

**NUREXONE BIOLOGIC INC.**

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

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

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

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

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

August 25, 2023.

**NUREXONE BIOLOGIC INC.**  
**(FORMERLY ENERSPAR CORP.)**  
**CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2023**

**UNAUDITED**

**NUREXONE BIOLOGIC INC.**

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**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS**  
**OF FINANCIAL POSITION**  
(U.S. Dollars in thousands)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 880	\$ 2,463
Restricted deposit	54	54
Other receivables	135	175
	<hr/>	<hr/>
<b><u>Total</u> current assets</b>	<b>1,069</b>	<b>2,692</b>
	<hr/>	<hr/>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment, net	100	51
Right-of-use assets	42	51
	<hr/>	<hr/>
<b><u>Total</u> non-current assets</b>	<b>142</b>	<b>102</b>
	<hr/>	<hr/>
<b><u>Total</u> assets</b>	<b>\$ 1,211</b>	<b>\$ 2,794</b>
	<hr/> <hr/>	<hr/> <hr/>

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

**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS**  
**OF FINANCIAL POSITION**  
(U.S. Dollars in thousands)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
	<hr/>	<hr/>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Other payables	\$ 153	\$ 278
Employees and payroll accruals	284	305
	<hr/>	<hr/>
<b><u>Total current liabilities</u></b>	<b>437</b>	<b>583</b>
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES:</b>		
Royalty payments	75	95
Lease liability	9	20
	<hr/>	<hr/>
<b><u>Total non-current liabilities</u></b>	<b>84</b>	<b>115</b>
	<hr/>	<hr/>
<b>EQUITY:</b>		
Share capital	*	*
Additional paid-in capital and other reserves	11,278	11,250
Warrants reserve	921	930
Foreign currency translation reserve	(84)	(73)
Share-based payment reserve	738	407
Accumulated Deficit	(12,163)	(10,418)
	<hr/>	<hr/>
<b><u>Total shareholders' equity</u></b>	<b>690</b>	<b>2,096</b>
	<hr/>	<hr/>
<b><u>Total liabilities and shareholders' equity</u></b>	<b>\$ 1,211</b>	<b>\$ 2,794</b>
	<hr/>	<hr/>

\* Represents an amount lower than \$0.5.

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

*"Yoram Drucker"*  


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Yoram Drucker  
Chairman of the board

*"Dr. Lior Shaltiel"*  


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Dr. Lior Shaltiel  
Director and CEO

August 25, 2023  


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Date of approval of the  
Financial statements

**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS**  
**OF COMPREHENSIVE LOSS**  
(U.S. Dollars in thousands)

	Six months period ended June 30,		Three months period ended June 30,	
	2023	2022	2023	2022
	_____	_____	_____	_____
Research and development expenses	\$ 831	\$ 584	\$ 457	\$ 303
General and administrative expenses	948	3,128	603	1,181
Listing expenses	-	2,039	-	2,039
	_____	_____	_____	_____
<b>Operating loss</b>	<b>1,779</b>	<b>5,751</b>	<b>1,060</b>	<b>3,523</b>
	_____	_____	_____	_____
Finance (income) expenses, net	(34)	363	(20)	276
<b>Net loss</b>	<b>1,745</b>	<b>6,114</b>	<b>1,040</b>	<b>3,799</b>
	=====	=====	=====	=====
<u>Other comprehensive (income) loss:</u>				
<u>Items that may be reclassified to profit or loss:</u>				
Exchange losses arising on translation of foreign operations	62	-	48	-
	_____	_____	_____	_____
<u>Items that will not be reclassified to profit or loss:</u>				
Loss (gain) from foreign currency translation adjustments	(51)	40	(55)	45
	_____	_____	_____	_____
<b>Total comprehensive loss</b>	<b>\$ 1,756</b>	<b>\$ 6,154</b>	<b>\$ 1,033</b>	<b>\$ 3,844</b>
	=====	=====	=====	=====
Net loss per share:				
Basic and diluted loss per share	\$ 0.041	\$ 0.187	\$ 0.024	\$ 0.116
	_____	_____	_____	_____
Weighted average number of common shares - basic and diluted *	42,855,159	32,885,406	42,855,159	32,885,406
	=====	=====	=====	=====

\* The share split has been retroactively presented in all periods. (Note 1(A)).  
The accompanying notes are an integral part of the condensed interim consolidated financial statements.

**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS**  
**OF CHANGES IN SHAREHOLDERS' EQUITY**  
(U.S. Dollars in thousands)

	<u>Number of shares</u>	<u>Ordinary share capital *</u>	<u>Additional paid-in capital</u>	<u>Share- based payments reserve</u>	<u>Warrants reserve</u>	<u>Foreign currency translation reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>Balance as of January 1, 2023</b>	<b><u>42,855,159</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,250</u></b>	<b><u>\$ 407</u></b>	<b><u>\$ 930</u></b>	<b><u>\$ (73)</u></b>	<b><u>\$ (10,418)</u></b>	<b><u>\$ 2,096</u></b>
<u>Changes during the period:</u>								
Net loss	-	-	-	-	-	-	(1,745)	(1,745)
Other comprehensive loss	-	-	-	-	-	(11)	-	(11)
Net loss and total comprehensive	-	-	-	-	-	(11)	(1,745)	(1,756)
Expired warrants	-	-	9	-	(9)	-	-	-
Expiration of employee options	-	-	19	(19)	-	-	-	-
Share-based compensation	-	-	-	350	-	-	-	350
<b>Balance as of June 30, 2023</b>	<b><u>42,855,159</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,278</u></b>	<b><u>\$ 738</u></b>	<b><u>\$ 921</u></b>	<b><u>\$ (84)</u></b>	<b><u>\$ (12,163)</u></b>	<b><u>\$ 690</u></b>

\* Represents an amount lower than \$0.5.

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

**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS**  
**OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(U.S. Dollars in thousands)**

	Number of shares	Ordinary share capital *	Additional paid-in capital	Share-based payments reserve	Warrants reserve	Foreign currency translation reserve	Accumulated losses	Total
<b>Balance as of January 1, 2022</b>	<b>2,536,000</b>	<b>\$ -</b>	<b>\$ 3,257</b>	<b>\$ 174</b>	<b>\$ -</b>	<b>\$ (5)</b>	<b>\$ (2,249)</b>	<b>\$ 1,177</b>
<u>Changes during the period:</u>								
Net loss	-	-	-	-	-	-	(6,114)	(6,114)
Other comprehensive loss	-	-	-	-	-	(40)	-	(40)
Net loss and total comprehensive	-	-	-	-	-	(40)	(6,114)	(6,154)
Fair value of reverse takeover	22,290,519	-	1,605	-	-	-	-	1,605
Exercised warrants	3,927,000	-	16	-	-	-	-	16
Expiry of full-ratchet protection	-	-	115	-	-	-	-	115
Share-based compensation	-	-	-	175	-	-	-	175
<u>Issuance of common shares to:</u>								
Subscription receipts investors **	4,551,814	-	2,613	-	343	-	-	2,956
Private placement investors	2,465,221	-	854	-	-	-	-	854
Reclassification of warrants liability to warrant equity in respect of the private placement	-	-	-	-	510	-	-	510
Convertible notes investors	2,684,249	-	1,171	-	18	-	-	1,189
Reclassification of warrants liability to warrant equity in respect of the convertible notes	-	-	-	-	59	-	-	59
Founders, consultants and creditors	3,929,160	-	1,248	-	-	-	-	1,248
<b>Balance as of June 30, 2022</b>	<b>42,383,963</b>	<b>\$ -</b>	<b>\$ 10,879</b>	<b>\$ 349</b>	<b>\$ 930</b>	<b>\$ (45)</b>	<b>\$ (8,363)</b>	<b>\$ 3,750</b>

\* Represents an amount lower than \$0.5.

\*\* Includes issuance expenses of \$89.

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



**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(U.S. Dollars in thousands)**

	<b>Six months period ended June 30, 2023</b>	<b>Six months period ended June 30, 2022</b>
	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (1,745)	\$ (6,114)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12	3
Share-based compensation	350	175
Interest expenses on convertible notes	-	30
Revaluation of financial derivatives	-	285
Revaluation of royalty payments	-	49
Compensation for consultants through share issuance	-	1,689
Reserve Takeover	-	1,847
Changes in operating assets and liabilities:		
Increase (decrease) in employees and payroll accruals	(26)	132
Decrease (increase) in other receivables	35	(302)
Decrease in other payables	(145)	(22)
<b>Net cash used in operating activities</b>	<b><u>(1,519)</u></b>	<b><u>(2,228)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment, net	<u>(54)</u>	<u>(49)</u>
<b>Net cash used in investing activities</b>	<b><u>(54)</u></b>	<b><u>(49)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from the issuance of subscription receipts	-	1,040
Proceeds from the issuance of private placement	-	1,095
Proceeds from the issuance of convertible notes	-	111
Proceeds from warrants reserve	-	306
Payment of lease liabilities	(9)	(12)
<b>Net cash (used in) provided by financing activities</b>	<b><u>(9)</u></b>	<b><u>2,540</u></b>

**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(U.S. Dollars in thousands)**

	<b>Six months period ended Jun 30, 2023</b>	<b>Six months period ended June 30, 2022</b>
Effect of exchange rate changes on cash	(1)	(59)
Net (decrease) increase in cash	(1,583)	204
Cash at the beginning of the period	2,463	3,814
<b>Cash at the end of the period</b>	<b>\$ 880</b>	<b>\$ 4,018</b>

**SIGNIFICANT NON-CASH ACTIVITIES:**

Expiry of full-ratchet protection	\$ -	\$ 115
Issuance expenses	\$ -	\$ 89
Right-of-use asset and lease liability	\$ -	\$ 59
Conversion of convertible notes to common shares	\$ -	\$ 1,285

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

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**(U.S. Dollars in thousands)**

**NOTE 1 - GENERAL:**

**A. Nature and continuance of operation**

NurExone Biologic Inc. (formerly EnerSpar Corp. or “EnerSpar”) (“the Company” or “NurExone”) is a publicly-traded company with a registered office located at Suite 1600, 1 First Canadian Place, 100 King Street West, Toronto, ON M5X 1G5, Canada. The Company and its business as presented are the results of the Reverse Takeover Transaction (“RTO”) of EnerSpar by NurExone Biologic Ltd (“the Subsidiary Company” or “NurExone Ltd”), a pharmaceutical business incorporated in Israel in June 2020.

The Company was incorporated in Alberta in 2011 and is traded on the Toronto Stock Exchange Venture Exchange (“the Exchange”) under the symbol “NRX”, and in Germany under the symbol “J90” on the Frankfurt Stock Exchange, German Composite, Stuttgart Stock Exchange, and Munich Stock Exchange and is a Reporting Issuer in Alberta, Ontario, and British Columbia.

On June 15, 2022, the Company (formerly EnerSpar) completed the RTO with NurExone Ltd. The common shares in the capital of the Company (“Common Shares”) were consolidated with each of the 10 pre-consolidation Common Shares being exchanged for 1 post-consolidation common share.

NurExone is developing a revolutionary treatment for the reversal or reduction of paralysis following Spinal Cord Injury (“SCI”) using Exosomes (membrane-bound extracellular vesicles). This technology, subject to conducting clinical trials and receiving Food and Drug Administration approval, can be used in various conditions such as SCI, traumatic brain injury, and potentially other brain and neurological indications.

**B. Going Concern**

Since its inception, the Company has been in the research and development stage and has incurred losses with no expectation for any revenue in the near future.

As of June 30, 2023, the Company had cash of \$880 (December 31, 2022 - \$2,463).

The Company had an accumulated deficit of \$12,163 as of June 30, 2023, (December 31, 2022 - \$10,418).

Management believes the Company may not have sufficient funds to cover planned operations throughout the next twelve months.

Management may secure additional financing through the issue of new equity and/or debt; however, there is no assurance that these initiatives will be successful. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. This could result in adjustments to the amounts and classifications of assets and liabilities in the Company's unaudited condensed interim consolidated financial statements.

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**(U.S. Dollars in thousands)**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies adopted in the preparation of the financial statements are set out below.

**Basis of preparation**

These unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2023, are presented in United States dollars. The functional currency of the Company is the Canadian dollar, and the functional currency of the Subsidiary Company is the New Israeli Shekel, which was decided using the principal currency of the primary economic environment in which the Subsidiary Company operates.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard IAS 34 “Interim Financial Reporting”. They do not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2022.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the last annual financial statements of the Company for the year ended December 31, 2022.

The unaudited condensed interim consolidated financial statements were approved by the Company’s board of directors on August 25, 2023.

**Initial and early application of new accounting standards and interpretations in the reporting standards**

*Amendments to IAS 8, Accounting Policies, Change in Accounting Estimates and Errors*

On February 11, 2021, the IASB issued amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how to distinguish changes in accounting policies, which must be applied retrospectively, from changes in accounting estimate, which are accounted for prospectively. The amendments clarify the definition of accounting estimates as "monetary amounts in the financial statements that are subject to measurement uncertainty". The amendments clarify that a change in accounting estimate is a change in input or a change in a measurement technique used to develop an accounting estimate if they do not result in the correction of a prior period error. The adoption of the amendments as of January 1, 2023, did not have an impact on the Company’s financial statements.

**NOTE 3 – SHAREHOLDERS’ EQUITY:**

**A. Share capital**

The Authorized and Issued and outstanding share capital, are as follows:

	<u>Authorized as of</u>		<u>Issued and outstanding as of</u>	
	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Consolidated Common Shares without a nominal par value	Unlimited	Unlimited	42,855,159	42,855,159

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**(U.S. Dollars in thousands)**

**NOTE 3 – SHAREHOLDERS' EQUITY (CONT.):**

**B. Incentive Share Option Plan (cont.)**

- (1) At the Annual and Special meeting of shareholders held on June 28, 2023, the shareholders approved the equity incentive plan of the Company, pursuant to which all directors, officers, employees, management company employees, and consultants of the Company and/or its affiliates are eligible to receive awards under the equity incentive plan, subject to the terms of the equity incentive plan. Awards include Common Share purchase options, restricted share awards, and restricted share units. The number of Common Shares reserved for issuance to participants under the equity incentive plan and all other share compensation arrangements of the Company (including the Common Shares reserved for issuance pursuant to the former option plan of the Company) is set at a fixed limit of up to an aggregate of 7,713,928 Common Shares, such number being equal to approximately 18% of the issued and outstanding of 42,855,159 Common Shares, as of the Annual and Special meeting of shareholders held on June 28, 2023.
- (2) On May 8, 2023, following the board's approval, the Company granted incentive awards under the Company's equity incentive plan to certain officers, employees, and directors of the Company, as follows: (i) 1,578,020 options, which each option is exercisable for one Common Share at a price of CAD \$0.28 per Common Share. 827,120 of the options were fully vested as of the grant date and will be expired on May 8, 2032. 750,900 of the options will be vested over a two-year period in various increments, with an expiration period of ten years following the vesting commencement date. The fair value of each option as of the grant date, was CAD \$0.24, determined using the Black-Scholes option pricing model at total stock-based compensation costs of \$284. Each option will vest for one common share of the Company on the date that is up to 24 months following the date of the grant. (ii) 1,275,000 RSUs, which are values based on the Company's share value of CAD \$0.32 as of the date of grant, at total stock-based compensation costs of \$302. Each RSUs will vest for one common share of the Company on the date that is 12 months following the date of the grant.
- (3) On June 28, 2023, the Company held its annual and special meeting of shareholders, pursuant to which the shareholders approved an amendment to the exercise price of 3,706,595 previously issued Common Share purchase options from an exercise price of CAD \$0.80 per Common Share to CAD \$0.33 per Common Share. The fair value of the amended options as of the shareholders' approval date is determined at CAD \$0.18, using the Black-Scholes option pricing model, at total benefit value costs of \$51, in accordance with the vesting schedule period of each of the amended options.

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**(U.S. Dollars in thousands)**

**NOTE 3 – SHAREHOLDERS’ EQUITY (CONT.):**

**B. Incentive Share Option Plan (cont.)**

The following table reconciles the movement in stock options and restricted share units outstanding at the beginning and end of the period:

	<b>2023</b>		<b>2022</b>	
	<b>Number of Options <sup>(1)</sup></b>	<b>Weighted-average exercise price</b>	<b>Number of Options <sup>(1)</sup></b>	<b>Weighted-average exercise price</b>
<b>Outstanding as of January 1</b>	<b>4,058,495</b>	<b>CAD \$0.80</b>	<b>3,834,695</b>	<b>CAD \$0.80</b>
Granted Options	1,578,020	CAD \$0.28	374,000	CAD \$0.80
Granted RSUs	1,275,000	-	-	-
Expired Options	(93,500)	CAD \$0.80	(12,500)	CAD \$0.80
Forfeited Options	(64,600)	CAD \$0.80	(44,200)	CAD \$0.80
<b>Outstanding as of June 30</b>	<b>6,753,415</b>	<b>CAD \$0.53</b>	<b>4,151,995</b>	<b>CAD \$0.80</b>
<b>Exercisable as of June 30</b>	<b>4,023,940</b>	<b>CAD \$0.67</b>	<b>1,710,370</b>	<b>CAD \$0.80</b>

(1) The share split has been retroactively presented in all periods. (Note 1(A)).

**C. Common Share purchase warrants**

On July 7, 2023, the Company announced a proposed amendment to the exercise price of an aggregate of 15,223,806 previously issued Common Share purchase warrants.

The warrants currently have an exercise price of CAD\$1.20 per Common Share and expire on June 15, 2024. The warrants will be amended to adjust their exercise price to CAD\$0.38 per Common Share (the “Amended Warrant Exercise Price”).

The proposed amendment to the warrants is subject to Exchange approval (the “Required Warrant Amendment Approvals”).

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**(U.S. Dollars in thousands)**

**NOTE 3 – SHAREHOLDERS’ EQUITY (CONT.):**

**C. Common Share purchase warrants (cont.)**

The following table reconciles the movement in Common Share purchase warrants (the “Warrants”) outstanding at the beginning and end of the period:

	<b>2023</b>		<b>2022</b>	
	<b>Number of Warrants</b>	<b>Weighted-average exercise price</b>	<b>Number of Warrants <sup>(1)</sup></b>	<b>Weighted-average exercise price</b>
<b>Outstanding as of January 1</b>	<b>15,223,806</b>	<b>CAD \$1.20</b>	<b>11,851,172</b>	<b>CAD \$0.80</b>
Issued warrants	-	-	7,299,634	CAD \$1.20
Exercised warrants	-	-	(3,927,000)	CAD \$0.005
Expired warrants	(1,408,076)	CAD \$1.20	-	-
<b>Outstanding and exercisable as of June 30</b>	<b>13,815,730</b>	<b>CAD \$1.20 <sup>(2)</sup></b>	<b>15,223,806</b>	<b>CAD \$1.20</b>

(1) After giving effect to the Share split.

(2) The implementation of the Amended Warrant Exercise Price is to the Required Warrant Amendment Approvals.

**NOTE 4 – RELATED PARTIES:**

**Related Party – Technion Research & Development Foundation Ltd. ("TRDF")**

The Company has transactions and balances with TRDF, a key vendor and main shareholder, that holds 3,927,000 Common Shares, which represent 6% on a fully diluted basis, as of June 30, 2023.

The transactions and balances of the Company to TRDF are as follows:

<u>Assets related to related party transactions</u>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Other receivables	\$ 67	\$ 65
	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<u>Liabilities related to related party transactions</u>		
Other account payables	\$ 21	\$ -

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**(U.S. Dollars in thousands)**

**NOTE 4 – RELATED PARTIES (CONT.):**

**Related Party – Technion Research & Development Foundation Ltd. ("TRDF") (cont.)**

<u>Expenses</u>	<b>Six months period ended June 30,</b>	<b>Six months period ended June 30,</b>
	<b>2023</b>	<b>2022</b>
Transactions	\$ 188	\$ 162

**NOTE 5 - SUBSEQUENT EVENTS:**

- (1) On July 3, 2023, NurExone Ltd signed a lab services agreement with TRDF from July to September 2023, for a total consideration of \$20.
- (2) On August 25, 2023, the Company completed the first tranche of a non-brokered private placement (the "Private Placement") of 4,644,548 units of the Company (each a "Unit") at a price of CAD\$0.275 per Unit for aggregate proceeds of CAD\$1,277 (the "First Tranche").

Each Unit consists of (i) one common share in the capital of the Company (each, a "Common Share"); (ii) one-half of one class A Common Share purchase warrant (each whole class A Common Share purchase warrant, a "Class A Warrant"); and (iii) one-half of one class B Common Share purchase warrant (each whole class B Common Share warrant, a "Class B Warrant" and collectively each whole Class A Warrant and each whole Class B Warrant, a "Warrant"). Each Class A Warrant entitles the holder thereof to purchase one Common Share at a price of CAD\$0.34 per Common Share for a period of 24 months from the closing of the First Tranche and each whole Class B Warrant entitles the holder thereof to purchase one Common Share at a price of CAD\$0.48 per Common Share for a period of 36 months from the closing of the First Tranche.

The Warrants are subject to accelerated expiration whereby if the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange for any period of 20 consecutive trading days equals or exceeds CAD\$0.69 in respect of the Class A Warrants or CAD\$0.83 in respect of the Class B Warrants, the Company may, upon providing written notice to the holders of the Class A Warrants or Class B Warrants, as applicable (the "Acceleration Notice"), accelerate the expiry date of the respective Class A Warrants or Class B Warrants to the date that is 30 days following the date of the Acceleration Notice. If the Warrants are not exercised by the applicable accelerated expiry dates, the Warrants will expire and be of no further force or effect.