly-owned subsidiaries NurExone Biologic Ltd., a private company incorporated under the laws of Israel on June 17, 2020 ("**NurExone Ltd.**"), and Exo-Top Inc., a private company incorporated under the laws of Nevada on February 4, 2025 ("**Exo-Top**").

This MD&A covers the Company's financial performance for the three-month period ended March 31, 2026, and 2025. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2026, and 2025 (the "**unaudited condensed interim consolidated financial statements**") and the audited consolidated financial statements of the Company for the years ended December 31, 2025, and 2024 (the "**2025 Consolidated FS**").

The unaudited condensed interim consolidated financial statements of the Company and the 2025 Consolidated FS, along with extracts included in this MD&A, are presented in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and Interpretations (collectively "**IFRS Accounting Standards**").

There were no changes in the Company's accounting policies during the three-month period ended March 31, 2026. The accounting policies applied in preparing the Company's unaudited condensed interim consolidated financial statements are consistent with those applied in the Company's audited annual consolidated financial statements for the year ended December 31, 2025. See Note 2 to the unaudited condensed interim consolidated financial statements.

Unless otherwise indicated, all amounts are presented in the thousands U.S. dollars ("**$**" or "**US$**"), which is the presentation currency of the financial statements. The functional currencies are: "**C$**" for Canadian dollars (the functional currency of the Company), "**NIS**" for New Israeli Shekels (the functional currency of NurExone Ltd.), and the U.S. dollar as the functional currency of Exo-Top.

Due to the rounding of dollar differences, certain total dollar amounts in this MD&A may not precisely equal the sum of their components. Percentage changes are calculated using rounded figures as presented.

Readers are cautioned that this MD&A contains forward-looking information. For more information, please refer to the "*Forward-Looking Statements*" section below.

The information in this report is dated May 31, 2026. The unaudited condensed interim consolidated financial statements and MD&A were approved by the Company's board of directors (the "**Board**") for filing on SEDAR+ on May 31, 2026.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A, and in the documents incorporated by reference in this MD&A, constitute "forward-looking information" and "forward-looking statements" (together "forward-looking statements") within the meaning of applicable securities laws and are based on assumptions, expectations, estimates and projections as at the date of this MD&A. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Forward-looking statements in this MD&A herein include, but are not limited to, statements with respect to:

- *expected future events and the financial and operating performance of the Company;*
- *the use of proceeds from private placements;*
- *research and development milestones described in the "Completion of Research and Development Milestones for the three-month period ended March 31, 2026, and Planned Future Milestones" section;*
- *the establishment of in-house laboratories and offices;*
- *in-vivo experiments for Investigational New Drug ("**IND**") submissions;*
- *IND submissions to the U.S. Food and Drug Administration (the "**FDA**"), FDA clearance of the submissions;*
- *clinical trial design;*
- *manufacturing scale-up;*
- *the Company advancing towards clinical trials and launching a first-in-human trial;*
- *the Company making progress in its development of ExoPTEN, the Company's first ExoTherapy product;*
- *the exosomes becoming an ideal and natural choice for drug delivery;*
- *future contractual obligations with regards to partnerships with various organizations which will help further the Company's business and drug development goals;*
- *the future impact of the suspension of hostilities with Iran conflict, announced on April 8, 2026, on the Company and its operations;*
- *the Company continuing to refine its product candidates;*
- *the NurExone platform technology offering solutions to companies interested in quality exosomes and minimally invasive targeted delivery systems for other indications;*
- *the benefits of Exo-Top's establishment and the acquisition of the Master Cell Bank (the "**MCB**") on the Company and its business;*
- *the Company's ability to meet development milestones and extended milestone timelines under its license agreement with Technion Research and Development Foundation Ltd. and Ramot at Tel Aviv University Ltd. (see "Company Overview – NurExone Ltd.");*
- *the Company's future funding requirements and ability to raise additional capital to support its development activities (see "Liquidity and Capital Resources");*
- *the proposed transaction contemplated by the non-binding letter of intent with BioXtek Inc., including the likelihood, timing, structure and completion of any such transaction (see "Subsequent Events").*
- *partnerships with various organizations helping further the Company's drug development and delivery goals; and*

In developing the forward-looking statements in MD&A, the Company has applied several material assumptions, including:

- *the ability to obtain funding for our operations, research, and commercial activities;*
- *the use of proceeds from private placements will be utilized as outlined herein;*

- *the Company pursuing its business model and strategic plans;*
- *the success of research and development operations;*
- *the development and commercialization of product candidates;*
- *the Company maintaining its intellectual property rights;*
- *the Company commercializing, marketing, and manufacturing capabilities and strategy being conducted as intended;*
- *positive market conditions;*
- *our ability to leverage internal capabilities and know-how;*
- *our expectations regarding federal, provincial, and foreign regulatory requirements;*
- *whether we will receive, and the timing and costs of obtaining, regulatory approvals in the United States, Canada, Israel, and other jurisdictions;*
- *the regional suspension of hostilities announced on April 8, 2026, continues and leads to a stabilization of the geopolitical and economic environment;*
- *the restoration of regular logistics and personnel availability following the de-escalation of the regional conflict;*
- *the therapeutic benefits, effectiveness, and safety of our product candidates;*
- *estimates of our expenses, future revenue, capital requirements, and our needs for additional financing;*
- *our expectations regarding market risk, including interest rate changes and foreign currency fluctuations; the continuation of laboratories and office lease agreements;*
- *reliance on key personnel and management;*
- *our ability to retain and supplement our Board and management and skilled employees, or otherwise engage consultants and advisors, having knowledge of the industries in which we participate;*
- *the ability to engage and retain the employees or consultants required to grow our business;*
- *the ability to execute our business strategy;*
- *disruptions or changes in the pharmaceutical technology industry;*
- *unanticipated costs and expenses;*
- *the availability of financing on reasonable terms;*
- *our ability to fulfill current and future contractual obligations with various organizations;*
- *the Company will advance towards clinical trials and launching a first-in-human trial;*
- *the Company will continue to refine its product candidates;*
- *the NurExone platform technology will offer solutions to companies interested in quality exosomes and minimally invasive targeted delivery systems for other indications;*
- *Exo-Top's establishment and the acquisition of the MCB will have its intended benefits on the Company and its business; and*
- *the general business, industry, and economic conditions of the industries and countries in which we operate. For more information, see the "Working Capital Discussion" section.*

Forward-looking statements are, by their nature, not guarantees of the Company's future operational performance and are subject to risks and uncertainties and other factors that could cause the Company's actual results to differ materially from those expressed in or implied by these forward-looking statements. Forward-looking information is subject to known and unknown risks, uncertainties and other factors, including risks that the Company may be unable to satisfy development or funding milestones under its license agreements, that milestone timelines may be further extended or terminated, that additional licensing fees may become payable, and that the transaction contemplated by the letter of intent with BioXtek Inc. may not be completed on the terms currently contemplated or at all.

These risks and uncertainties include, but are not limited to:

- *our ability to leverage internal capabilities and know-how;*
- *the use of proceeds from private placements will not be utilized as outlined herein;*
- *our expectations regarding federal, provincial, and foreign regulatory requirements;*
- *the Company not receiving regulatory approvals in the United States, Canada, Israel, and other jurisdictions;*
- *the therapeutic benefits, effectiveness, and safety of our product candidates;*
- *the uncertainty of preclinical drug development, and the fact that drug product candidates may not advance to clinical trials;*
- *estimates of our expenses, future revenue, capital requirements and our needs for additional financing;*
- *market risk, including interest rate changes and foreign currency fluctuations;*
- *the continuation of laboratories and office lease agreements;*
- *reliance on key personnel and management;*
- *disruptions or changes in the pharmaceutical technology industry;*
- *unanticipated costs and expenses;*
- *general business, industry, and economic conditions;*
- *protection of the Company's intellectual property;*
- *dependence on the Company's strategic partners;*
- *those risk factors identified under the heading "Risks and Uncertainties";*
- *the uncertainty regarding the duration and stability of Iran conflict suspension of hostilities announced on April 8, 2026, and the potential for renewed military activity in Israel to disrupt operations economic volatility in the region, including fluctuations in the NIS, resulting from the transition from active conflict to a suspension of hostilities;*
- *disclosures under the heading "Subsequent Events";*
- *rapid technological changes;*
- *demand for our products;*
- *network restrictions;*
- *fluctuations in foreign currency exchange rates;*
- *our inability to fulfill future contractual obligations with various organizations;*
- *the Company does not advance towards clinical trials and launching a first-in-human trial;*
- *the Company not continuing to refine its product candidates;*
- *the Company's early stage of development;*
- *lack of revenues to date;*
- *government regulation;*
- *market acceptance for its products;*
- *the fact that preclinical drug development is uncertain, and the drug product candidates of the Company may never advance to clinical trials or human trials;*
- *the fact that results of preclinical studies and early-stage clinical trials may not be predictive of the results of later stage clinical trials;*
- *the uncertain outcome, cost, and timing of product development activities, preclinical studies and clinical trials of the Company;*
- *the uncertain clinical development process, including the risk that clinical trials may not have an effective design or generate positive results;*
- *the inability to obtain or maintain regulatory approval of the drug product candidates of the Company;*
- *the introduction of competing drugs that are safer, more effective or less expensive than, or otherwise superior to, the drug product candidates of the Company;*
- *the initiation, conduct, and completion of preclinical studies and clinical trials may be delayed, adversely affected or impacted by unforeseen issues;*

- *the inability to obtain or maintain intellectual property protection for the drug product candidates of the Company;*
- *risks that the Company's intellectual property and technology won't have the intended impact on the Company and/or its business;*
- *the Company's inability to carry out its preclinical trials and/or realize upon the stated benefits of the preclinical trials and/or such preclinical trials will not have the intended results;*
- *the inability of the Company to fulfill its intended future plans and expectations;*
- *the Company may be unable to complete an IND submission;*
- *ExoPTEN may not have its anticipated benefits;*
- *NurExone being unable to focus on developing regenerative exosome-based therapies for central nervous system ("**CNS**") injuries;*
- *the establishment of Exo-Top and acquisition of the MCB may not have its intended benefits for the Company and/or its business;*
- *the impacts of the implementation of tariffs on certain imported goods by the U.S. government in April 2025; and*
- *other similar factors that may cause the actual results, performance, or achievements to differ materially from those expressed or implied in these forward-looking statements.*

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of the MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required pursuant to applicable securities law. All forward-looking statements contained in the MD&A are expressly qualified in their entirety by this cautionary statement.

COMPANY OVERVIEW

NurExone Biologic Inc. is a publicly traded biotechnology company focused on the development of regenerative, exosome-based therapies for CNS injuries. The Company's lead drug candidate, **ExoPTEN**, is being developed for the treatment of acute spinal cord injury ("**SCI**") and optic nerve damage ("**OND**"), both representing significant unmet medical needs and multi-billion-dollar market opportunities [(1)] [(2)]. Preclinical studies have shown compelling efficacy, supporting ExoPTEN's clinical potential. The Company has also achieved key regulatory milestones, including Orphan Drug Designation for acute SCI from the FDA (US) and for SCI from the EMA (Europe), advancing its pathway toward clinical trials in both the United States and Europe.

In addition to its therapeutic pipeline, NurExone plans to commercialize high-quality naïve exosomes and offer minimally invasive, targeted delivery systems for third-party use across various indications. To support its strategy, the Company established **Exo-Top Inc.**, its wholly-owned U.S. subsidiary, to develop independent production capabilities and commercial supply of naïve exosomes.

The Company was incorporated under the laws of Alberta on June 27, 2011. It is a reporting issuer in British Columbia, Alberta, and Ontario. On April 22, 2025, the Company completed its 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**"). The Company has a registered office located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, Canada.

The Company is listed on the following stock exchanges:

Under the symbol "NRX"	-	Traded on the TSX Venture Exchange (the "**TSXV**").
Under the symbol "J90"	-	Traded on the German Composite, Frankfurt Stock Exchange, Baader Bank Aktiengesellschaft, Gettex, Munich Stock Exchange, Lang & Schwarz Exchange, Lang & Schwarz TradeCenter, Stuttgart Stock Exchange, Quotrix, Tradegate Exchange, Hamburg Stock Exchange, and Dusseldorf Stock Exchange.
Under the symbol "NRXBF"	-	Quoted on the Over-the-Counter Qualified Board Venture Market (the "**OTCQB Venture Market**").

Reverse Takeover Transaction

On June 15, 2022, the Company completed a reverse takeover transaction (the "**RTO**") with NurExone Ltd.

In connection with the RTO, the Company completed a 10:1 consolidation of its common shares and issued 17 post-consolidated common shares (the "**Common Shares**") for each outstanding share of NurExone Ltd. Prior to the RTO, the Company was engaged in mineral exploration activities relating to the Johan Beetz feldspar project in Quebec. As a condition of the RTO, the mineral exploration assets were divested and distributed to former shareholders through a spin-out transaction involving 1222150 BC Limited, which now operates as a private company. Following the RTO, the Company continued the biopharmaceutical technology business previously carried on by NurExone Ltd., focusing on the development of a proprietary, minimally invasive, exosome-based therapeutic platform for CNS injuries.

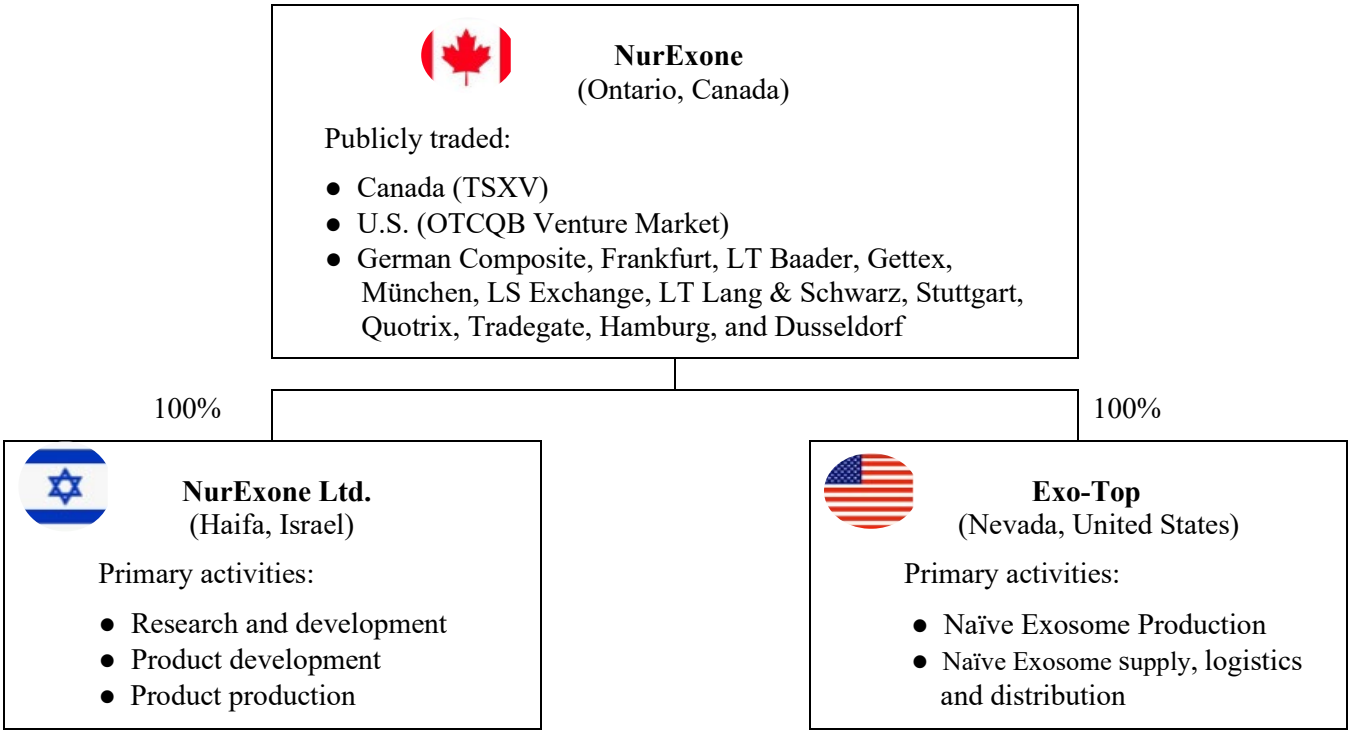
Additional details regarding the RTO are available in the Company's press release dated January 18, 2022, and its Filing Statement dated May 12, 2022, available on SEDAR+ at www.sedarplus.ca. Such additional details are not incorporated by reference herein and should not be deemed to be made part of this MD&A.

[(1)] Johns Hopkins Medicine: Acute Spinal Cord Injury: https://www.hopkinsmedicine.org/health/conditions-and-diseases/acute-spinal-cord-injury

[(2)] U.S. Centers for Disease Control and Prevention (CDC): About Glaucoma: https://www.cdc.gov/vision-health/about-eye-disorders/glaucoma.html

Description of the Company's Principal Businesses and Operations

As of the date of this MD&A, the Company has two wholly-owned subsidiaries:



NurExone Ltd.

NurExone Ltd. is an Israel-based biotechnology company specializing in pharmaceutical research and development based on licensed technologies from leading academic institutions, including the Technion – Israel Institute of Technology ("**Technion**") and Tel Aviv University.

Between January 2017 and May 2020, preclinical research conducted at these institutions evaluated intranasal administration of mesenchymal stem cells ("**MSCs**") derived exosomes loaded with small interfering RNA ("**siRNA**") targeting phosphatase and tensin homolog ("**PTEN**", and together, "**siRNA-PTEN**"). In rat models with complete spinal cord lesions, this treatment demonstrated significant functional recovery, including improvements in motor function, sensory recovery, and accelerated restoration of urinary reflexes.

Exosomes are membrane-bound extracellular vesicles naturally secreted by cells, carrying proteins, lipids, and genetic material that facilitate intercellular communication. When administered intranasally or intrathecally, exosomes have been shown to cross the blood-brain barrier ("**BBB**") and exhibit enhanced retention at injury sites compared to intravenous delivery. Furthermore, exosomes can be loaded with therapeutic cargo targeted to specific diseases or indications.

On June 23, 2020, the Company entered into an exclusive worldwide license agreement with Technion Research and Development Foundation Ltd. ("**TRDF**") and Ramot at Tel Aviv University Ltd. ("**Ramot**") (the "**TRDF-Ramot License Agreement**") to exploit certain licensed information and related patent rights for the applications defined in the agreement.

On August 18, 2021, NurExone entered into a first amendment to the TRDF-Ramot License Agreement. The amendment confirmed the Company's good standing under the license and amended certain development funding and milestone provisions.

On January 25, 2022, the parties entered into a second amendment to the TRDF-Ramot License Agreement pursuant to which an additional patent family, titled "Production Of Extracellular Vesicles From Stem Cells", was added to the licensed intellectual property.

On April 27, 2025, the parties entered into a third amendment to the TRDF-Ramot License Agreement, which amended the minimum royalty provisions described below. Under the agreement, TRDF is entitled to nominate a board observer to receive notice of, attend and participate in Company board meetings for the duration of the license (the "**TRDF Observer**"). A TRDF Observer has been appointed and has attended all Board meetings since completion of the RTO.

ExoPTEN – Lead Drug Candidate

ExoPTEN is the Company's lead drug candidate and the first therapeutic developed under its proprietary ExoTherapy platform. It is being developed for the treatment of acute SCI and OND, with potential applicability to additional CNS indications such as traumatic brain injury ("**TBI**") and facial nerve injury ("**FNI**"). ExoPTEN is the first therapeutic candidate developed utilizing the Company's proprietary ExoTherapy technology platform.

NurExone's ExoTherapy platform is designed to enable targeted drug delivery through engineered, cargo-loaded exosomes, facilitating minimally invasive and efficient delivery of therapeutic molecules, particularly siRNA, with an initial focus on CNS injuries and neurodegenerative disorders.

The Company completed a pre-IND meeting with the FDA and, on August 29, 2023, received written feedback regarding its manufacturing, preclinical, and clinical development plans. The FDA provided guidance on chemistry, manufacturing, and controls ("**CMC**"), and indicated that the proposed ExoPTEN release testing strategy sufficiently addresses safety requirements for the planned first-in-human clinical trial. The FDA also confirmed that the proposed toxicity study plan aligns with regulatory expectations, which the Company believes may reduce the need for certain large-scale animal studies. Based on this regulatory feedback, the Company intends to proceed with the submission of an IND application and, subject to regulatory clearance, the initiation of Phase I clinical trial.

ExoPTEN is being developed as a minimally invasive ExoTherapy administered intrathecally to promote neuron regeneration and facilitate the rewiring of damaged spinal pathways. In 2025, the Company generated additional data supporting the Proof of Concept published in December 2024, which demonstrated repair of OND in rat models, including significant neuronal regeneration and functional restoration. ExoPTEN leverages the Company's proprietary ExoTherapy platform, which enables the production and loading of exosomes with pharmaceutical cargo designed to target CNS injuries.

Exo-Top

Founded on February 4, 2025, under the laws of the state of Nevada, Exo-Top is a wholly-owned U.S.-based subsidiary of the Company, primarily focused on the production and supply of high-quality, fully characterized Good Manufacturing Practice ("**GMP**") exosomes for commercialization. In addition to its production role, Exo-Top provides support for the Company's research and therapeutic applications. Exo-Top was established to create an independent and scalable platform for producing high-quality naïve exosomes, enabling the Company's future pipeline. Its U.S. location provides strategic advantages, including proximity to key biopharmaceutical partners, access to manufacturing infrastructure, enhanced operational capabilities, and expanded market opportunities.

Naïve Exosome Production

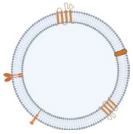
Exo-Top plans to produce high-quality, fully characterized naïve exosomes derived from Bone Marrow MSCs. In addition to supporting the Company's internal development activities, Exo-Top aims to supply GMP-grade exosomes to pharmaceutical companies, biotechnology firms, and research institutions worldwide, providing potential additional revenue streams. Exo-Top may also supply exosomes for research and non-FDA-regulated therapeutic or aesthetic applications, where permitted.

On December 30, 2024, Exo-Top, through the Company, acquired a GMP-grade MCB from a U.S. manufacturer for $600 (C$863), which was paid in full. This acquisition secured full ownership of the exosome cell source, providing the Company with greater control over the production processes, with the inventory primarily intended for producing exosome batches for commercialization. It also eliminates external licensing or royalty obligations related to the cell source, supporting cost efficiency and strategic flexibility as the development pipeline advances.

Applications in Regenerative Aesthetics

Exosomes possess potent regenerative properties with applications in non-medical treatments and aesthetic procedures:

- Potent Regenerative Properties
- Significant Inflammation Reduction
- Facilitation of Cellular Rejuvenation



- Stimulation of Collagen & Elastin Production
- Tissue Repair and Longevity
- Enhanced Topical Delivery

A Multi-Billion Dollar Opportunity in Science-Backed Aesthetics

Exosomes represent a new frontier in therapeutic applications, regenerative beauty, and wellness, enabling science-driven, minimally invasive treatments. Their rich cargo of growth factors, proteins, and microRNAs is being explored for applications including skin rejuvenation, anti-aging, diabetic ulcers, and hair regeneration.

In July 2025, Florida enacted Senate Bill 1768 (CS/CS/SB 1768), adding sections to the Florida Medical Practices and Osteopathic Medicine statutes regarding stem cell and biologic therapies. This legislation reflects a state-level effort to provide more clarity for physicians and patients engaging in regenerative medicine, allowing Florida physicians to treat pain, orthopedics, and wound care with increased regulatory confidence at the state level. However, this exists within a complex relationship with federal FDA oversight, as the FDA maintains that most therapeutic exosome products are unapproved drugs regardless of state laws. The exosome-based regenerative aesthetics market is experiencing rapid growth and is projected to surpass $1.6 billion by 2034 [(3)], driven by demand for premium treatments ranging from $500 - $2,500 per session [(4)], often with multiple treatments per client annually. Leading media outlets, such as Allure and Harper's Bazaar, along with major conferences including the Aesthetic & Anti-Aging Medicine World Congress (AMWC) and the International Master Course on Aging Science (IMCAS), are spotlighting exosomes as transformative innovations in aesthetic medicine.

Any external websites or third-party materials referenced in this MD&A are provided for convenience only and do not form part of this MD&A.

Production Capabilities and Strategic Advantage

Exo-Top's proprietary production and characterization processes ensure that its exosomes meet the highest quality standards, providing reproducibility, safety, and scalability. These processes support a wide range of applications, from academic and industry research to therapeutic use within the Company's pipeline or by third-party biotechnology and pharmaceutical companies, as well as permitted non-FDA-regulated applications. By maintaining full ownership of the MCB and controlling the entire production process, Exo-Top is positioned to efficiently scale production to meet growing commercial demand and may create future commercialization opportunities. Exo-Top intends to establish a GMP-grade exosome facility in the U.S., further strengthening its manufacturing capabilities.

Further details regarding the anticipated development timeline are provided under the section entitled "*Completion of Research and Development Milestones for the three-month period ended March 31, 2026, and Planned Future Milestones*".

[(3)] InsightAce Analytic: "*Regenerative Aesthetics Exosome Products Market Size, Share & Trends Analysis Distribution by Application, By Biological Source, By Product Format, End User, and Segment Forecasts, 2025-2034*"

[(4)] Aesthetic Education: https://aesthetic.education/treatments/exosomes/

ACHIEVEMENTS AND HIGHLIGHTS

The following are the achievements and highlights for the three-month period ended March 31, 2026:

(1) On January 30, 2026, the Company announced changes to its Board of Directors, including the appointment of Mr. Eyal Gabbai and the resignation of Dr. Gadi Riesenfeld. Dr. Riesenfeld will continue to support the Company as a member of the Scientific Advisory Board.

On the same date, the Board granted an aggregate of 219,200 common share purchase options (the "**January 2026 Options**") to certain directors, employees and service providers. Each January 2026 Option is exercisable for one Common Share at a price of C$0.69 per Common Share. The vesting schedule for the January 2026 Options is as follows: (i) 204,200 January 2026 Options will vest over twenty-four months (ii) 5,000 January 2026 Options will vest over six months, and (iii) 10,000 January 2026 Options will vest over one month. The January 2026 Options have an exercise period of ten years from the vesting commencement date. The fair value of each January 2026 Option as of the grant date was C$0.50, determined by using the Black-Scholes option pricing model, based on a vesting period of up to two years. The total share-based compensation expenses recognized in relation to the January 2026 Options were $80 (C$109). All January 2026 Options issued are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.

(2) On January 31, 2026, a total of 22,500 Options were forfeited following the termination of the employment agreement with an employee.

(3) On February 5, 2026, following Board approval on January 30, 2026, the Company issued 69,281 Common Shares upon the net cashless exercise of options at an exercise price of C$0.32 per share to a certain director. The remaining 59,919 options were withheld and cancelled by the Company to fund the aggregate strike price obligation, with no cash proceeds received.

On the same date, a total of 25,000 RSUs were forfeited following the termination of the director's service.

(4) On February 10, 2026, the Company announced positive results from an independent proteomic analysis conducted at the Technion - Israel Institute of Technology. The study evaluated multiple production batches of NurExone's exosomes and confirmed batch-to-batch consistency through a repeatable protein "fingerprint." These results support the Company's CMC readiness, a critical requirement for a potential IND application.

(5) On February 27, 2026, the Company announced its participation in the NANO.IL.2026 conference and the Advanced Therapies Congress, both scheduled to take place in March 2026, where it has showcased its exosome-based regenerative medicine platform and provided a corporate update.

On the same date, the Company announced that Mr. Jacob Licht would step down from his roles as Chief Executive Officer of Exo-Top Inc. and Vice President, Corporate Development at NurExone at the end of March 2026 for personal reasons.

(6) On March 10, 2026, the Company completed a non-brokered private **placement (the "March 2026 Private Placement**") of units of the Company (each, a "**March 2026 Unit**") through the issuance of an aggregate of 1,295,222 March 2026 Units. Each March 2026 Unit was issued at a price of C$0.68 per March 2026 Unit generating aggregate gross proceeds of approximately $642 (C$881), with issuance costs of approximately $9 (C$12). Each March 2026 Unit was comprised of (i) one Common Share and (ii) one Common Share purchase warrant (each, a "**March 2026 Warrant**").

Each March 2026 Warrant entitles the holder thereof to purchase one Common Share at a price of C$0.85 per Common Share for a period of 36 months from the closing date, 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 March 2026 Warrants (the "**March 2026 Offering Acceleration Notice**"), accelerate the expiry date of the March 2026 Warrants to the date that is 30 days following the date of the March 2026 Offering Acceleration Notice. If the March 2026 Warrants are not exercised by the accelerated expiry date, the March 2026 Warrants will expire and be of no further force or effect. All securities issued under the March 2026 Private Placement were issued subject to applicable statutory hold periods. (1)

(7) On March 11, 2026, the Company entered into a consulting agreement with Dr. Lars Bärfacker, a former Principal Research Scientist at Bayer AG, to support European scientific and strategic initiatives.

(8) On March 26, 2026, the Company announced that two subsidiaries, Exo-Top and NurExone Ltd., entered into a sublicense agreement granting Exo-Top rights under an existing Tech License originally dated June 23, 2020 with TRDF and Ramot. The sublicense positions Exo-Top to support U.S. manufacturing, clinical development and commercialization of naïve exosomes. The Company noted royalty obligations to TRDF upon reaching Phase II clinical trials and additional royalties on commercialization, and said no monetary consideration was paid by Exo-Top to NurExone Ltd.

(9) On March 27, 2026, the Company was awarded first place in the Healthcare category at the BOLD Awards VII Gala held in Barcelona. Standing out among seven other leading companies, NurExone was selected by a panel of global market leaders and innovators for its work in developing exosome-based therapies for central nervous system injuries.

Notes:

(1) Hold Periods: Unless otherwise stated, all Common Shares, Units, Warrants, Options, and RSUs issued in 2026 are subject to the applicable Canadian resale restrictions, including a four months and one day hold period where required under applicable securities laws, and TSXV policies.

Going Concern

The Company is devoting substantially all of its efforts toward research and development activities. The Company has incurred operating losses in each year since its inception, including net losses of $1,766 and $1,678, respectively, for the three-month period ended March 31, 2026, and 2025, and expects such losses to continue in the foreseeable future.

As of March 31, 2026, the Company had an accumulated deficit of $27,250, compared to $25,484 as of December 31, 2025.

Management believes that the Company may not have sufficient funds to finance planned operations for the next twelve months. The Company may seek additional financing through equity and/or debt financing; however, there can be no assurance that such financing will be available on acceptable terms, or at all.

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.

SELECTED FINANCIAL INFORMATION

The Company has experienced, and continues to undergo, a period of significantly increasing activity - evidenced, among other things, by growth in headcount, expansion of its premises, and the acquisition of additional equipment. Collectively, these developments have enabled the Company to transition away from reliance on outsourced research and development, bringing this work in-house. The increasingly meaningful scientific advancements disclosed in its press releases are a direct reflection of these investments.

The audited statements of profit or loss, prepared in accordance with IFRS Accounting Standards, are summarized for the three-month period ended March 31, 2026, and 2025:

	Three-month period ended March 31,		
(USD in thousands)	**2026**	**2025**	**Change**
	Unaudited		
Operating expenses:			
Research and development expenses, net	$ 630	$ 618	$ 12
General and administrative expenses	1,127	1,082	45
Operating loss	1,757	1,700	57
Financial expenses	15	11	4
Financial income	(6)	(33)	27
Net loss	1,766	1,678	88
Other comprehensive (gain) loss:			
Items that may be reclassified subsequently to profit or loss:			
Loss (gain) from translation of foreign operations	(47)	59	(106)
Loss (gain) from foreign currency translation adjustments	99	(43)	142
Total comprehensive loss	$ 1,818	$ 1,694	$ 124
Net loss per share, basic and diluted	$ 0.02	$ 0.02	$ -
Weighted average number of common shares, basic and diluted	91,025,902	73,605,050	17,420,852

Research and development expenses, net

For the three-month period ended March 31, 2026, research and development expenses were $630, compared to $618 for the same period in 2025, representing an increase of $12. The increase was driven by:

- A $110 increase in salaries, reflecting higher headcount
- A $8 increase in depreciation expenses
- A $5 decrease in grant participation related to a project funded by the Israel Innovation Authority ("**IIA**")

Partially offset by:

- A $68 decrease in materials expenses
- A $23 decrease in subcontractor expenses
- A $19 decrease in patent expenses
- A $1 decrease in share-based compensation expenses

These changes reflect the Company's expanded research and development activities focused on advancing the siRNA-PTEN program and other siRNA targets.

General and administrative expenses

For the three-month period ended March 31, 2026, general and administrative expenses were $1,127, compared to $1,082 for the same period in 2025, representing an increase of $45. The increase was driven by:

- A $94 increase in share-based compensation expenses
- A $41 increase in salaries, primarily attributable to accruals for performance-based bonuses, as well as merit-based salary increases and director fees
- A $21 increase in other expenses
- A $6 increase in amortization of right-of-use assets expenses

Partially offset by:

- A $77 decrease in professional services
- A $40 decrease in legal expenses

These changes reflect the Company's continued growth and organizational development, partially offset by lower legal and professional services expenses.

Operating loss

For the three-month period ended March 31, 2026, operating loss was $1,757, compared to $1,700 for the same period in 2025, representing an increase of $57. The increase was driven by:

- A $12 increase in research and development expenses, primarily driven by expanded research activities and continued advancement of the Company's development programs.
- A $45 increase in general and administrative expenses, primarily reflecting higher share-based compensation, and personnel-related costs associated with the Company's growth and ongoing business activities.

These changes reflect the Company's continued organizational growth and development, including the expansion of its administrative infrastructure, increased corporate governance and compliance activities associated with operating as a publicly listed company and supporting ongoing business operations.

Financial (income) expenses, net

For the three-month period ended March 31, 2026, financial (income) expenses, net, were $9, compared to ($22) for the same period in 2025, representing an increase of $31. The increase was driven by:

- A $36 increase in a revaluation of royalty liability following the amendment introducing annual minimum royalty payments, which took effect in the first quarter of 2025
- A $2 increase in interest from lease liability
- A $1 increase in IIA interest

Partially offset by:

- A $7 decrease in foreign currency translation adjustments
- A $1 decrease in interest income from deposit

These changes primarily reflect fluctuations in foreign exchange rates and revaluation of royalty liabilities, partially offset by lower interest income and foreign currency translation adjustments during the period.

SUMMARY OF FINANCIAL RESULTS

The following table summarizes the Company's audited statements of financial position, prepared in accordance with IFRS Accounting Standards, as of March 31, 2026, and December 31, 2025:

(USD in thousands)	March 31, 2026	December 31, 2025	Change
	Unaudited		
Total current assets	$ 1,707	$ 2,601	$ (894)
Total non-current assets	1,440	1,482	(42)
Total assets	3,147	4,083	(936)
Total current liabilities	764	989	(225)
Total non-current liabilities	381	336	45
Total liabilities	1,145	1,325	(180)
Total shareholders' equity	2,002	2,758	(756)
Total liabilities and shareholders' equity	$ 3,147	$ 4,083	$ (936)

Total current assets

Total current assets as of March 31, 2026, and December 31, 2025 were $1,707, and $2,601, respectively.

The $894 decrease during the three-month period ended March 31, 2026, compared to December 31, 2025, was driven by:

- A $628 decrease in cash and cash equivalents
- A $235 decrease in restricted cash associated with the private placement
- A $31 decrease in other receivables

Total non-current assets

Total non-current assets as of March 31, 2026, and December 31, 2025 were $1,440, and $1,482, respectively.

The $42 decrease during the three-month period ended March 31, 2026, compared to December 31, 2025, was driven by:

- A $36 decrease in laboratory equipment, net
- A $6 decrease in right-of-use assets related to office and vehicles leases

Total current liabilities

Total current liabilities as of March 31, 2026, and December 31, 2025 were $764, and $989, respectively.

The $225 decrease during the three-month period ended March 31, 2026, compared to December 31, 2025, was driven by:

- A $48 increase in accrued salaries and payroll liabilities

Partially offset by:

- A $38 decrease in other payables
- A $235 decrease in financial liability associated with private placement

Total non-current liabilities

Total non-current liabilities as of March 31, 2026, and December 31, 2025 were $381, and $336, respectively.

The $45 increase during the three-month period ended March 31, 2026, compared to December 31, 2025, was driven by:

- A $6 increase in long-term royalty liability to TRDF
- A $41 increase in IIA grant liability

Partially offset by:

- A $2 decrease in long term lease liability

Total shareholders' equity

Total shareholder equity as of March 31, 2026, and December 31, 2025 were $2,002, and $2,758, respectively.

The $756 decrease during the three-month period ended March 31, 2026, compared to December 31, 2025, was driven by:

- A $691 increase in additional paid-in capital
- A $371 increase in share-based payment reserve

Partially offset by:

- A $1,766 increase in accumulated deficit
- A $52 decrease in foreign currency translation reserve income

Summary of quarterly statements of profit or loss that were prepared in accordance with IFRS Accounting Standards for the eight most recent quarters ended March 31, 2026:

(US$ in thousands)	Three-month period ended, March 31, 2026 Unaudited	December 31, 2025 Unaudited	September 30, 2025 Unaudited	June 30, 2025 Unaudited
Operating expenses:				
Research and development expenses, net	$ 630	$ 619	$ 703	$ 697
General and administrative expenses	1,127	716	763	1,125
Operating loss	1,757	1,335	1,466	1,822
Financial (income) expenses, net	9	60	(1)	24
Net loss	1,766	1,395	1,465	1,846
Other comprehensive (gain) loss	52	(78)	(1)	(172)
Total comprehensive loss	$ 1,818	$ 1,317	$ 1,464	$ 1,674
Net loss per share, basic and diluted	$ 0.02	$ 0.02	$ 0.02	$ 0.02
Weighted average number of common shares, basic and diluted	91,025,902	80,015,040	77,589,868	76,033,223

(US$ in thousands)	Three-month period ended, March 31, 2025 Unaudited	December 31, 2024 Unaudited	September 30, 2024 Unaudited	June 30, 2024 Unaudited
Operating expenses:				
Research and development expenses, net	$ 618	$ 632	$ 503	$ 508
General and administrative expenses	1,082	852	782	812
Operating loss	1,700	1,484	1,285	1,320
Financial (income) expenses, net	(22)	62	(35)	5
Net loss	1,678	1,546	1,250	1,325
Other comprehensive (gain) loss	16	93	(32)	51
Total comprehensive loss	$ 1,694	$ 1,639	$ 1,218	$ 1,376
Net loss per share, basic and diluted	$ 0.02	$ 0.02	$ 0.02	$ 0.02
Weighted average number of common shares, basic and diluted	73,605,050	65,417,289	63,528,644	61,488,044

Research and development expenses, net

Research and development expenses slightly increased in the first quarter of 2026 to $630, compared to $619 in the fourth quarter of 2025, primarily due to increased material purchases related to ExoPTEN product development.

In 2025, research and development expenses fluctuated throughout the year, mainly reflecting activity levels associated with ExoPTEN product development. Total Research and development expenses for the three-month periods ended December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $619, $703, $697, and $618, respectively.

In 2024, research and development expenses increased in the fourth quarter compared to the third and second quarters, primarily due to the commencement of laboratory and office operations. Total research and development expenses for the three-month period ended December 31, 2024, September 30, 2024, and June 30, 2024, were $632, $503, and $508, respectively.

General and administrative expenses

General and administrative expenses increased in the first quarter of 2026 to $1,127, compared to $716 in the fourth quarter of 2025, primarily due to higher professional services costs and increased share-based compensation.

In 2025, general and administrative expenses were higher in the first and second quarters compared to the third and fourth quarters, mainly due to higher share-based compensation and increased PR and IR expenses. Total general and administrative expenses for the three-month periods ended December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $716, $763, $1,125, and $1,082, respectively.

In 2024, general and administrative expenses increased in the fourth quarter compared to the third and second quarters, primarily due to higher professional services costs. Total general and administrative expenses for the three-month period ended December 31, 2024, September 30, 2024, and June 30, 2024, were $852, $782, and $812, respectively.

Operating loss

Operating loss increased in the first quarter of 2026 to $1,757, compared to $1,335 in the fourth quarter of 2025, primarily due to higher research and development and general and administrative expenses.

In 2025, operating losses were higher in the first and second quarters compared to the third and fourth quarters, mainly due to higher activity levels related to ExoPTEN product development, increased share-based compensation, and PR and IR expenses. Operating loss for the three-month periods ended December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $1,335, $1,466, $1,822, and $1,700, respectively.

In 2024, operating loss increased in the fourth quarter compared to the third and second quarters, primarily due to higher research and development expenses and administrative expenses. Operating loss for the three-month periods ended December 31, 2024, September 30, 2024, and June 30, 2024, were $1,484, $1,285, and $1,320, respectively.

Financial (income) expenses, net

Financial (income) expenses, net, decreased in the first quarter of 2026 to $9, compared to $60 in the fourth quarter of 2025, primarily due to lower foreign currency translation adjustments and the changes in the revaluation of the royalty liability.

In 2025, financial (income) expenses, net, fluctuated throughout the year, primarily driven by foreign currency translation adjustments, interest income from deposits, interest expenses related to the IIA, and the revaluation of a royalty liability. Financial (income) expenses, net, for the three-month periods ended December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $60, ($1), $24, and ($22), respectively.

In 2024, financial (income) expenses, net, also fluctuated, driven by similar factors. Financial (income) expenses, net, for the three-month periods ended December 31, 2024, September 30, 2024, and June 30, 2024, were $62, ($35), and $5, respectively.

Summary of the statements of financial position that were prepared in accordance with IFRS Accounting Standards for the eight most recent quarters ended March 31, 2026:

(US$ in thousands)	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
	Unaudited		Unaudited	Unaudited
Total current assets	$ 1,707	$ 2,601	$ 1,146	$ 1,953
Total non-current assets	1,440	1,482	1,500	911
Total assets	3,147	4,083	2,646	2,864
Total current liabilities	764	989	862	1,007
Total non-current liabilities	381	336	327	325
Total liabilities	1,145	1,325	1,189	1,332
Total shareholders' equity	2,002	2,758	1,457	1,532
Total liabilities and shareholders' equity	$ 3,147	$ 4,083	$ 2,646	$ 2,864

(US$ in thousands)	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
	Unaudited		Unaudited	Unaudited
Total current assets	$ 1,364	$ 1,634	$ 2,823	$ 2,784
Total non-current assets	776	807	791	508
Total assets	2,140	2,441	3,614	3,292
Total current liabilities	553	398	435	546
Total non-current liabilities	271	282	251	171
Total liabilities	824	680	686	717
Total shareholders' equity	1,316	1,761	2,928	2,575
Total liabilities and shareholders' equity	$ 2,140	$ 2,441	$ 3,614	$ 3,292

Total current assets

Total current assets decreased to $1,707 as of March 31, 2026, compared to $2,601 as of December 31, 2025, primarily due to a reduction in cash and cash equivalents driven by operating expenditures. This decrease was partially offset by proceeds from the completion of a private placement.

During 2025, total current assets fluctuated across periods, primarily reflecting the timing of cash inflows from private placements and warrant exercises, as well as ongoing operating expenditures, including laboratory and office expenses, and changes in inventory and prepaid expenses. Total current assets as of December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $2,601, $1,146, $1,953, and $1,364, respectively.

In 2024, total current assets as of December 31, 2024, September 30, 2024, and June 30, 2024, were $1,634, $2,823, and $2,784, respectively. The period-over-period changes were primarily attributable to reductions in cash and cash equivalents due to operating expenditures and investments in the completion of laboratory and office facility, partially offset by proceeds from private placements and warrant exercises.

Total non-current assets

Total non-current assets decreased to $1,440 as of March 31, 2026, compared to $1,482 as of December 31, 2025, primarily due to a decrease in property, plant and equipment, net, driven by an increase of accumulated depreciation.

In 2025, total non-current assets increased significantly in the quarter ended September 30, 2025, primarily reflecting the reclassification of prepaid expenses associated with materials of $600 from current assets to non-current assets as inventory. Total non-current assets as of December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $1,482, $1,500, $911, and $776, respectively.

In 2024, total non-current assets as of December 31, 2024, September 30, 2024, and June 30, 2024, were $807, $791, and $508, respectively. The period-over-period increases were primarily attributable to completion of laboratory and office facility.

Total current liabilities

Total current liabilities decreased to $764 as of March 31, 2026, compared to $989 as of December 31, 2025, primarily due to the settlement of $235 of a financial liability associated with a private placement recognized in 2025 and completed in 2026. This decrease was partially offset by an increase in employee-related accruals.

During 2025, total current liabilities fluctuated across periods, primarily due to changes in other payable and employee-related accruals. Total current liabilities as of December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $989, $862, $1,007, and $553, respectively.

In 2024, total current liabilities as of December 31, 2024, September 30, 2024, and June 30, 2024, were $398, $435, and $546, respectively. The period-over-period changes were primarily attributable to fluctuations in other payable and employee-related accruals.

Total non-current liabilities

Total non-current liabilities increased to $381 as of March 31, 2026, compared to $336 as of December 31, 2025, primarily due to an increase in liabilities related to IIA grants.

During 2025, total non-current liabilities increased across periods, primarily reflecting the recognition of liabilities associated with IIA grants. Total non-current liabilities as of December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $336, $327, $325, and $271, respectively.

In 2024, total non-current liabilities as of December 31, 2024, September 30, 2024, and June 30, 2024, were $282, $251, and $171, respectively. The increases across periods were primarily attributable to liabilities related to IIA grants.

Total shareholders' equity

Total shareholders' equity decreased to $2,002 as of March 31, 2026, compared to $2,758 as of December 31, 2025, primarily due to an increase in accumulated deficit and share-based payment expenses, partially offset by an increase in additional paid-in capital from the completion of a private placement.

During 2025, total shareholders' equity increased overall across periods, primarily due to increase in additional paid-in capital from private placements and warrants exercises, partially offset by increases in accumulated deficit and share-based payment expenses. Total shareholders' equity as of December 31, 2025, September 30, 2025, June 30, 2025, and March 31, 2025, were $2,758, $1,457, $1,532, and $1,316, respectively.

In 2024, total shareholders' equity as of December 31, 2024, September 30, 2024, and June 30, 2024, were $1,761, $2,928, and $2,575, respectively. Changes across periods were primarily attributable to increases in additional paid-in capital from private placements and warrants exercises, partially offset by increases in accumulated deficit and share-based payment expenses.

ExoTherapy: Platform Overview

Scientific Foundation & Corporate Update

This section is adapted from the publication originally issued in Biopharma Dealmakers by Nature. While the core scientific principles remain consistent with the original publication, this overview has been expanded by NurExone to include recent platform developments, including applications for OND and updated market analysis.

nature research custom media **"A next-generation therapeutic approach for patients after spinal cord injuries" [5]**

NurExone has created ExoTherapy, a cutting-edge exosome-based drug-delivery platform, and is currently developing its lead product, ExoPTEN, as a novel therapy for acute spinal cord injuries.

Over the past two decades, exosomes—small, extracellular vesicles that are naturally released by many cell types and can carry a variety of molecular cargoes—have become the subject of increasingly intense scientific investigation. Studies suggest that exosomes are important messengers for cells and organs, with as-yet unexplored diagnostic and therapeutic potential.

The Company, headquartered in Haifa, Israel, is at the forefront of developing exosomes into next-generation nanocarriers for drug delivery. Drawing on deep expertise in exosome biology, NurExone has created the ExoTherapy technology platform, which comprises proprietary methods for the production, isolation, and loading of molecules into exosomes for therapeutic purposes.

NurExone is applying the ExoTherapy platform to create the company's lead product, ExoPTEN, an intra-nasally administered exosome-based ExoTherapy to promote neuro-regeneration for the treatment of acute spinal cord injuries.

Harnessing the properties of exosomes for therapeutic applications

Many cells produce extracellular vesicles (EVs), which are organized into subtypes with different sizes and biological functions. EVs generally fall into two categories: ectosomes, which pinch off from the cell membrane by outward budding; and much smaller exosomes, which have an endosomal origin and are created when endocytotic multivesicular bodies fuse with the plasma membrane, releasing the vesicles they contain as exosomes.

Scientific understanding of the origins and functions of exosomes is advancing, but there is widespread recognition that, far from being cellular waste products as once thought, exosomes play an important biological role in intercellular communication and transmission of macromolecules between cells.

Further, through their cargo-carrying capacity, exosomes facilitate the spread of proteins, lipids, mRNA, miRNA, and DNA, which can contribute to their general therapeutic effects.

Beyond their normal biological roles, exosomes have increasingly gained attention as vehicles for the delivery of active pharmaceutical ingredients (APIs), from small molecules and peptides to proteins and nucleic acids, as an alternative not only to other kinds of nanocarriers such as lipid vesicles, but also cell-based gene therapies.

Exosomes offer a number of advantages as drug-delivery vehicles. As naturally occurring biological entities harvested from cells, exosomes have completely natural membranes that are better tolerated than many other types of drug-delivery vesicles synthesized from scratch in the laboratory.

At the same time, exosomes do not seem to elicit the strong immune responses that often hamper allogeneic cell-based therapies used to deliver therapeutic molecules and genes to patients.

[5] "A next-generation therapeutic approach for patients after spinal cord injuries" was published on Nature.com on October 11, 2023: https://www.nature.com/articles/d43747-023-00101-4#ref-CR1

In contrast to alternative therapeutic approaches, exosome therapies do not require expensive and time-consuming personalization, but can be used as 'off-the-shelf' therapies suitable for all patients.

Exosomes have additional benefits as EV-based delivery vehicles for therapeutic agents.

First, exosomes, including those produced by the ExoTherapy platform, can cross the BBB, while other nanoparticles, such as most liposomes, cannot. ExoTherapy opens up the possibility of targeting different cell types-and, by extension, therapeutic indications—that are beyond the reach of non-BBB-crossing EVs. [6] [7]

Second, unmodified exosomes, even those carrying no molecular payload, have intrinsic properties that can be therapeutically beneficial, such as anti-inflammatory effects. Finally, exosomes can be administered intra-nasally.

Exosomes originate from many sources. NurExone's ExoTherapy platform employs exosomes derived from mesenchymal stem cells, which are effective in targeting neuronal cells.

The ExoTherapy platform overcomes the many technical challenges involved in producing, purifying, and loading exosomes with APIs of almost any type (Figure 1).

Through its ability to carry a wide variety of therapeutic modalities, ExoTherapy stands as a true platform technology for creating 'off-the-shelf' therapies that can be administered in a minimally invasive manner.

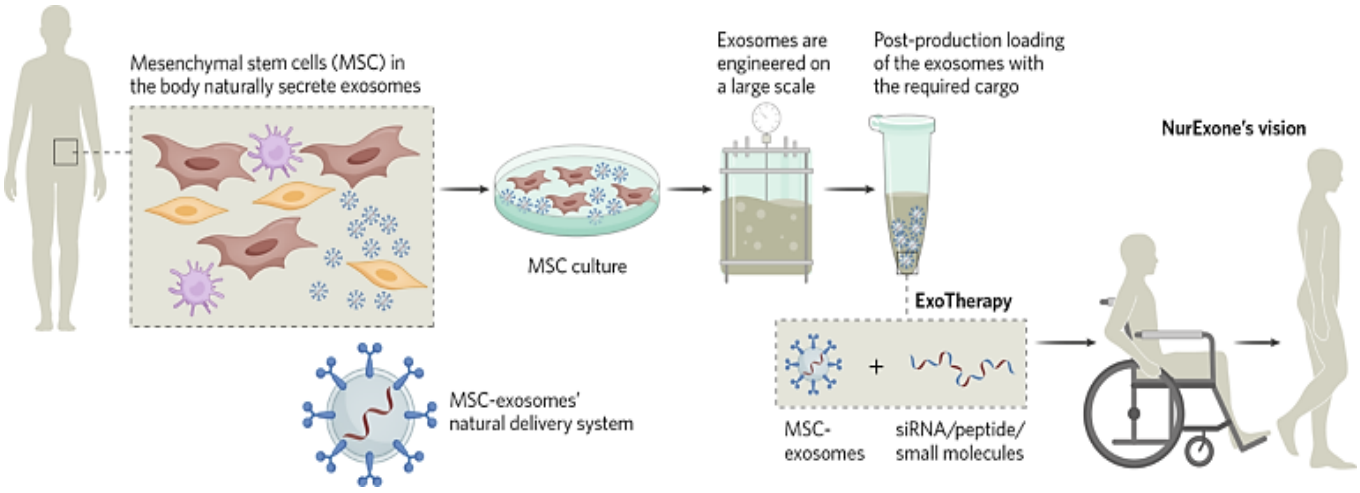


Figure 1 | From exosome to ExoTherapy: NurExone's technology platform.

NurExone is developing a platform for large-scale production of exosomes and loading of molecular cargo to create biologically guided ExoTherapy. The company's vision is to restore motor function in patients after a spinal cord injury. siRNA, small interfering RNA.

[6] Guo, S., Redenski, I. & Levenberg, S., "Spinal Cord Repair: From Cells and Tissue Engineering to Extracellular Vesicles", National Library of Medicine, published on July 23, 2021: https://pubmed.ncbi.nlm.nih.gov/34440641/

[7] Guo, S. et al., "Intranasal Delivery of Mesenchymal Stem Cell Derived Exosomes Loaded with Phosphatase and Tensin Homolog siRNA Repairs Complete Spinal Cord Injury", ACS Nano, Vol. 13, Issue 9, published on August 27, 2019: https://pubs.acs.org/doi/10.1021/acsnano.9b01892

Development of a minimal invasive therapy for functional recovery after SCI

The ExoTherapy platform sits at the heart of NurExone's long-term business plan, providing a tool for creating a rich pipeline of novel therapeutic assets. In the near term, NurExone's ambitious goal is to bring to market a novel treatment for acute SCIs and OND derived from the ExoTherapy platform, ExoPTEN.

Globally, an estimated 250,000–500,000 people experience an SCI annually, with roughly 17,000 new cases in the United States [8] and 10,000 in Europe [9] each year, bringing the potential market to ~50,000 new cases per year.

Vehicular accidents and falls account for the majority of SCIs; sports and recreational accidents are another relatively common cause of SCI. Although the incidence of SCI is low compared with major disease like cancer or heart disease, the effects are often devastating for patients, irreversible, and expensive to manage.

Depending on the location of the SCI, the consequences can be loss of sensory or motor control of both lower limbs (paraplegia), lower limbs and trunk, or both lower and upper limbs (tetraplegia).

SCIs can also affect autonomic regulation of the body, affecting breathing, heart rate, blood pressure, temperature, and bowel and bladder function.

Patients with an SCI typically spend almost two weeks in an intensive care unit, followed by a month in a rehabilitation unit. Fewer than 1% of people with an SCI experience full neurological recovery by the time of discharge, and have reduced quality of life and overall life expectancy [10].

SCI patients are also often frequently re-hospitalized, on average for almost three weeks, principally due to diseases of the genitourinary system, but also resulting from respiratory, circulatory, and musculoskeletal problems.

In addition to the enormous physical toll SCIs exert on patients, they are also costly for health service providers. Depending on the location of the SCI, estimates place the cost of managing patients recovering from SCI at between $300,000 and >$1 million, representing a huge burden on health services and the families of new SCI patients.

There are two major obstacles to recovery from SCI.

First is the poor innate regenerative capacity of the central nervous system. A major impediment to axonal growth is phosphatase and tensin homolog (PTEN), which downregulates the mammalian target of rapamycin (mTOR) activity and as a result restricts the synthesis of protein required for axonal growth.

Second, SCI healing is hampered by the inflammation, myelin-associated inhibitors, glial scar components and compromised blood supply that typically surround SCIs and create a hostile environment for recovery.

ExoPTEN, which comprises exosomes loaded with small interfering RNA (siRNA) that inhibits the production of the PTEN protein, addresses both of these obstacles. The exosome component of ExoPTEN possesses intrinsic anti-inflammatory properties, which helps create a more hospitable recovery environment at the SCI site.

[8] National Spinal Cord Injury Statistical Center, Facts and figures at a glance. Birmingham, AL: University of Birmingham at Alabama (2016): https://www.cns.org/Assets/32ac5db5-632d-4243-bd7b-7b416f57b623/636987853984930000/facts-2016-pdf

[9] World Health Organization. Factsheet: Spinal cord injury (2013): https://www.who.int/news-room/fact-sheets/detail/spinal-cord-injury

[10] World Health Organization. Factsheet: Spinal cord injury (2013): https://www.who.int/news-room/fact-sheets/detail/spinal-cord-injury

Meanwhile, the anti-PTEN siRNA counters the suppressive effects of PTEN, activating downstream pathways necessary for the protein synthesis underlying axonal growth and regeneration (Figure 2).

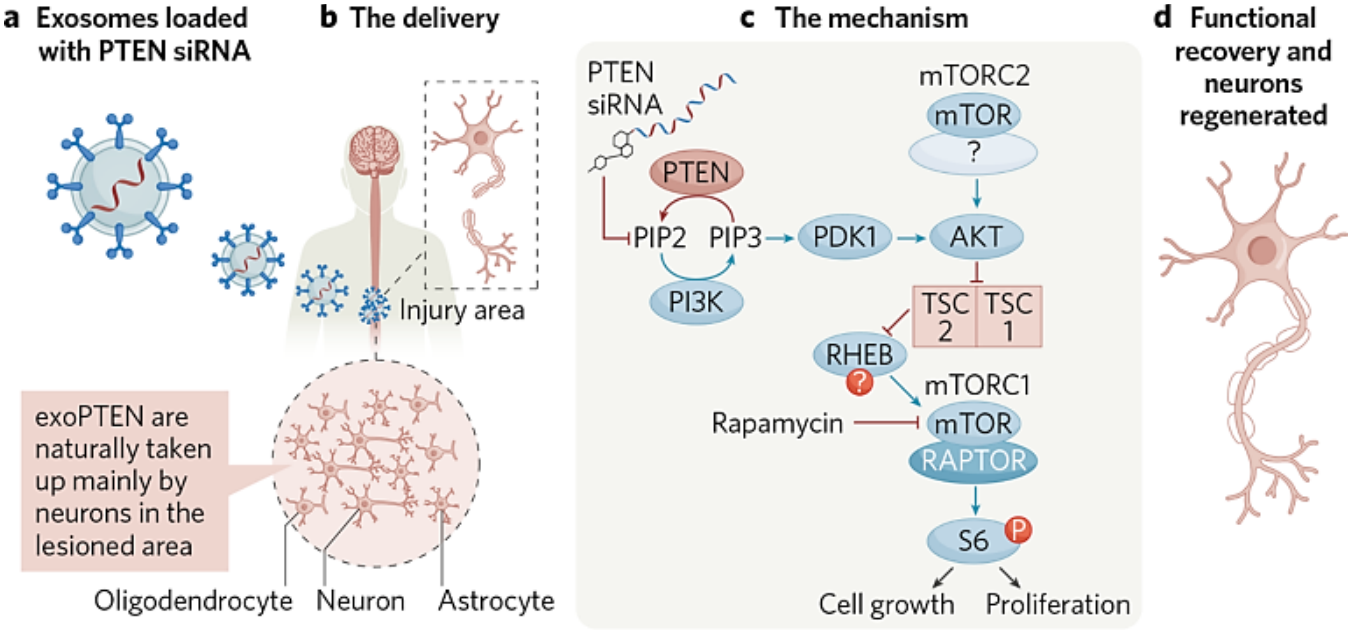


Figure 2 | ExoPTEN for the treatment of acute spinal cord injury. a, ExoPTEN: MSC-derived exosomes are loaded with PTEN siRNA (left). **b**, Non-invasive delivery. **c**, Mechanism of action: PTEN siRNA inhibits PTEN, downregulating PTEN-related pathways and promoting cell growth and proliferation. **d**, NurExone's ambitious goal for ExoPTEN is to induce at least partial functional recovery in patients with acute spinal cord injuries. MSC, mesenchymal stem cell; PTEN, phosphatase and tensin homolog; siRNA, small interfering RNA.

ExoPTEN has been tested as an intra-nasally administered formulation in an extreme rat model of acute SCI: complete transection of the spinal cord resulting in paraplegia. In an internal preclinical study carried out by NurExone, untreated rats remained almost totally paralyzed eight weeks after surgical transection, whereas rats receiving ExoPTEN for a maximum of two weeks showed significant partial functional recovery.

No ExoPTEN human trials have yet taken place but NurExone believes the therapy could translate to improvements in quality of life. (Unloaded exosomes also demonstrated a mild effect on post-operation recovery, highlighting the dual-effect nature of ExoPTEN.)

ExoPTEN also partially restored healthy electrophysiological traces, indicative of axonal rewiring and regeneration, and improved sensory recovery and urinary reflex restoration.

ExoTherapy's applications beyond spinal cord injury

The regenerative effects observed with ExoPTEN in the severe spinal cord transection model suggest that it may also have therapeutic applications in situations in which cell regeneration is a limiting factor for recovery.

One major potential application of ExoPTEN identified by NurExone is OND, where there is a profound unmet medical need for therapies that can regenerate damaged nerves and offer hope for visual recovery. The global economic burden of blindness and visual impairment is substantial, creating a significant market opportunity for an effective regenerative solution.

Other potential therapeutic areas for ExoPTEN include TBI, which affects more people than SCI and currently has no effective pharmacological treatments that reduce mortality or improve functional recovery. Other potential therapeutic areas in which ExoPTEN may have a powerful impact include cardiac ischemia/reperfusion injury and associated disease, wound repair, and infertility. While ExoPTEN employs exosomes to deliver siRNA, the ExoTherapy platform can just as easily be used to deliver other drug modalities.

Looking ahead, NurExone is planning to continue the development of in-house candidates such as ExoPTEN, and will also explore licensing possibilities for pharma companies looking for an enhanced delivery system for their drug(s) of various modalities, as well as opportunities to form partnerships and collaborations to jointly develop novel ExoTherapy-based medicines.

OND Pipeline: Preclinical Progress and Results

The optic nerve, a critical component of the visual system, transmits visual information from the retina to the brain. Since the optic nerve, part of the central nervous system, does not regenerate spontaneously, and damage thereto, whether due to injury, glaucoma, or other conditions, can result in significant vision loss and blindness. According to experts, current treatments are limited and focus on preventing additional damage rather than regenerating or repairing damaged nerves. Based on NurExone's trials on the spinal cord, which is also part of the central nervous system, exosome-loaded drugs may be able to change this paradigm with their potentially regenerative properties with respect to damaged nerves.

The global optic nerve disorders treatment market size was valued at US$3.4 billion in 2021, and is projected to reach US$5.3 billion by 2031, growing at a Compound Annual Growth Rate of 4.5% from 2022 to 2031. Key players in the optic nerve disorder treatment market, include AbbVie Inc., Novartis AG, Santen Pharmaceutical Co., Ltd., and Teva Pharmaceutical Industries Ltd. [(11)] [(12)]

On October 8, 2025, the Company announced new preclinical results showing that its lead candidate ExoPTEN produces a reproducible, dose-dependent therapeutic effect in an eye model of glaucoma. [(13)]

The study was conducted in collaboration with Prof. Ygal Rotenstreich team at the Goldschleger Eye Institute at Sheba Medical Center, one of the world's leading hospitals.

[(11)] Optic Nerve Disorders Treatment Market Research, 2031: https://www.alliedmarketresearch.com/optic-nerve-disorders-treatment-market-A14042

[(12)] Optic Nerve Disorders Treatment Market 2024 Business Insights, Development Plans, And Growth Analysis Report To 2033: https://medium.com/@bharadwajvanteru/optic-nerve-disorders-treatment-market-2024-business-insights-development-plans-and-growth-d3384e03ea94

[(13)] "NurExone Demonstrates Reproducible, Dose-Dependent Vision Recovery in Preclinical Glaucoma Model": https://money.tmx.com/quote/NRX/news/8178521488612627/NurExone_Demonstrates_Reproducible_DoseDependent_Vision_Recovery_in_Preclinical_Glaucoma_Model

It demonstrated that ExoPTEN's biological activity increases with higher dosing levels in animals with OND, resulting in consistent and measurable recovery of visual function. The findings show that ExoPTEN's regenerative effect is reproducible, quantifiable, and scales with dose.

This dose-response study, the third independent investigation of ExoPTEN's activity in OND, complements the previously announced results from June 2024 and December 2024, which showed structural preservation and survival of retinal ganglion cells.

The optic nerve crush ("**ONC**") model used in these experiments mimics the nerve damage that occurs in glaucoma, one of the leading causes of irreversible blindness. The researchers led by Prof. Rotenstreich, tested low and high doses of ExoPTEN delivered by extrachoroidal injection directly to the eye.

Functional measurements of retinal activity using scotopic threshold response electroretinography (STR-ERG) showed that both ExoPTEN doses improved visual signal strength in animals with OND, with the high-dose group achieving response amplitudes comparable to those of uninjured eyes.

This result demonstrates substantial functional recovery and provides clear evidence of a dose-dependent therapeutic effect that aligns with ExoPTEN's proposed biological mechanism.

The figure depicts scotopic threshold response ("**STR**") amplitudes measured by electroretinography ("**ERG**") in rats subjected to optic nerve crush ("**ONC**") and treated with exosome-based formulations.

The y-axis shows STR amplitude (µV), representing retinal ganglion cell function, while the x-axis displays experimental groups. Eyes with ONC were treated with low-dose or high-dose ExoPTEN (exosomes loaded with PTEN siRNA). Additional groups included eyes treated with naïve exosomes and uninjured eyes to establish baseline retinal response. In this model, visual responses are considered detectable when retinal signal amplitudes exceed about **5 µV**; signals below that level indicate no measurable retinal activity.

Each bar shows the mean STR amplitude ± standard error of the mean ("**SEM**"). Both ExoPTEN dose groups exhibited recovery of retinal electrical response relative to the expected ONC-induced decline, with the high-dose group achieving STR amplitudes comparable to those of uninjured eyes.

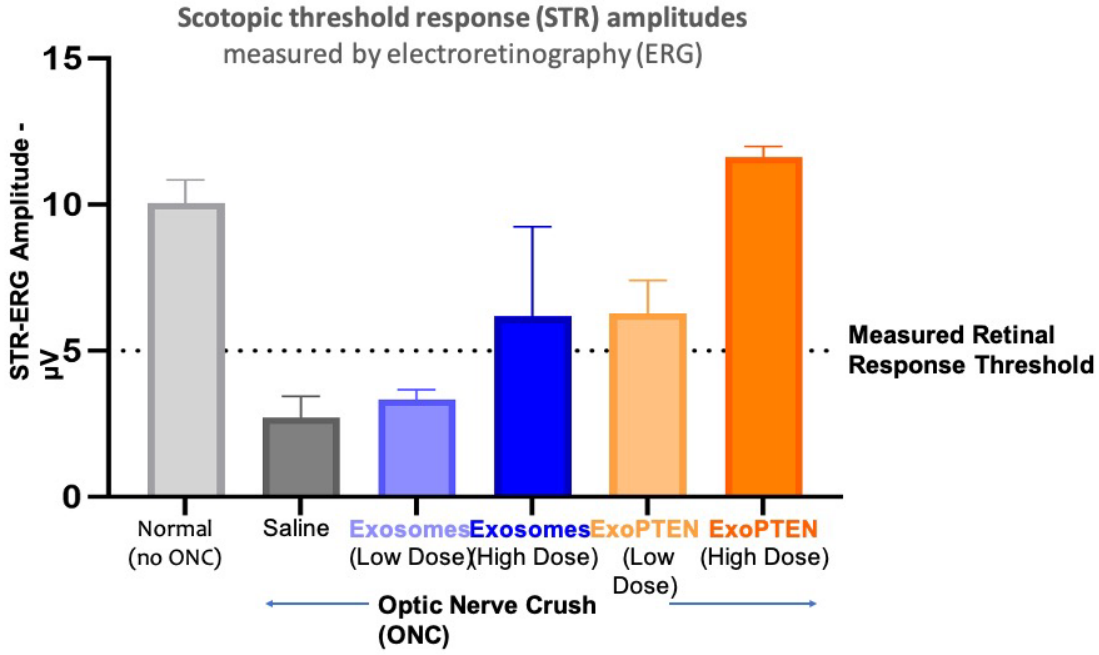


Figure 1 shows the amplitude of ERG measurements of dark-adapted STR in microvolts, µV) at 0.00062 cd/m^2. In each rat, one eye was left intact as a healthy control ("no ONC", light grey). The second eye had ONC and was treated according to group – treatment with PBS (vehicle, Saline, dark grey), with naïve exosomes (Exosomes, blue) or with ExoPTEN (ExoPTEN, orange). Naïve exosomes and ExoPTEN were given in low (4E+8 particles, light blue and orange) or high dose (4E+9 particles, dark blue or orange). Each treatment was given twice - right after the ONC surgery and 1 week after it.

A true response to light was considered any amplitude above 5µV. As can be seen, normal (no ONC) eyes (n=13) showed a clear response to the light in this low light intensity, while Saline-treated eyes show no response (n=6). In Exosome treated eyes, no eyes (n=2) responded to the light in low dose treatment, and only 1 of 2 high dose receiving eyes responded. In ExoPTEN-treated eyes, all eyes responded to the light, with a clear dose response shown by the higher, normal values, response of the high dose receiving eyes (n=2) compared to the lower dose receiving eyes (n=2).

Change in U.S. Manufacturing Strategy

The Company previously announced its intention to establish its first U.S.-based commercial exosome production facility in Indianapolis, Indiana, and had secured an incentive offer of up to approximately $255 in connection with the proposed expansion.

Following further evaluation of the Company's operational strategy, anticipated capital requirements, and timelines for establishing manufacturing capabilities in the United States, as well as business opportunities and readiness for commercialisation, the Company has pivoted its strategy to focus on establishing its production activities in Florida.

The Company is actively exploring a strategic collaboration with Florida-based companies operating in the cell therapy field that have GMP production capabilities and distribution infrastructure.

In particular, the Company believes that Florida represents a strategically attractive jurisdiction for the development and commercialization of regenerative medicine technologies. In July 2025, Florida enacted Senate Bill 1768 (CS/CS/SB 1768). This strategic consideration is further supported by the favorable regulatory and commercial environment for regenerative medicine and aesthetic applications in Florida, as described in subsection "*A Multi-Billion Dollar Opportunity in Science-Backed Aesthetics*" of the "*Company Overview*" section.

This collaboration-based approach is expected to provide the Company with more efficient access to manufacturing infrastructure and technical capabilities, and may reduce certain capital expenditures and operational lead time associated with constructing and operating a wholly-owned facility. However, there can be no assurance that the Company will identify, negotiate, or finalize any strategic collaboration on acceptable terms, or at all, or that any such arrangement will achieve the Company's intended objectives. The revised approach remains subject to, among other things, counterparty availability, regulatory and GMP requirements, contractual allocation of responsibilities and liability, execution risk, and the Company's ability to obtain additional financing as required.

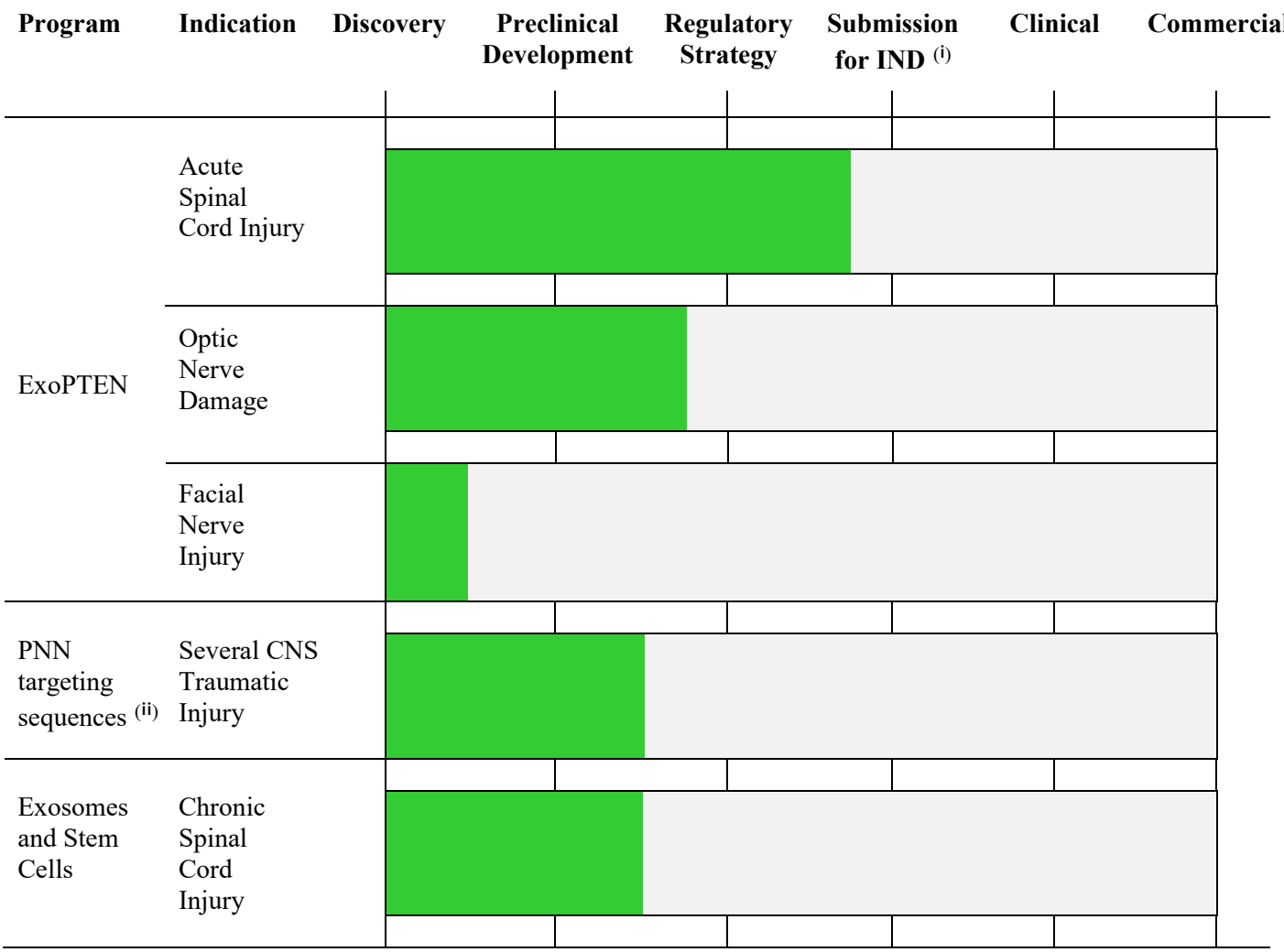
As a result of this revised strategy, the Company does not currently intend to proceed with the previously announced plan to establish an owned facility in Indianapolis.

Additional details regarding this collaboration are described in subsection 2 of the "*Subsequent Events*" section.

Readers are cautioned that this section contains forward-looking information and is subject to the risks and uncertainties described under "*Forward-Looking Statements*" and "*Risks and Uncertainties*".

Product Pipeline

The Gantt chart below summarizes the product pipeline, showcasing the company's dedication to developing innovative exosome-based therapies aimed at addressing critical medical unmet needs and enhancing outcomes across a range of indications.



Key Information:

(i) "**Submission for IND**" refers to an IND application submission to the FDA, requesting approval to initiate clinical trials for a new drug in humans.

(ii) "**PNN**" means perineuronal nets.

Completion of Research and Development Milestones for the three-month period ended March 31, 2026, and Planned Future Milestones:

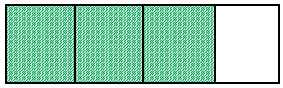
Exo-Top Operations and Commercialization	H1 26	H2 26	H1 27	H2 27
1. Establishment of a U.S.-based GMP exosome manufacturing capabilities through strategic collaboration (i)				
1.1. Site Selection - Identified and selected the location in Florida based on regulatory compliance, logistics, scalability, workforce access, and cost efficiency.	☑			
1.2. Lease Agreement- Finalize and execute the formal lease for the selected Florida facility	▒			
1.3. Facility Design & Engineering Plans - Develop GMP-compliant facility and cleanroom designs, including layout, HVAC, utilities, and workflow.	▒			
1.4. Regulatory & Compliance Review - Ensure compliance with FDA, cGMP, safety standards, and local codes, maintaining inspection-ready documentation.	▒			
1.5. Construction / Renovation - Execute facility renovation in accordance with approved GMP design specifications.	▒	▒		
1.6. Equipment Procurement & Installation - Procure and install necessary equipment, including bioreactors, autoclaves, and analytical instruments.	▒	▒		
1.7. GMP Staff Hiring & Training – Recruit key personnel (QC, QA, production operators) and provide training on SOPs and GMP compliance.	▒	▒		
1.8. Process Development & SOPs - Develop and implement standard operating procedures (SOPs) for production and quality control.		▒		
1.9. Validation & Qualification – Perform installation Qualification (IQ), Operational Qualification (OQ), and Performance Qualification (PQ).		▒	▒	
1.10. Initial Pilot Production - Produce initial batches to confirm process reproducibility, product quality, and QC results.		▒	▒	
2. Commercialization of the GMP exosome manufacturing site - Initiate market-ready operations, including production scale-up, distribution, and launch planning.		▒	▒	▒

The proposed timeline is tentative and may be adjusted as necessary to reflect the actual progress of development activities. Factors that may influence changes include the outcomes of ongoing and future development efforts, the emergence of unforeseen technical or regulatory challenges, and the overall complexity of the process. As the project evolves, periodic reviews will be conducted to reassess milestones and update the schedule to ensure alignment with operational goals and resource availability.

Key Information:

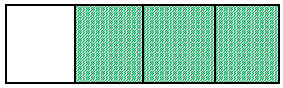
(i) The planned chart reflects the Company's consideration of establishing production in Florida and exploring collaboration with local GMP-capable cell therapy companies, as described in section "Subsequent Events", subsection 2.

NurExone Ltd - ExoPTEN Development	H1 26	H2 26	H1 27	H2 27



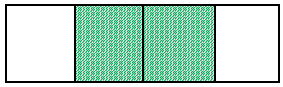
1. Conduct IND enabling studies -

Complete the required preclinical program to support an IND submission to the FDA. This includes pharmacology and proof-of-concept studies, Good Laboratory Practices ("**GLPs**") toxicology, biodistribution, safety pharmacology, and CMC development, as well as production of GMP-grade ExoPTEN for clinical use. (i)



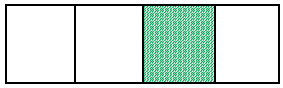
2. Production of ExoPTEN Product-

The production of ExoPTEN involves loading siRNA into exosome delivery vehicles. ExoTop serves as the primary executing arm for exosome manufacturing, while the siRNA is sourced through a specialized subcontractor. This scale-up provides the necessary CMC data for the IND submission, supporting the transition to First-in-Human Phase I/IIa trials. (ii)



3. First in Human not conducted under IND –

Design and prepare to evaluate the safety, tolerability, and preliminary biological activity of ExoPTEN in patients without any current available treatment. The study will include monitoring of early efficacy signals, while exploring potential compassionate use / expanded access pathways for patients with significant unmet medical needs. (iii)



4. Prepare, compile, and submit the IND application to the FDA –

Compile and submit the complete IND dossier to the FDA. The submission will include results from preclinical pharmacology and toxicology studies, biodistribution and safety data, detailed CMC documentation, and the proposed clinical trial protocol, including safety monitoring & investigator information. (iv)

5. Obtain IND clearance –

Following submission of the IND application, the FDA reviews the submission to evaluate whether the proposed clinical trial may proceed. The agency assesses the adequacy of the preclinical pharmacology and toxicology data, the CMC information supporting the quality and consistency of the investigational product, and the design of the proposed clinical protocol, including patient safety monitoring procedures and investigator qualifications. If the FDA does not issue a clinical hold, the IND becomes effective, authorizing the Company to initiate the planned clinical trial in the United States. (v)

6. Initiate Phase I clinical trial –

Upon regulatory clearance and applicable ethics approvals, initiate the Phase I clinical study to evaluate the safety, tolerability, and pharmacokinetics of ExoPTEN. The trial will be conducted in accordance with applicable regulatory and ethical standards and will also collect preliminary data regarding potential therapeutic activity. (vi)

The proposed timeline is tentative and may be adjusted as necessary to reflect the actual progress of development activities. Factors that may influence changes include the outcomes of ongoing and future development efforts, the emergence of unforeseen technical or regulatory challenges, and the overall complexity of the process. As the project evolves, periodic reviews will be conducted to reassess milestones and update the schedule to ensure alignment with operational goals and resource availability.

Key Information:

(i) On April 1, 2024, NurExone Ltd. entered into a contract research organization ("**CRO**") services agreement with Vivox Ltd. ("**Vivox**"), under which Vivox will provide CRO services required as prerequisite to initiating human trials under the planned IND. The total cost for these services is $131 (NIS 481 plus VAT). To date, the Company has paid $93 plus VAT, with the remaining $38 plus VAT expected to be paid by the end of the service period. The scope of services, to be provided over a period of up to 15 months and recently extended through 2026, includes conducting experiments on 100 rats, divided into 5 separate studies. Each study involves full care and monitoring of animals. In these experiments, certain subjects will receive the ExoPTEN active ingredient, while control groups will receive a placebo and/or naïve exosomes (i.e., exosomes without the PTEN active ingredient). Each study typically spans approximately 8 weeks. This program is designated to evaluate the optimal ExoPTEN dosage across pharmacologically relevant rodent models of SCI. The agreement highlights the commitment of both companies to advancing innovative therapies for SCI.

(ii) The production of ExoPTEN involves a specialized integration process where the siRNA active ingredient is loaded into exosome delivery vehicles. In accordance with the Company's operational structure, Exo-Top serves as the primary internal technical lead responsible for the high-quality manufacturing of the exosomes. The siRNA component is sourced through a specialized subcontractor to ensure pharmaceutical-grade compliance for the final combined product. This manufacturing scale-up is a critical prerequisite for the CMC data required for the IND submission and the transition toward First-in-Human Phase I/IIa clinical trials.

(iii) The Company plans to initiate its First-in-Human use of ExoPTEN under Compassionate Use (Expanded Access) programs, rather than through an IND clinical trial. This approach will allow select patients with serious or life-threatening conditions, who lack comparable alternative therapy options, to access ExoPTEN outside of a formal clinical trial setting. The Company is actively evaluating the regulatory pathways for Compassionate Use in Israel and other jurisdictions. These programs are subject to stringent oversight by regulatory authorities such as the Israeli Ministry of Health, and must be carefully balanced with the Company's primary objective of completing the clinical development. The anticipated timeline for initiating Compassionate Use in H2 2026 is dependent on the successful completion of IND-enabling studies and subsequent regulatory clearance.

(iv) The Company is advancing manufacturing scale-up of clinical-grade materials and preparing its IND submission to the FDA, which will include: (i) manufacturing processes and facilities, (ii) CMC data demonstrating the quality and consistency of the investigational product, (iii) preclinical study results supporting safety and biological activity in non-human models, and (iv) a detailed clinical trial synopsis protocol outlining the study design, dosing regimen, inclusion/exclusion criteria, primary and secondary endpoints, patient eligibility, and risk mitigation strategies.

(v) Achieving IND clearance means the FDA has reviewed and accepted the IND application, confirming that the investigational product meets regulatory requirements for safety, quality, and study design, and granting authorization to proceed with clinical trials in humans.

(vi) Preparation for initiation of Phase I clinical trials will include the following steps:

1. Clinical Site Selection: Appropriate clinical trial sites and qualified investigators will be identified, evaluated, and prepared for the study initiation.
2. Clinical sites: Institutional Review Board approvals will be obtained.
3. Patient Recruitment: Recruitment of eligible patients for participation in the Phase I clinical trials will commence.
4. Initiation of Phase I clinical trials: Phase I clinical trials will be launched with a small cohort of patients to evaluate safety, tolerability, and initial dosing parameters.

Government Regulation in the United States: Preclinical Phase [14]

Overview of the Preclinical Phase

(i) New drug development involves rigorous preclinical studies to establish safety and efficacy before human trials.
(ii) The primary goal of the preclinical phase is to demonstrate the safety and potential effectiveness of a new treatment, which must be shown before initiating human clinical studies.

Preclinical Laboratory Testing

(i) The preclinical phase begins with laboratory tests, including animal studies, to assess safety and efficacy.
(ii) Preclinical testing provides essential data on the treatment's safety profile and potential effectiveness, forming the foundation for the IND application to the FDA.
(iii) The results of these studies help determine if the treatment is safe enough for human trials.

Role of the IND Application

(i) The IND application is a critical step in obtaining approval for human clinical trials.
(ii) It includes all the data from preclinical studies and outlines the plans for conducting clinical trials.
(iii) The FDA reviews the IND application to ensure the treatment meets safety standards and shows promise for human use.

Preclinical Study Documentation and Reporting

(i) Results from preclinical studies are documented in scientific publications or technical reports.
(ii) These results are used to support IND submissions for human clinical trials.
(iii) GLPs regulations govern the conduct of preclinical studies, ensuring that laboratories maintain high standards of quality.

Compliance with GLPs Regulations

(i) GLPs require laboratories to follow specific procedures related to facilities, personnel, equipment, and operations.
(ii) Compliance involves detailed documentation of training, study schedules, processes, and status reports, which are submitted for review by the facility's management and the FDA.

Submission of the IND Application

(i) The drug sponsor must submit an IND application to the FDA before testing a new drug in humans.
(ii) The IND application allows the investigational drug to be used in human subjects solely for the purpose of clinical trials.
(iii) The FDA reviews the application to ensure that the treatment is safe for initial human testing.

[14] FDA - Step 2: Preclinical Research: https://www.fda.gov/patients/drug-development-process/step-2-preclinical-research

Clinical Trials [15]

Clinical trials for new drugs are typically conducted in three phases:

Phase I - Involves a relatively small number of subjects (with SCI as an indication, probably between 8-25) and is intended to gather initial safety information. Its purpose is to determine a safe dose range in which the drug can be administered, metabolized, and pharmacologically effective with minimum toxicity. The safety and pharmacokinetics of the doses in these studies usually include testing to help establish the relationship between drug dose and plasma concentration levels, as well as therapeutic or toxic effects. The results of the Phase I studies are used to develop Phase II.

Phase II - Involves a larger number of subjects, compared to Phase I, who have the targeted condition (usually 25-60). In Phase II, the purpose is to determine a minimum and maximum effective dose (dose-ranging study and pharmacokinetic data). Clear evidence is established to confirm that the mechanism of action observed in animals is also observed in humans. Phase II may be divided into two subparts: Phase IIa is a pilot study, which is used to determine initial efficacy, and Phase IIb uses controlled studies on larger numbers of patients. Sufficient data regarding the tolerability and efficacy of several different dose regimens should be available to support the dose regimen to be evaluated in Phase III trials. At this point, the sponsor and the FDA usually confer to discuss the data and plans for Phase III.

Phase III - Phase III studies are considered "pivotal" and are designed to collect all of the essential data to fulfill the safety and efficacy criteria that the FDA requires to approve the application for the US marketplace. Phase III studies are usually larger than Phase II and are double-blind, randomized, controlled studies that are often conducted at multiple sites. In this phase, detailed data are gathered about the effectiveness of the new drug compound in comparison to control treatments. Subjects are followed to evaluate side effects and safety. Additionally, Phase III studies establish the effectiveness of the final formulation, indications for clinical use, labeling, marketing claims, drug product stability, packaging, and storage conditions.

In some cases, the FDA grants Orphan Drug Designation ("**ODD**") to therapies intended for rare diseases, defined as conditions affecting fewer than 200,000 people in the United States. ODD provides significant benefits to pharmaceutical companies, including potential seven years of market exclusivity upon approval, financial incentives, regulatory support, and assistance with drug development. [16] While ODD does not accelerate the regulatory approval timeline like Fast Track designation, it incentivizes and facilitates the development of treatments for rare diseases, ultimately helping to expand access to important therapies for patients. [17]

In relation to that, the Company announced on October 30, 2023, that the FDA has granted an ODD for its ExoPTEN therapy, recognizing the potential of this groundbreaking regenerative therapy for acute SCI, a condition where effective treatments are limited. [18] Subsequently, on November 13, 2024, the Company announced that the European Medicines Agency had granted Orphan Medicinal Product Designation for ExoPTEN. This marks a significant milestone in the development of the therapy and supports its potential availability to patients with acute spinal cord injuries across Europe. The designation not only reinforces the therapeutic value of ExoPTEN but also facilitates a faster path to market entry in Europe, where the demand for effective SCI treatments remains high.

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[15] FDA - Step 3: Clinical Research: https://www.fda.gov/patients/drug-development-process/step-3-clinical-research

[16] Designating an Orphan Product: Drugs and Biological Products: https://www.fda.gov/industry/medical-products-rare-diseases-and-conditions/designating-orphan-product-drugs-and-biological-products

[17] New Clinical Development Success Rates 2011-2020 Report: https://www.bio.org/clinical-development-success-rates-and-contributing-factors-2011-2020

[18] Search Orphan Drug Designations and Approval: https://www.accessdata.fda.gov/scripts/opdlisting/oopd/detailedIndex.cfm?cfgridkey=940823

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's statements of cash flows for the periods ended March 31, 2026 and 2025, and December 31, 2025 and 2024:

(US$ in thousands)	Three-month period ended March 31,		Year ended December 31,	
	2026	2025	2025	2024
	Unaudited			
Net cash used in operating activities	$ (1,236)	$ (986)	$ (4,511)	$ (4,888)
Net cash used in investing activities	(2)	(32)	(55)	(658)
Net cash provided by financing activities	625	910	5,834	5,878
Net increase (decrease) in cash and cash equivalents	(613)	(108)	1,268	332
Effect of exchange rate changes on cash and cash equivalents	(15)	(4)	170	(173)
Cash and cash equivalents at beginning of the period	2,138	700	700	541
Cash and cash equivalents at end of the period	$ 1,510	$ 588	$ 2,138	$ 700

Cash flows from operating activities

Net cash used in operating activities for the three-month period ended March 31, 2026, increased to $1,236, compared to $986 for the same period in 2025, reflecting an increase of $250. This change reflects the following adjustments in profit or loss items and operating assets and liabilities:

Adjustments to the profit or loss items:

- Net loss: Increased to $1,766 for the three-month period ended March 31, 2026, compared to $1,678 for the same period in 2025, reflecting an increase of $88, primarily due to higher research and development expenses and share-based compensation.
- Depreciation of property, equipment, and right-of-use assets: Increased to $56 for the three-month period ended March 31, 2026, compared to $43 for the same period in 2025, reflecting an increase of $13, due to additional laboratory equipment and right-of-use assets acquired mainly in 2024.
- Share-based compensation: Increased to $429 for the three-month period ended March 31, 2026, compared to $336 for the same period in 2025, reflecting an increase of $93, due to the granting of new stock options to employees and directors and the continued vesting of existing equity awards.
- Interest expenses: Increased to $7 for the three-month period ended March 31, 2026, compared to $6 for the same period in 2025, reflecting an increase of $1, due to interest expenses associated with the recognition of new lease liabilities for right-of-use assets.
- Revaluation of royalty payments liability: Increased to an expense of $6 for the three-month period ended March 31, 2026, compared to a decrease (gain) of $29 for the same period in 2025, reflecting a total increase in cash usage of $35, due to changes in the market discount rates used to determine the present value of the obligation.

Changes in operating assets and liabilities:

- Employees and payroll accruals: Increased to $37 for the three-month period ended March 31, 2026, compared to $20 for the same period in 2025, reflecting an increase of $17. The increase was primarily attributable to accruals for performance-based bonuses, as well as merit-based salary increases and director fees.

Partially offset by:

- Other receivables: Decreased to $25 for the three-month period ended March 31, 2026, compared to $161 for the same period in 2025, reflecting a decrease in cash inflow of $136. The decrease was primarily attributable to a reduction in GST/HST/VAT tax receivables and lower prepaid expenses.
- Other payables: Decreased to a cash usage of $30 for the three-month period ended March 31, 2026, compared to $155 for the same period in 2025, reflecting a decrease of $185. The decrease was primarily related to the timing of payments for professional services.

For the year ended December 31, 2025, net cash used in operating activities was $4,511, compared to $4,888 for the same period in 2024, representing a decrease of $377.

Cash flows from investing activities

Net cash used in investing activities decreased to $2 for the three-month period ended March 31, 2026, compared to $32 for the same period in 2025, reflecting a decrease of $30. The decrease was primarily attributable to the purchase of laboratory equipment in the prior year.

Cash flows from financing activities

Net cash provided by financing activities for the three-month period ended March 31, 2026, decreased to $625, compared to $910 in the same period in 2025, reflecting a decrease of $285. This decrease was primarily driven by the absence of warrant exercises in the current period, which provided $603 in Q1 2025, partially offset by an increase in proceeds from private placements, which increased to $633 in Q1 2026 from $310 in Q1 2025.

Exchange differences and cash position

Exchange differences on cash balances resulted in a loss of $15 for the three-month period ended March 31, 2026, compared to a loss of $4 in the same period in 2025. As a result, cash and cash equivalents decreased to $1,510 as of March 31, 2026, compared to $588 as of March 31, 2025. The exchange loss was primarily attributable to cash balances held in Canadian dollars that are presented in U.S. dollars.

Significant non-cash transactions

During the three-month period ended March 31, 2026, the Company also recorded the following significant non-cash transactions:

- Issuance expenses: Decreased to $9 (Q1 2025: $23)
- Acquisition of right-of-use assets and lease liabilities: Increased to $6 (Q1 2025: $0)
- Cashless exercise of options: Increased to $11 (Q1 2025: $0)

WORKING CAPITAL DISCUSSION

As of March 31, 2026, the Company's working capital amounted to $943, compared to $1,612 as of December 31, 2025, representing a decrease of $669.

The change in working capital was primarily driven by the following:

An increase of $38 in working capital due to:

- A decrease of $235 in the financial liability associated with the private placement upon its formal completion on March 10, 2026
- A decrease of $38 in other payables, primarily related to changes in laboratory operations.

Partially offset by a decrease of $707 in working capital due to:

- A decrease of $628 in cash and cash equivalents, primarily due to cash used in ongoing operations and working capital activities, partially offset by proceeds from the fundraising
- A decrease of $235 in restricted cash associated with the private placement resulting from the completion of the financing on March 10, 2026
- A decrease of $31 in other receivables, primarily due to lower tax receivables and a decrease in prepaid expenses.
- An increase of $48 in employees and payroll accruals, reflecting higher accruals for employee-related expenses, including bonuses and salary adjustments.

The Company's primary objective in managing capital is to maintain sufficient liquidity to fund research and development activities, ongoing administrative costs, and general working capital requirements. Since its inception, the Company has financed its operations through convertible debt financing, subscription receipt financing completed in connection with the RTO, and several follow-up private placements.

As the Company has not yet generated net earnings from operations, its ongoing liquidity depends on its ability to access capital markets. This ability is influenced by the progress and success of its research and development programs, as well as prevailing conditions in the capital markets.

The Company prepares cash flow forecasts to estimate cash requirements over the next twelve months and plans to raise equity capital as needed to provide the financial resources required for operations, ideally covering a minimum twelve-month period. The timing of equity financing depends on market conditions and the Company's projected cash needs. Cash flow forecasts are continually updated to reflect actual inflows and outflows, enabling proactive monitoring of financial needs and the timing of additional funding.

Given the volatility of the Canadian and U.S. dollar exchange rates, the Company estimates U.S. dollar–denominated expenses for future periods and maintains appropriate levels of U.S. dollar cash and cash equivalents. Because the Company reports in U.S. dollars, currency fluctuations may affect its loss and comprehensive loss in any given period.

As of December 31, 2025, the Company held balances and liabilities in Canadian dollars, U.S. dollars, and New Israeli Shekels through its wholly-owned subsidiaries, including NurExone Ltd. and Exo-Top. Consequently, the Company remains subject to fluctuations in the relative values of these currencies, which may impact comprehensive loss in any given period.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements in place.

USE OF PROCEEDS

On June 15, 2022, and January 4, 2024, the Company completed the June 2022 Private Placement and January 2024 Private Placement, respectively, and indicated that the net proceeds from each financing would be used for working capital purposes.

During the year ended December 31, 2025, the Company continued to deploy proceeds from 2025 financings toward general working capital purposes, including the advancement of preclinical and clinical programs, regulatory submissions, intellectual property protection, and business development initiatives.

While the proceeds from the exercise of common share purchase warrants did not have a material impact on the Company's overall working capital position, they contributed meaningfully to supporting the Company's ability to execute its business objectives and achieve key milestones.

During the three-month period ended March 31, 2026, the Company continued to use available funds for general working capital purposes and to support its ongoing research and development activities, operational needs, and corporate initiatives.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions or if both parties are controlled by the same third party. The Company has transactions with key management personnel and directors.

Key management personnel compensation

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

	Three-month period ended March 31,	
Expenses	2026	2025
	Unaudited	
Short-term benefits	$ 175	$ 133
Share-based payment	214	191
Total	$ 389	$ 324

	March 31,	December 31,
Balances	2026	2025
	Unaudited	
Other payables [(1)]	$ 271	$ 238

Notes:

(1) Includes accruals for 2024 performance-based bonuses, as well as 2025 merit-based salary increases and director fees, amounting to $102 and $116, respectively.

Related Party - TRDF

TRDF is also a key vendor and shareholder, holding 3,927,000 Common Shares, representing 3.9% of the Company's issued and outstanding share capital on a fully diluted basis, including Common Shares and Warrants, as of March 31, 2026 (December 31, 2025 - 4%).

The following transactions were conducted with TRDF:

1. **Royalty payments:**

   The Company is obligated to pay royalties to TRDF in accordance with the License Agreement, as described in "*TRDF-Ramot License Agreement"* section.

2. **Lease of laboratory and office facility:**

   On March 1, 2024, the Company entered into a lease agreement with TRDF for laboratory and office facility, as described in "*TRDF-Ramot License Agreement"* section.

   On January 1, 2026, the Company also entered into a lease agreement with TRDF for an additional storage area. The lease provides for monthly payments of $0.1 (NIS 0.6 plus VAT) and is on the same terms as the lease of the laboratory and office facility agreement described in Note 11b of the 2025 Consolidated FS.

3. **Ad hoc research services:**

   The Company engages TRDF to provide ad hoc research services from time to time in the normal course of business.

   The Company recorded ad hoc research expenses of $7 for the three-month period ended March 31, 2026, compared to $3 for the same period in 2025.

The table below presents a summary of payments associated with TRDF's transactions since the Company's incorporation:

Year	Agreement Type	Description	Amount
2020	License Agreement	Initial license agreement	$40
2021	Sponsored Research	Sponsored research agreement	$621
2022	Sponsored Research	2nd amendment; lab services	$441
2023	License Agreement	3rd anniversary royalty payment	$20
	Lab & Other Services	Laboratory and other services (*)	$98
2024	License Agreement	4th anniversary royalty payment	$26
	Lease and services	Lease of laboratory and office facilities, and ad hoc services	$95
2025	License Agreement	5th anniversary royalty payment	$26
	Lease and services	Lease of laboratory and office facilities, and ad hoc services	$121
Q1 2026	Lease and services	Lease of laboratory and office facilities, and ad hoc services	$9

(*) The Company ceased laboratory services from TRDF in Q3 2024. Upon completion of the leased facility, the Company transitioned from full laboratory services to ad hoc research services provided by TRDF.

CONTINGENT LIABILITIES AND COMMITMENTS

TRDF-Ramot License Agreement

The Company is the exclusive worldwide licensee and sublicensee of exosome technology from TRDF and Ramot, covering development, clinical studies, and commercialization activities.

License term

The license term is determined on a product-by-product, country-by-country basis and extended until the later of (a) 15 years from the first commercial sale of a product in the relevant country, or (b) expiry of the last licensed patent in that country.

License financial commitments

Under the TRDF-Ramot License Agreement, the Company is committed to the following:

1. **Equity consideration**

   Issuance of 1,683,000 Common Shares to Ramot and 3,927,000 Warrants to TRDF (exercisable at C$0.005 per share, fully exercised in February 2021).

2. **License fee**

   A one-time payment of $40 was paid to TRDF.

3. **Royalties**

   The Companyt is required to pay TRDF royalties equal to 4.25% of net sales of products sold by the Company and its affiliates. In addition, with respect to sales of products by sublicensees, the Company is required to pay TRDF 50% of the amounts received by the Company or its affiliates in respect of such sales, provided that such payments are not less than 2% and not more than 4.25% of the sublicensee's net sales.

4. **Sublicense fee**

   The Company is required to pay TRDF 16% of any consideration received in connection with sublicensing arrangements.

5. **Minimum royalties**

   Commencing April 27, 2025 (pursuant to the third amendment), the Company is required to pay a fixed annual minimum royalty of $26, increasing by 30% annually upon initiation of Phase II trials, up to a maximum of $50. These minimum royalties are creditable against royalties payable during the applicable period.

As of March 31, 2026 and December 31, 2025, the Company's aggregate contingent payment obligations under the minimum royalty schedule were as follows:

	March 31, 2026 Unaudited	December 31, 2025
Current liabilities - other payables	$ 28	$ 26
Non-current liabilities – royalty payments	61	55
Total	$ 89	$ 81

Collaboration Agreements

Polyrizon Ltd.

On July 11, 2022, NurExone Ltd. entered into collaboration agreement with Polyrizon Ltd. (the "**Polyrizon Agreement**"), pursuant to which NurExone Ltd. committed to minimum payments totaling $215, payable in three installments, all of which have been paid. The Polyrizon Agreement further provides for: (i) Up to $3,350 in milestone payments; (ii) Royalties of 2.25% - 3.25% of net income; and (iii) 35% of sublicense income.

As of December 31, 2022, the first milestone was achieved and a payment of $85 was made.

Since 2024, the Polyrizon Agreement has remained suspended, with no active research activities or ongoing maintenance costs as of March 31, 2026. The existing contractual framework and future contingent milestone payment obligations of up to an additional $3,350 remain in effect; however, they are currently dormant pending mutual agreement between the parties to resume activities.

Inteligex Inc.

On November 30, 2023, the Company entered into a two-year collaboration agreement with Inteligex Inc. ("**Inteligex**") under the Israel-Canada bilateral Eureka program, focusing on hybrid therapies for SCI.

Under the agreement, Inteligex contributed expertise in SCI and human stem cell therapy, while the Company provided advanced capabilities in exosome biology, production, and delivery.

The project was approved for grant support by the IIA as a new bilateral collaboration. Continuation into the second year was subject to re-approval by the IIA.

The agreement established a framework for joint research in the CNS disease and SCI, leveraging the complementary intellectual property portfolios of both parties.

Due to shipments delays from Canada to Israel, primarily resulting from the absence of direct flights, the IIA granted a nine-month extension for the first year, extending its term until June 30, 2025.

As of September 30, 2025, the Company submitted its first-year report to the IIA, summarizing the results achieved during the period, including:

- Successful production of exosomes from cultured MSCs and optimization of isolation protocols;
- Isolation of exosomes from Neural Progenitor Cells ("**NPCs**"), confirmed by hallmark surface proteins CD9, CD81, and CD63;
- Demonstration that NPC-derived exosomes exhibited size and concentration profiles comparable to MSCs-derived exosomes; and
- Comparable efficiency in loading the Company's siPTEN molecule into both exosome types.

As of December 31, 2025, the Company completed its first-year grant obligations under the Israel–Canada bilateral Eureka program and submitted the required annual report summarizing the research activities and results achieved during the period.

The collaboration has not progressed to its second year, as Inteligex did not meet the financial requirements imposed by the Canadian funding authorities for continuation. Accordingly, the IIA is not authorized to approve an extension of the program solely for the Israeli participant.

Government Grants

The Company is obligated to pay royalties to the IIA at rates ranging from 3% to 3.5% on sales proceeds from products developed using grants received from the IIA.

The total amount of royalties payable to the IIA is capped at 100% of the grants received, including interest. The applicable interest rate is the higher of: (i) the 12-month SOFR rate interest plus 1%, or (ii) a fixed annual interest rate of 4%. Grants received are accounted for as forgivable loans in accordance with IAS 20 (Revised) and IFRS 9.

The loan liability is initially measured at fair value and subsequently reassessed on a quarterly basis using a discount rate ranging from 11% to 15% during the grant funding period. The difference between the grant amount and its fair value is recognized as a government grant and recorded as a reduction of research and development expenses. The obligation to pay royalties is contingent upon future sales of the related products; accordingly, in the absence of such sales, no repayment is required.

The Company expects to generate sales that would trigger royalty payments beginning in 2032.

As of March 31, 2026, the Company's aggregate contingent obligations to the IIA, in connection with royalty-bearing grants received or accrued totaled $252, compared to $211 as of December 31, 2025.

These balances are broken down as follows:

- As of March 31, 2026: Consisted of cumulative principal funding received of $173, accrued interest of $44, and $35 related to the foreign currency translation reserve.
- As of December 31, 2025: Consisted of cumulative principal funding received of $173, accrued interest of $38, and $nil related to the foreign currency translation reserve.

On April 26, 2026, the Company received a final installment under the IIA grant program in the amount of $33. This subsequent funding increases the total cumulative principal funding received under the program from $173 to $206, excluding subsequently accrued interest.

INTANGIBLE PROPERTIES

Patent Strategy and Portfolio

The Company considers its licensed intellectual property portfolio to be an important contributor to its business and therefore devotes resources to maintaining and augmenting its portfolio. The proprietary nature of, and protection for, our current and/or any future product candidates, processes and know-how are important to our business as is our ability to operate without infringing on the proprietary rights of others, and to prevent others from infringing our proprietary rights.

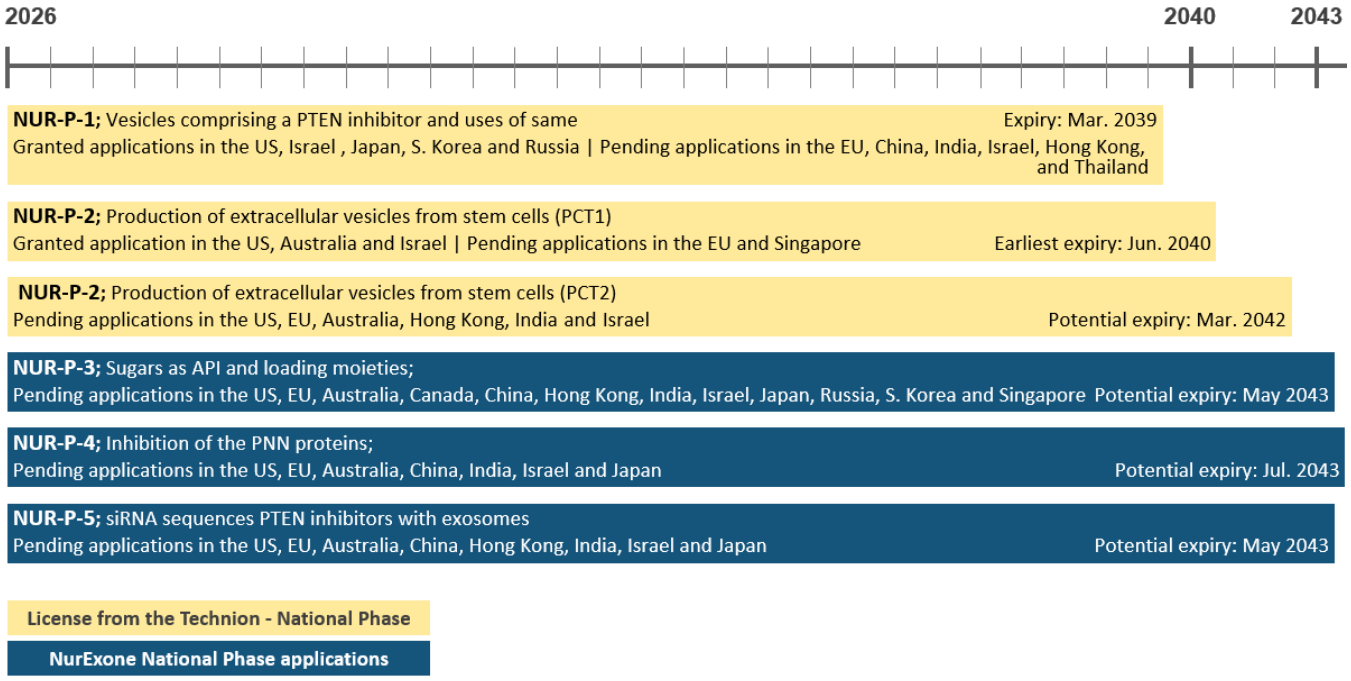
We seek patent protection in the United and other key territories for our current and future product candidates that we may develop. In order to protect our proprietary technologies, we rely on combinations of application for patent and trade secret protection, as well as confidentiality agreements with employees, consultants, and third parties.

Our patent strategy is to pursue the broadest possible patent protection on proprietary formulations and production processes, products and technology to achieve the maximum duration of patent protection available. Where appropriate, and consistent with management's objectives, patents are pursued once concepts have been validated through appropriate laboratory work. To that end, patents will continue to be sought in relation to those components or concepts that the management of the Company perceives to be important.

As of the date of this filing, our ExoPTEN technology is protected by the following five patent families, including one granted U.S. Japanese, Israeli and Russian patent and second granted US and Israeli granted patent with additional applications pending in other jurisdictions.

These patents are licensed exclusively to us from TRDF and Ramot.

Timeline of NurExone's Patent Families and Expected Expiry Dates



NUR-P-1: "*Vesicles Comprising a PTEN Inhibitor and Uses of Same*":

- PCT Number: WO-2019/186558
- PCT Filed: March 27, 2019
- Scope: Uses of Extracellular Vesicles comprising a PTEN inhibitor, A pharmaceutical composition for the treatment of neuronal injury or damage comprising extracellular vesicles loaded with an exogenous inhibitor of PTEN
- Inventors: Prof. Shulamit Levenberg, Dr. Shaowei Guo, Prof. Daniel Offen and Dr. Nisim Perets
- Assignee: TRDF and Ramot
- Issued: May 16, 2023
- Expiration: March 2039
- Granted: Japan (#7518498), Israel (#277605), Russia (#2800729), US (#11648260), and S. Korea (#1020210005031)
- Pending: EU (#3773506), China (#112236131), Hong Kong (#40044377), India (#202047044860), Israel2 (#314908), and Thailand (#2001005425)

NUR-P-2 (PCT1): "*Production of Extracellular Vesicles from Stem Cells*":

- PCT Number: WO-2020/261257
- PCT Filed: June 10, 2020
- Scope: Production of Extracellular Vesicles using 3D scaffolds and shear stress
- Inventors: Prof. Shulamit Levenberg, Dr. Shaowei Guo and Dr. Barak Zohar
- Assignee: TRDF
- Expiration: June 2040
- Granted: US-CIP (#12467033), Australia1 (#2020303456), and Israel1 (#289004)
- Pending: EU1 (#3990625) and Singapore1 (#11202114345Y)

NUR-P-2 (PCT2): "*Extracellular Vesicles from Stem Cells*":

- PCT Number: WO-2022/190091
- PCT Filed: March 8, 2022
- Scope: Production of Extracellular Vesicles (EVs) using 3D scaffolds and shear stress. Protein characterization of the extracted EVs
- Inventors: Prof. Shulamit Levenberg, Dr. Shaowei Guo and Dr. Barak Zohar, and Dr. Lior Debbi
- Assignee: TRDF
- Expiration: March 2042 (*)
- Pending: US2 (#20240384228), EU2 (#4304608), Hong Kong2 (#40105310), Australia2 (#2022233291), India2 (#202347066692), and Israel2 (#305753)

NUR-P-3: "*Compositions and Methods for Loading Extracellular Vesicles*":

- PCT Number: WO-2023/233395
- PCT Filed: July 9, 2023
- Scope: Sugars as API and loading moieties
- Inventors: Dr. Nisim Perets, Dr. Lior Shaltiel, Dr. Lyora Aharonov, Yosef Mograbi, Dr. Lulu Fahoum
- Assignee: NurExone Biologic Ltd
- Expiration: May 2043 (*)
- Pending: US (#20250339540), EU (#4531924), Australia (#2023279271), Canada (#3253849), China (#119300866), Hong Kong (#40117099), India (#202417102828), Israel (#316554), Japan (#2025518685), Russia (#2024138340), S. Korea (#20250017235), and Singapore (#11202407937X)

NUR-P-4: "*RNA Interference Oligonucleotides for Inhibiting Perineuronal Network Formation":*

- PCT Number: WO-2024/013734
- PCT Filed: July 9, 2023
- Scope: Inhibition of the PNN proteins; Sequences to target TNR and NCAN
- Inventors: Dr. Lyora Aharonov, Dr. Nisim Perets, Dr. Lior Shaltiel
- Assignee: NurExone Biologic Ltd
- Expiration: July 2043 (*)
- Pending: US (#20250388899), EU (#4551700), Australia (#2023308530), China (#119522283), India (#202547005713), Israel (#317892), and Japan (#2025522830)

NUR-P-5: "*Anti-PTEN RNA Interference Oligonucleotides and Uses Thereof":*

- PCT Number: WO 2023/223312
- PCT Filed: May 14, 2023
- Scope: siRNA sequences PTEN inhibitors
- Inventors: Dr. Nisim Perets, Dr. Lyora Aharonov, Dr. Lior Shaltiel, Yosef Mograbi
- Assignee: NurExone Biologic Ltd
- Expiration: May 2043 (*)
- Pending: US (#20250136992), EU (#4526447), Australia (#2023270605), China (#119183475), Hong Kong (#40117101), India (#202447092825), Israel (#316553), and Japan (#2025519026)

(*) Potential expiry for national phase, if the application is granted and maintenance fees are paid.

DISCLOSURE OF OUTSTANDING SHARE DATA

As of May 31, 2026, the Company's outstanding Common Shares and equity instruments were as follows:

(1) 92,045,848 Common Shares were issued and outstanding

(2) 9,325,218 Common Share purchase options, detailed as follows:

- 246,700 options exercisable at C$0.75 per Common Share
- 177,645 options exercisable at C$0.74 per Common Share
- 180,000 options exercisable at C$0.70 per Common Share
- 219,200 options exercisable at C$0.69 per Common Share
- 1,146,647 options exercisable at C$0.68 per Common Share
- 299,802 options exercisable at C$0.56 per Common Share
- 1,705,900 options exercisable at C$0.51 per Common Share
- 3,101,395 options exercisable at C$0.33 per Common Share
- 869,909 options exercisable at C$0.32 per Common Share
- 1,378,020 options exercisable at C$0.28 per Common Share

(3) 3,335,000 Restricted Share Units, detailed as follows:

- 300,000 RSUs fully vested on May 26, 2026
- 1,100,000 RSUs fully vested on June 18, 2026
- 1,450,000 RSUs fully vested on November 27, 2026
- 485,000 RSUs fully vested on April 16, 2027

(4) 9,924,039 Common Share purchase warrants, detailed as follows:

- 4,838,460 warrants exercisable at C$0.85 per Common Share
- 465,188 warrants exercisable at C$0.84 per Common Share
- 629,036 warrants exercisable at C$0.80 per Common Share
- 3,991,355 warrants exercisable at C$0.70 per Common Share

RISKS AND UNCERTAINTIES

Several risk factors could impact the Company's ability to successfully execute its key strategies and may materially affect future events, performance, or results.

The risks and uncertainties described herein are not the only ones the Company faces.

Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business. An investment in securities of the Company is speculative and subject to several risks, including, without limitation, the risks discussed under the heading "Risk Factors" on pages 44 to 51 of the Company's Annual Information Form dated August 27, 2024, a copy of which is available under the Company's SEDAR+ profile at www.sedarplus.ca.

Economic Conditions

Changes in economic conditions, including, without limitation, recessionary or inflationary trends, commodity prices, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, unemployment, and overall consumer confidence have a potentially substantial material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Conflict in Israel

Since October 7, 2023, Israel has been engaged in armed conflict with Hamas, a terror militant group in the Gaza Strip, alongside ongoing hostilities with Hezbollah operating from Lebanon. On June 13, 2025, the conflict escalated into direct military hostilities between Israel and Iran, increasing military activity across the region. Subsequently, on February 28, 2026, Israel and the United States launched coordinated military operations targeting Iran's military sites, and leadership positions in Tehran and other locations, these events are collectively referred to as the "**War in Israel**". On April 8, 2026, a suspension of hostilities was announced between the parties involved with the Iran conflict. While this development may reduce immediate military activity, the situation in the region remains uncertain and could evolve. These developments have resulted in heightened security tensions and disruptions to business and economic activity throughout the area. Despite these circumstances, the Company has continued to operate its business activities in Israel, including at its laboratories and offices in Haifa. As of the date of approval of these financial statements, the War in Israel has not had a material adverse impact on the Company's operations. The Company continues to monitor the situation closely, as the evolving geopolitical environment may affect economic conditions and business operations in the region.

Timing of the Company's Internal Goals and Projected Timelines May Not be Met

The Company sets internal goals for and makes public statements regarding its expected timing of meeting the objectives material to its success, including the commencement, duration, and completion of clinical trials, and anticipated regulatory approvals.

The actual timing of these forward-looking events can vary dramatically due to a number of factors, including, without limitation, delays in scaling-up of drug product candidates, delays or failures in clinical trials, additional data requirements from the regulators, the Company failing to obtain required financing, and other risks referred to herein. Without limiting the generality of the foregoing, it is possible that required regulatory approvals may be delayed or denied, including those related to undertaking or continuing clinical trials, manufacturing of drug products, and marketing such products.

A failure to obtain necessary financing or a change in the schedule of a clinical trial (which may occur for many reasons, including due to factors beyond the Company's reasonable control, such as scheduling conflicts, the occurrence of serious adverse events, interruption of supplies of study drugs, withdrawals of regulatory approvals, or slow patient recruitment) could delay the commencement or completion of the clinical trial, or result in its suspension or early termination, which could have a material adverse effect on the Company.

Patent litigation is costly and time consuming and may subject the Company to liabilities

The Company's involvement in any patent litigation, opposition, or other administrative proceedings will likely cause the Company to incur substantial expenses, and the efforts of technical and management personnel will be significantly diverted. In addition, the Company may not have the financial means defend its patents and in the event it does, an adverse determination in litigation could subject the Company to significant liabilities, including, but not limited to, monetary damages.

The Company may be subject to claims challenging the inventorship of the Company's patents and other intellectual property

The Company or its licensors may be subject to claims that former employees, collaborators or other third parties have an interest in the Company's owned or in-licensed patents, trade secrets, or other intellectual property as an inventor or co-inventor. For example, the Company or its licensors may have inventorship disputes arise from conflicting obligations of employees, collaborators, consultants, or others who are involved in developing the Company's product candidates.

Litigation may be necessary to defend against these and other claims challenging inventorship of the Company's or its licensors' ownership of the Company's owned or in-licensed patents, trade secrets or other intellectual property.

The Company may not have the financial means to defend such claims and in the event the Company or its licensors fail in defending any such claims, in addition to paying monetary damages, the Company may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to the Company's product candidates.

Even if the Company is successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Risks Relating to recent US tariff measures may adversely affect the Company's business, operations, and financial condition in the US.

In April 2025, the United States government announced and implemented a new round of tariffs on certain imported goods from key trading partners as part of ongoing trade and national security measures. This recent imposition of tariffs on many, if not most countries, around the world and the threatened or imposed retaliatory tariffs have introduced a high level of uncertainty as to their ultimate outcomes. These tariffs may affect a wide range of raw materials, components, and finished goods that are integral to our supply chain and production processes. Although the Company continues to assess the full impact of these measures, the Company may face increased costs for materials, disruptions in our supply chain, and delays in procurement that could adversely affect our ability to manufacture and deliver our exosomes on a timely and cost-effective basis. Furthermore, retaliatory tariffs or other trade restrictions imposed by affected countries could negatively impact our exports or make our products less competitive in those markets. We may not be able to pass increased costs on to our customers, and any sustained escalation in tariffs or other trade barriers could have a material adverse effect on our revenues, gross margins, and overall business performance.

SUBSEQUENT EVENTS

(1) On April 1, 2026, the Company announced the engagement of Investor Brand Network ("**IBN**"), subject to TSXV approval, to support a new investor awareness strategy. As of the date hereof, the engagement with IBN is no longer proceeding.

On the same date, a total of 105,000 Options expired unexercised due to the termination of the employment agreement with an employee and the service agreement with a service provider, with no exercise prior to expiration.

(2) On April 7, 2026, the Company announced that Exo-Top entered into a non-binding letter of intent (the "**BioXtek LOI**") with Florida-based BioXtek Inc. ("**BioXtek**") to explore a strategic partnership for exosome manufacturing and commercialization. The BioXtek LOI establishes a framework to negotiate a partnership supporting U.S. GMP manufacturing, clinical supply, and potential commercialization of bone marrow-MSC-derived exosomes. The BioXtek LOI is non-binding and is intended to provide a framework for further discussions. A potential strategic partnership remains subject to customary conditions, including the satisfactory completion of due diligence, negotiation and execution of a definitive agreement, receipt of required corporate approvals, and receipt of all required regulatory approvals, including acceptance by the TSXV. The collaboration is expected to combine Exo-Top's MSC Master Cell Bank ("**MCB**") and exosome production expertise with BioXtek's U.S. manufacturing infrastructure and commercialization capabilities to accelerate clinical and commercial exosome supply, and expand production capacity. In addition, the partnership is expected to address the growing demand for naïve exosomes across multiple therapeutic areas including the exosome-based regenerative aesthetics market which is experiencing rapid growth and is projected to surpass $1.6 billion by 2034. As of the date hereof, no definitive agreement has been executed and there can be no assurance that the discussions will result in a completed transaction.

(3) On April 10, 2026, the Company announced that its Chief Executive Officer, Dr. Lior Shaltiel, would participate in the Water Tower Research Insights Conference held on April 14, 2026, where he discussed the Company's exosome-based therapeutic platform, recent corporate developments, and strategic priorities.

(4) On April 16, 2026, the Company issued an aggregate of 471,647 Options (the "**April 2026 Options**") to certain employees and service providers, following the approval of the Board on April 15, 2026. Each April 2026 Option is exercisable for one Common Share at a price of C$0.68 per Common Share. The vesting schedule for the April 2026 Options is as follows:

(i) 225,000 April 2026 Options will vest over twenty-four months,
(ii) 185,000 April 2026 Options will vest over six months,
(iii) 44,000 April 2026 Options will vest over ten months, and
(iv) 17,647 April 2026 Options will vest over four months.

The April 2026 Options have an exercise period of ten years from the vesting commencement date. The fair value of each April 2026 Option as of the grant date was C$0.49, determined by using the Black-Scholes option pricing model, based on a vesting period of up to two years. The total share-based compensation expenses recognized in relation to the April 2026 Options were $167 (C$229).

On the same date, the Company issued an aggregate of 485,000 Restricted Share Units (the "**April 2026 RSUs**") to certain directors and employees, following the approval of the total grant by the Board on April 15, 2026. Each April 2026 RSU was granted at a deemed price of C$0.65 per Common Share. The April 2026 RSUs will vest over a twelve-month period. The total share-based compensation expenses recognized in relation to the April 2026 RSUs was $230 (C$315).

All April 2026 Options and April 2026 RSUs issued are subject to a four-month and one-day hold period pursuant to TSXV policies and applicable securities laws.

(5) On April 27, 2026, the Company announced that Australian Patent No. 2020303456, entitled "Production of extracellular vesicles from stem cells", had been granted effective April 23, 2026. The patent is held by TRDF and is exclusively licensed to the Company. The patent is expected to remain in force until June 10, 2040 and further strengthens the Company's intellectual property portfolio, following prior grants of corresponding patents in Israel and the United States.

(6) On May 1, 2026, a total of 37,500 Options expired unexercised due to the termination of the employment agreement with an employee, with no exercise prior to expiration.

(7) On May 14, 2026, the Company announced that it has been selected to advance to Stage 2 of the EIT Health Catapult Programme 2026, a European Union-backed programme supporting high-potential healthcare innovation companies. The selection was based on positive feedback from programme reviewers regarding the Company's regenerative exosome-based platform, preclinical data, and regulatory progress. The programme provides training, investor exposure, and competitive pitching opportunities, and the Company is expected to participate in programme activities, including mentoring sessions and pitch events scheduled for October 14–16, 2026.

On the same date, the Company announced that its Chief Executive Officer, Dr. Lior Shaltiel, has been invited to speak at the International Cell and Gene Therapy China Summit & Exhibition in Suzhou, China, reflecting continued international recognition and interest in the Company's exosome-based regenerative medicine platform and clinical development strategy.

(8) On May 19, 2026, the Company announced that the Korean Ministry of Intellectual Property issued a Notice of Patent Grant for a patent application covering ExoPTEN, the Company's lead therapeutic candidate. The patent application covers key aspects of ExoPTEN, including the use of exosomes as a natural drug delivery system to carry PTEN-targeted therapeutic cargo for the treatment of nerve injury.

The patent is held by the Company and is expected to remain in force in accordance with applicable terms, and further strengthens the Company's global intellectual property portfolio, which includes granted patents in the United States, Japan, Israel, and Russia, as well as additional pending applications in multiple jurisdictions.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR+ at www.sedarplus.ca as well as on the Company's website at www.nurexone.com.