

**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.

November 26, 2024.

**NUREXONE BIOLOGIC INC.**  
**CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2024**

**UNAUDITED**

**NUREXONE BIOLOGIC INC.**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Unaudited condensed interim consolidated statements of financial position	2-3
Unaudited condensed interim consolidated statements of comprehensive loss	4
Unaudited condensed interim consolidated statements of changes in shareholders' equity	5-6
Unaudited condensed interim consolidated statements of cash flows	7-8
Notes to the unaudited condensed interim consolidated financial statements	9-21

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS**  
**OF FINANCIAL POSITION**  
U.S. dollars in thousands (except share and per share data)

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<b>Unaudited</b>	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,523	\$ 541
Restricted cash associated with private placement	-	1,197
Restricted deposit	41	32
Other receivables	259	212
<b><u>Total current assets</u></b>	<b>2,823</b>	<b>1,982</b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment, net	736	158
Right-of-use assets	55	30
<b><u>Total non-current assets</u></b>	<b>791</b>	<b>188</b>
<b><u>Total assets</u></b>	<b>\$ 3,614</b>	<b>\$ 2,170</b>

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 (except share and per share data)

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<b>Unaudited</b>	
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Other payables	\$ 263	\$ 317
Financial liability associated with private placement	-	1,197
Employees and payroll accruals	172	299
Advance income from governmental grants (IIA)	-	95
	<b>435</b>	<b>1,908</b>
<b>NON-CURRENT LIABILITIES:</b>		
Royalty payments	71	71
Liability associated with governmental grants (IIA)	149	-
Lease liability	31	2
	<b>251</b>	<b>73</b>
<b>EQUITY:</b>		
Share capital	*	*
Additional paid-in capital and other reserves	17,783	12,162
Warrants reserve	1,520	1,137
Foreign currency translation reserve	(109)	(45)
Share-based payment reserve	1,288	992
Accumulated deficit	(17,554)	(14,057)
	<b>2,928</b>	<b>189</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,614</b>	<b>\$ 2,170</b>

\* Represents an amount lower than \$0.5.

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

<i>"Yoram Drucker"</i>	<i>"Dr. Lior Shaltiel"</i>	November 26, 2024
Yoram Drucker Chairman of the board	Dr. Lior Shaltiel Director and CEO	Date of approval of the Financial statements

**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS**  
**OF COMPREHENSIVE LOSS**  
U.S. dollars in thousands (except share and per share data)

	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
Research and development expenses, net	\$ 1,236	\$ 1,232	\$ 503	\$ 402
General and administrative expenses	2,289	1,709	782	762
<b>Operating loss</b>	<b>3,525</b>	<b>2,941</b>	<b>1,285</b>	<b>1,164</b>
Financial expenses	15	6	2	-
Financial income	(43)	(45)	(37)	(6)
<b>Net loss</b>	<b>3,497</b>	<b>2,902</b>	<b>1,250</b>	<b>1,158</b>
<u>Other comprehensive (income) loss:</u>				
<u>Items that may be reclassified to profit or loss:</u>				
Exchange loss arising on translation of foreign operations	29	91	4	29
<u>Items that will not be reclassified to profit or loss:</u>				
Loss (gain) from foreign currency translation adjustments	35	(104)	(36)	(53)
<b>Total comprehensive loss</b>	<b>\$ 3,561</b>	<b>\$ 2,889</b>	<b>\$ 1,218</b>	<b>\$ 1,134</b>
Net loss per share:				
Basic and diluted loss per share	\$ 0.055	\$ 0.066	\$ 0.020	\$ 0.026
Weighted average number of common shares - basic and diluted				
	63,528,644	43,533,560	63,528,644	43,533,560

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 (except share and per share data)**

	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, 2024</b>	<b><u>48,249,707</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,162</u></b>	<b><u>\$ 992</u></b>	<b><u>\$ 1,137</u></b>	<b><u>\$ (45)</u></b>	<b><u>\$ (14,057)</u></b>	<b><u>\$ 189</u></b>
<u>Changes during the period:</u>								
Net loss	-	-	-	-	-	-	(3,497)	(3,497)
Other comprehensive loss	-	-	-	-	-	(64)	-	(64)
Total comprehensive loss	-	-	-	-	-	(64)	(3,497)	(3,561)
Expiry of unexercised warrants (Note 4(C))	-	-	192	-	(192)	-	-	-
Expiry of unexercised options (Note 4(B)(3))	-	-	16	(16)	-	-	-	-
Share-based compensation	-	-	-	626	-	-	-	626
<u>Issuance of common shares from</u>								
Release of restricted share units (Note 4(B)(4))	1,275,000	-	302	(302)	-	-	-	-
Exercise of options, net cashless (Note 4(B)(3))	83,070	-	17	(8)	-	-	-	9
Exercise of options (Note 4(B)(3))	17,000	-	8	(4)	-	-	-	4
Exercise of warrants (Note 4(A)(2))	10,872,692	-	3,756	-	(722)	-	-	3,034
Private Placements, net (Note 4(A)(2)) **	<u>10,019,534</u>	-	<u>1,330</u>	-	<u>1,297</u>	-	-	<u>2,627</u>
<b>Balance as of September 30, 2024 (unaudited)</b>	<b><u>70,517,003</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 17,783</u></b>	<b><u>\$ 1,288</u></b>	<b><u>\$ 1,520</u></b>	<b><u>\$ (109)</u></b>	<b><u>\$ (17,554)</u></b>	<b><u>\$ 2,928</u></b>

\* Represents an amount lower than \$0.5.

\*\* Includes issuance expenses of \$54.

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 (except share and per share data)**

	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, 2023</b>	<u>42,855,159</u>	<u>\$ -</u>	<u>\$ 11,250</u>	<u>\$ 407</u>	<u>\$ 930</u>	<u>\$ (73)</u>	<u>\$ (10,418)</u>	<u>\$ 2,096</u>
<u>Changes during the period:</u>								
Net loss	-	-	-	-	-	-	(2,902)	(2,902)
Other comprehensive loss	-	-	-	-	-	13	-	13
Total comprehensive loss	-	-	-	-	-	13	(2,902)	(2,889)
Expiry of unexercised warrants	-	-	107	-	(107)	-	-	-
Amendment of warrants	-	-	11	-	(11)	-	-	-
Expiry of unexercised options	-	-	51	(51)	-	-	-	-
Share-based compensation	-	-	-	452	-	-	-	452
Issuance of common shares from Private Placement, net **	<u>5,394,548</u>	-	<u>737</u>	-	<u>325</u>	-	-	<u>1,062</u>
<b>Balance as of September 30, 2023 (unaudited)</b>	<u>48,249,707</u>	<u>\$ -</u>	<u>\$ 12,156</u>	<u>\$ 808</u>	<u>\$ 1,137</u>	<u>\$ (60)</u>	<u>\$ (13,320)</u>	<u>\$ 721</u>

\* Represents an amount lower than \$0.5.

\*\* Includes issuance expenses of \$25.

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 (except share and per share data)**

	<b>Nine months ended</b>	
	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>Unaudited</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (3,497)	\$ (2,902)
<u>Adjustments to reconcile net loss to net cash (used in) provided by operating activities:</u>		
Depreciation and amortization	46	30
Share-based compensation	626	452
Revaluation of royalty payments	34	9
<u>Changes in operating assets and liabilities:</u>		
Decrease in employees and payroll accruals	(130)	(54)
Decrease (increase) in other receivables	(89)	68
Increase (decrease) in other payables	(143)	89
<b>Net cash used in operating activities</b>	<b>(3,153)</b>	<b>(2,308)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Restricted deposit	(10)	-
Purchase of property, plant and equipment, net	(603)	(53)
<b>Net cash used in investing activities</b>	<b>(613)</b>	<b>(53)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of private placements	1,330	737
Proceeds from exercise of warrants	3,034	-
Proceeds from exercise of options	13	-
Proceeds to warrants reserve	1,297	325
Receipt of grants from the IIA	50	-
Payment of lease liabilities	(23)	(20)
<b>Net cash provided by financing activities</b>	<b>5,701</b>	<b>1,042</b>

**NUREXONE BIOLOGIC INC.**  
**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**U.S. dollars in thousands (except share and per share data)**

	<b>Nine months ended</b>	
	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>Unaudited</b>	
Exchange differences on balances of cash and cash equivalents	47	(1)
Net (decrease) increase in cash and cash equivalents	1,982	(1,320)
Cash and cash equivalents at beginning of period	541	2,463
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,523</b>	<b>\$ 1,143</b>

**SIGNIFICANT NON-CASH ACTIVITIES:**

Issuance expenses	\$ 54	\$ 25
Right-of-use asset and lease liability	\$ 52	\$ -
Exercise of options, net cashless	\$ 25	\$ -

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 (except share and per share data)**

**NOTE 1 - GENERAL:**

**A. Nature and continuance of operations**

NurExone Biologic Inc. (formerly EnerSpar Corp. or “**EnerSpar**”) (the “**Company**” or “**NurExone**”) is a publicly-traded company with a registered office located at 1 Adelaide St. East, Suite 801, Toronto, Ontario, M5C 2V9, Canada. The Company 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.

The Company was incorporated in Alberta in 2011 and is traded on the Toronto Stock Exchange Venture Exchange (the “**Exchange**” or “**TSXV**”) 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 April 25, 2024, the Company's common stock was quoted on the Pink Sheets platform operated by OTC Markets Group Inc. (“**OTC**”) and received Depository Trust Company (“**DTC**”) eligibility under the symbol “**NRXBF**”. On May 6, 2024, the Company's common stock was approved for uplisting from the OTC Pink Sheets to the OTCQB Venture Market (“**OTCQB**”), retaining the symbol “**NRXBF**”.

**B. Going Concern**

The Company is in the research and development stage. The Company has incurred net losses since its inception, including net loss of \$3,497 and \$2,902 for the nine months ended September 30, 2024, and 2023, respectively.

As of September 30, 2024, the Company had an accumulated deficit of \$17,554, compared to \$14,057 as of December 31, 2023.

Management believes the Company may not have sufficient funds to cover planned operations through 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.

**C. War in Israel**

Starting from October 7, 2023 Israel is in the War of Iron Swords (“**the War**”). This situation has resulted in a notable increase in military activity along the southern and northern borders of the country. As of the date of this report, the events of the War have disrupted business and economic activity in Israel. The continuation of the War for an extended period may have consequences for many industries. The Company has maintained its operations in Israel and completed its labs and offices, which are now fully operational in Haifa, located in the northern region that is also affected by missiles and rockets. Further, many Israeli citizens are obligated to perform several days, and in some cases, more, of annual military reserve duty each year until they reach the age of 40 (or older for certain reservists) and, in the event of a military conflict, may be called to active duty. As of today, these events have had no material impact on the Company's operations.

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**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 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 International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2023.

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, 2023.

The unaudited condensed interim consolidated financial statements were approved by the Company’s board of directors on November 26, 2024.

**New standards, interpretations and amendments not yet effective**

In April 2024, the IASB issued IFRS 18 “Presentation and Disclosure in Financial Statements” replacing IAS 1 to improve the usefulness of information presented and disclosed in financial statements. IFRS 18 introduces three sets of new requirements. The standard defines categories for income and expenses, such as operating, investing and financing, and requires entities to provide new defined subtotals, including operating profit. IFRS 18 also requires entities that define entity-specific measures that are related to the income statement to disclose explanations of those measures. In addition, it sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes and requires entities to provide more transparency about operating expenses. These new requirements are to improve entities’ reporting of financial performance and give investors a better basis for analyzing and comparing entities. The standard carries forward many requirements from IAS 1 unchanged. The standard is effective for annual periods beginning on or after January 1, 2027 with early adoption applicable whereby the Company has decided not to adopt early. The Company is currently evaluating the potential impact that the adoption of the standard will have on its consolidated financial statements.

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 3 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD:**

- (1) On January 4, 2024, the Company closed a non-brokered private placement (the “**January 2024 Private Placement**”). An aggregate of 7,091,993 units of the Company (each a “**January 2024 Private Placement Unit**”) were issued and sold under the Private Placement at a price of CAD\$0.28 per January 2024 Unit for aggregate proceeds of \$1,487 (CAD\$1,986), with \$17 deducted for issuance costs.

Each January 2024 Private Placement Unit consisted of (i) one common share in the capital of the Company (each, a “**Common Share**”), and (ii) one Common Share purchase warrant (each, a “**January 2024 Private Placement Warrant**”).

Each January 2024 Private Placement Warrant entitles the holder thereof to purchase one Common Share at a price of CAD\$0.35 per Common Share for a period of 36 months from the closing of the Private Placement. The January 2024 Private Placement Warrants are subject to accelerated expiration whereby 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 CAD\$0.80, the Company may, upon providing written notice to the holders of the Warrants (the “**January 2024 Private Placement Acceleration Notice**”), accelerate the expiry date of the January 2024 Private Placement Warrants to a date not less than 30 days following the date of the January 2024 Private Placement Acceleration Notice. If the January 2024 Private Placement Warrants are not exercised by the applicable accelerated expiry date, the Warrants will expire and be of no further force or effect. All securities issued under the January 2024 Private Placement are subject to a statutory hold period of four months and one day from the closing of the January 2024 Private Placement.

The January 2024 Private Placement Warrants meet the fixed-to-fixed criteria under IAS 32, and as a result, they are classified as warrants equity. The January 2024 Private Placement Warrants were measured at \$921 using the Black-Scholes model with the following key assumptions: risk-free interest rate of 3.83%, expected volatility of 94.29%, expected life in years of 3.0, and expected dividend yield of 0%.

In July 2024, the Company issued 309,063 Common Shares as a result of the exercise of outstanding warrants resulting from the January 2024 Private Placement. These warrants were exercised at a price of CAD\$0.35 per share, resulting in total proceeds of CAD\$108. (Note 4(C)).

- (2) On January 7, 2024, NurExone Ltd. entered into a construction agreement with Biopharmax Group Ltd (“**Biopharmax**”) for building a laboratory and offices on premises located at the Technion City, Haifa, Israel (the “**Project**”), following entering into a laboratories and offices lease agreement with the Israel Institute of Technology. NurExone Ltd shall pay Biopharmax a total amount of \$328 (NIS 1,200 plus VAT) (the “**Budget**”), which shall include all Biopharmax’s expenses including salaries, wages and social benefits, tools, the supply of materials or equipment, storage, or any other expenses incurred in conducting the project, all as detailed in the project scope. Payments will be made in accordance with the payment schedule outlined in the construction agreement upon the completion of each phase of the project. The project commenced on March 1, 2024, and was completed on September 30, 2024.
- (3) On January 16, 2024, NurExone Ltd. amended the lab services agreement with Technion Research and Development Foundation Ltd. (“**TRDF**”) to extend the agreement from January 1, 2024, to March 31, 2024, for a total payment of \$20 plus VAT. Subsequently, on May 29, 2024, the agreement was further amended to cover the period from April 1, 2024, to June 30, 2024, for an additional payment of \$20 plus VAT.

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 3 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.):**

- (4) On January 15, 2024, the Company entered into an Advertising Agreement with BullVestor Medien GmbH (“**BullVestor**”) and its general manager Helmut Pollinger, both of whom are arm's-length parties to the Company. The agreement is for the provision of digital marketing services from January 15, 2024, to May 15, 2024. These services included content creation, strategic planning, digital advertisement placement, and oversight of digital campaigns targeting German-speaking countries. The Company agreed to pay them a total of CAD\$300.

On June 11, 2024, the Company entered into an amending agreement with BullVestor (the “**Amending Agreement**”), to extend the Advertising Agreement from June 15, 2024, until May 15, 2025, at a monthly rate of CAD\$59.

- (5) On March 1, 2024, NurExone Ltd entered into a laboratories and offices lease agreement (“**Lease Agreement**”) with the Technion – Israel Institute of Technology (the “**Technion**”). TRDF, a subsidiary of Technion, serves as a unique gateway to access the cutting-edge scientific and technological knowledge and capabilities of Technion. Pursuant to the Lease Agreement, the lease period extends for a term of 4 years and 10 months, until December 31, 2028, with an option to extend the term period by an additional period of 5 years. The consideration for the lease agreement includes the following: (i) monthly payment of \$0.1 (NIS 0.3 plus VAT) for the initial 42-month period. (ii) \$3 (NIS 9 plus VAT, linked to the monthly Israeli Consumer Price Index), starting from the 43rd month and continuing until the end of the lease period.

Furthermore, the Company has committed to the Technion an initial deposit payment of \$14 (NIS 50), which will be refunded upon the successful completion of the lease period.

The lease liability was measured at the present value of the remaining lease payments, not including the option period possible extension, discounted using the Company’s incremental borrowing rate. The weighted-average rate applied was 7.5%. Right-of-use assets were measured at an amount equal to the lease liability which amounted to \$31, as of September 30, 2024.

- (6) The Company issued 10,872,692 Common Shares during the nine months ended September 30, 2024, generating total gross proceeds of \$3,034 (CAD\$4,100) through the exercise of warrants at various exercise prices, as detailed below:

- (i) In March 2024, the Company completed the acceleration of 12,682,340 warrants initially issued in a private placement on June 15, 2022. Following this event, 9,684,993 warrants were exercised at a cash price of CAD\$0.38 per share, generating gross proceeds of \$2,714 (CAD\$3,680), while 2,997,347 warrants expired unexercised.

- (ii) On September 6, 2023, the Company issued 5,394,548 units. Each unit included (i) one Common Share; (ii) one-half of one class A Common Share purchase warrant (“**Class A Warrant**”); and (iii) one-half of one class B Common Share purchase warrant (“**Class B Warrant**”). In March 2024, 556,818 Class A Warrants were exercised at a cash price of CAD\$0.34 per share, yielding gross proceeds of \$140 (CAD\$190). Additionally, 181,818 Class B Warrants were exercised at a cash exercise price of CAD\$0.48 per share, yielding gross proceeds of \$65 (CAD\$87).

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 3 – SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.):**

- (iii) In July 2024 and September 2024, the Company issued 409,063 Common Shares upon the exercise of warrants at a cash price of CAD\$0.35 per share. These warrants were initially issued on January 2024 by Private Placement, generating gross proceeds of \$115 (CAD\$143).
- (7) On September 26, 2024, the Company completed the first tranche of a non-brokered private placement (the “**September 2024 Private Placement**”) of 2,927,541 units consisting of (i) one Common Share and (ii) one warrant to purchase a Common Share (the “**September 2024 Private Placement Warrant**”), where each September 2024 Private Placement Warrants entitles the holder thereof to purchase one Common Share at a price of CAD\$0.70 per Common Share for a period of 36 months, subject to acceleration (each a “**September 2024 Private Placement Unit**”) at a price of CAD\$0.55 per September 2024 Private Placement Unit, resulting in aggregate gross proceeds of \$1,194 (CAD\$1,610) (the “**First Tranche**”), with \$37 deducted for issuance costs.

Subsequently, on November 1, 2024, the Company closed the final tranche of the September 2024 Private Placement, issuing 231,818 September 2024 Private Placement, for aggregate gross proceeds of \$91 (CAD\$127) (the “**Second Tranche**”).

The First Tranche and Second Tranche collectively raised total gross proceeds of \$1,285 (CAD\$1,738) through the issuance of 3,159,359 September 2024 Private Placement Units.

As disclosed above, each September 2024 Private Placement Warrant entitles the holder thereof to purchase one Common Share at a price of CAD\$0.70 per Common Share for a period of 36 months, subject to acceleration. If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 10 consecutive trading days equals or exceeds CAD\$1.05, the Company may, upon providing written notice to the holders of the September 2024 Private Placement Warrants (the “**September 2024 Private Placement Acceleration Notice**”), accelerate the expiry date of the September 2024 Private Placement Warrants to a date not less than 30 days following the date of the September 2024 Private Placement Acceleration Notice. If the September 2024 Private Placement Warrants are not exercised by the applicable accelerated expiry date, the September 2024 Private Placement Warrants will expire and be of no further force or effect. All securities issued under the September 2024 Private Placement are subject to a statutory hold period of four months and one day from the closing of the September 2024 Private Placement.

The September 2024 Private Placement Warrants meet the fixed-to-fixed criteria under IAS 32, and as a result, they are classified as warrants equity.

The September 2024 Private Placement Warrants of the First Tranche of the September 2024 Private Placement were measured at a fair value of \$507 using the Black-Scholes model with the following key assumptions: risk-free interest rate of 2.88%, expected volatility of 92.23%, an expected life in years of 3.0, and an expected dividend yield of 0%.

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 4 – SHAREHOLDERS’ EQUITY:**

**A. Share capital**

(1) Authorized and issued and outstanding share capital:

	Authorized as of		Issued and outstanding as of	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Consolidated Common Shares without a nominal par value	Unlimited	Unlimited	70,517,003	48,249,707

(2) Changes in the number of issued Common Shares during the period:

	Number of Common Shares
<b>Outstanding as of December 31, 2023</b>	<b>48,249,707</b>
Issued Common Shares from the issuance of private placement <sup>(1)</sup>	7,091,993
Issued Common Shares from the exercise of warrants <sup>(2)</sup>	10,423,629
Issued Common Shares from the exercise of options <sup>(3)</sup>	49,493
<b>Issued and outstanding as of March 31, 2024</b>	<b>65,814,822</b>
Issued Common Shares from the exercise of options <sup>(4)</sup>	32,606
Issued Common Shares from the release of restricted share units <sup>(5)</sup>	1,275,000
Issued Common Shares from the exercise of warrants <sup>(6)</sup>	40,000
<b>Issued and outstanding as of June 30, 2024</b>	<b>67,162,428</b>
Issued Common Shares from the issuance of private placement <sup>(7)</sup>	2,927,541
Issued Common Shares from the exercise of warrants <sup>(8)</sup>	409,063
Issued Common Shares from the exercise of options <sup>(9)</sup>	17,971
<b>Issued and outstanding as of September 30, 2024</b>	<b>70,517,003</b>



**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 4 – SHAREHOLDERS’ EQUITY (CONT.):**

**A. Share capital (cont.)**

- (1) On January 4, 2024, the Company closed a non-brokered private placement, issuing 7,091,993 Units at CAD\$0.28 per Unit, generating proceeds of \$1,487 (CAD\$1,986). Each Unit was comprised of one Common Share and one Warrant, enabling the holder to purchase one Common Share at CAD\$0.35 each for 36 months from the placement's close. (Note (3)(1)).
- (2) On March 22, 2024, the Company accelerated 12,682,340 Warrants from a 2022 private placement, with 9,684,993 exercised at CAD\$0.38 resulting in total gross proceeds of \$2,714 (CAD\$3,680). Additionally, from a 2023 private placement, 556,818 Class A Warrants were exercised at CAD\$0.34, and 181,818 Class B Warrants were exercised at CAD\$0.48, resulting in total gross proceeds of \$205 (CAD\$277). (Note (3)(6)(i)).
- (3) On March 18, 2024, the Company issued 49,493 Common Shares upon the exercise of stock options at a price of CAD \$0.33. (Note (4)(B)(1)).
- (4) On April 16, 2024, and June 13, 2024, the Company issued 15,606 and 17,000 Common Shares, respectively, upon the exercise of stock options at an exercise price of CAD \$0.33 per Common Share. (Note (4)(B)(3)).
- (5) On May 17, 2024, the Company issued 1,275,000 Common Shares upon the release of restricted share units. (Note (4)(B)(4)).
- (6) On June 20, 2024, the Company issued 40,000 Common Share purchase warrants, exercised at a price of CAD \$0.35. (Note (4)(C)).
- (7) On September 26, 2024, the Company completed the first tranche of a non-brokered private placement, issuing 2,927,541 Units at CAD\$0.55 per Unit, generating proceeds of \$1,196 (CAD\$1,610). Each Unit was comprised of one Common Share and one Warrant, enabling the holder to purchase one Common Share at CAD\$0.70 each for 36 months from the placement's close. (Note (3)(7)).
- (8) In July and September, 2024, the Company issued a total of 409,063 Common Shares pursuant to exercise of share purchase warrants, all at a price of CAD \$0.35. (Note (4)(C)).
- (9) On July 11, 2024, the Company issued 17,971 Common Shares upon the exercise of stock options at a price of CAD \$0.33. (Note (4)(B)(3)).

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 4 – SHAREHOLDERS’ EQUITY (CONT.):**

**B. Share Incentive Plan**

- (1) On June 3, 2024, at the annual and special general meeting of shareholders, the shareholders approved an amendment to the Company’s omnibus equity incentive plan (the “**Equity Incentive Plan**”) to increase the number of Common Shares reserved for issuance to participants to 13,166,085, which represented 20% of the issued and outstanding of 65,830,428 Common Shares as of the record date.

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 (“**Options**”), restricted share awards, and restricted share units (“**RSUs**”).

- (2) On June 3, 2024, the Company granted incentive awards under the Company's Equity Incentive Plan to certain officers, employees, and directors of the Company, as follows:
- (i) an aggregate of 1,815,900 Options, with each Option exercisable to purchase one Common Share at a price of \$0.51 per Common Share for a period of ten years; 580,000 Options vest in equal quarterly installments over a one-year period and the remaining 1,235,900 Options vest over a two-year period with 50% vesting on the one-year anniversary and the remaining 50% vesting in equal quarterly installments over the second year. The fair value of each option as of the grant date, was CAD\$0.37, determined using the Black-Scholes option pricing model at total stock-based compensation costs of \$497 (CAD\$677).
  - (ii) and an aggregate of 2,000,000 RSUs, determined based on the Company's share value of CAD\$0.51 as of the date of grant, at total stock-based compensation costs of \$749 (CAD\$1,020). Each RSU granted vests on the one-year anniversary and upon such vesting will be settled into a Common Share.

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 4 – SHAREHOLDERS’ EQUITY (CONT.):**

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

(3) Changes in the number of Options during the period:

	Nine months ended September 30,		Year ended December 31,			
	2024	2023	2023			
	Unaudited	Unaudited				
	Number of Options	Weighted average exercise price (CAD\$)	Number of Options	Weighted average exercise price (CAD\$)	Number of Options	Weighted average exercise price (CAD\$)
<b>Outstanding at the beginning of the period</b>	<b>6,119,524</b>	<b>0.32</b>	<b>4,058,495</b>	<b>0.80</b>	<b>4,058,495</b>	<b>0.80</b>
Granted during the period	1,815,900	0.51	1,578,020	0.28	2,722,129	0.30
Forfeited during the period	(336,000)	0.33	(156,900)	0.80	(276,900)	0.44
Exercised during the period <sup>(1)(2)(3)(4)</sup>	(100,070)	0.33	-	-	-	-
Expired during the period <sup>(1)(2)(4)</sup>	(99,930)	0.31	(287,300)	0.80	(384,200)	0.68
<b>Outstanding at the end of the period</b>	<b>7,399,424</b>	<b>0.36</b>	<b>5,192,315</b>	<b>0.64</b>	<b>6,119,524</b>	<b>0.32</b>
<b>Exercisable at the end of the period</b>	<b>5,190,821</b>	<b>0.32</b>	<b>4,221,727</b>	<b>0.32</b>	<b>4,455,440</b>	<b>0.32</b>

(1) On March 18, 2024, a total of 85,000 Options were exercised on a ‘cashless exercise’ basis, at an exercise price of CAD\$0.33, resulting in the issuance of 49,493 Common Shares, while 35,507 Options expired unexercised.

(2) On April 16, 2024, a total of 34,000 Options were exercised on a ‘cashless exercise’ basis, at an exercise price of CAD\$0.33, resulting in the issuance of 15,606 Common Shares, while 18,394 Options expired unexercised.

(3) On June 13, 2024, a total of 17,000 Options were exercised at an exercise price of CAD\$0.33, triggered by a termination event.

(4) On July 11, 2024, a total of 34,000 Options were exercised on a ‘cashless exercise’ basis, at an exercise price of CAD\$0.33, resulting in the issuance of 17,971 Common Shares, while 16,029 Options expired unexercised. Additionally, on July 30, 2024, 30,000 Options expired unexercised.

As of September 30, 2024, there are \$232 of total unrecognized costs related to share-based compensation that are expected to be recognized over a period of up to two years.

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 4 – SHAREHOLDERS’ EQUITY (CONT.):**

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

(4) Outstanding RSUs:

	Nine months ended September 30,		Year ended December 31,			
	2024	2023	2023			
	Unaudited	Unaudited				
	Number of RSUs	Grant date share price (CAD\$)	Number of RSUs	Grant date share price (CAD\$)	Number of RSUs	Grant date share price (CAD\$)
<b>Unvested at the beginning of the period</b>	<b>1,275,000</b>	<b>0.28</b>	-	-	-	-
Granted during the period <sup>(1)</sup>	2,000,000	0.51	1,275,000	0.28	1,275,000	0.28
Vested during the period <sup>(2)</sup>	(1,275,000)	0.28	-	-	-	-
<b>Unvested at the end of the period</b>	<b>2,000,000</b>	<b>0.51</b>	<b>1,275,000</b>	<b>0.28</b>	<b>1,275,000</b>	<b>0.28</b>

(1) Note 4(B)(2)(ii).

(2) Issuance of 1,275,000 Common Shares upon the release of RSUs on May 8, 2024, following the one-year vesting anniversary, to certain officers and directors.

(5) Share Incentive Plan balance:

As of September 30, 2024, the Company had 2,391,591 Common Shares available for issuance under its Equity Incentive Plan, which is set with a fixed limit of up to an aggregate of 13,166,085 Common Shares (Note 4(B)(1)).

(6) Share incentive plan expenses:

The total compensation cost related to all of the Company's equity-based awards, recognized during the presented periods was comprised as follows:

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2024	2023	2024	2023	2023
	Unaudited		Unaudited		
Research and development expenses, net	\$ 100	\$ 97	\$ 55	\$ 19	\$ 122
General and administrative expenses	527	355	248	84	517
<b>Total share-based compensation</b>	<b>\$ 627</b>	<b>\$ 452</b>	<b>\$ 303</b>	<b>\$ 103</b>	<b>\$ 639</b>

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 4 – SHAREHOLDERS’ EQUITY (CONT.):**

**C. Common Share purchase warrants**

Changes in the number of Warrants during the period:

	Nine months ended September 30,		Year ended December 31,			
	2024	2023	2023			
	Unaudited	Unaudited				
	Number of Warrants	Weighted average exercise price (CAD\$)	Number of Warrants	Weighted average exercise price (CAD\$)	Number of Warrants	Weighted average exercise price (CAD\$)
<b>Outstanding at the beginning of the period</b>	<b>18,076,888</b>	<b>0.39</b>	<b>15,223,806</b>	<b>1.20</b>	<b>15,223,806</b>	<b>1.20</b>
Issued during the period	-	-	2,697,274	0.34	2,697,274	0.34
Issued during the period <sup>(1)</sup>	7,091,993	0.35	-	-	-	-
Issued during the period	-	-	2,697,274	0.48	2,697,274	0.48
Issued during the period <sup>(2)</sup>	2,927,541	0.70	-	-	-	-
Exercised during the period <sup>(3)</sup>	(556,818)	0.34	-	-	-	-
Exercised during the period <sup>(4)</sup>	(449,063)	0.35	-	-	-	-
Exercised during the period <sup>(3)</sup>	(9,684,993)	0.38	-	-	-	-
Exercised during the period <sup>(3)</sup>	(181,818)	0.48	-	-	-	-
Expired during the period <sup>(5)</sup>	(2,997,347)	0.38	(2,541,466)	1.20	(2,541,466)	1.20
<b>Outstanding at the end of the period</b>	<b>14,226,383</b>	<b>0.44</b>	<b>18,076,888</b>	<b>0.39</b>	<b>18,076,888</b>	<b>0.39</b>

(1) Resulting from a non-brokered private placement that closed on January 4, 2024. (Note 4(A)(1)).

(2) Resulting from a non-brokered private placement that closed on September 26, 2024. (Note 3(7)).

(3) Resulting from an exercise of warrants on March 22, 2024. (Note 4(A)(2)).

(4) Resulting from an exercise of warrants in June, July, and September 2024. (Note 4(A)(6) and Note 4(A)(8)).

(5) Resulting from an expired unexercised warrant on March 22, 2024. (Note 3(6)(i)).

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 5 – RELATED PARTIES:**

The Company engages in transactions and maintains financial balances with Technion and TRDF, a subsidiary of Technion and a pivotal vendor and primary shareholder.

As of September 30, 2024, TRDF holds 3,927,000 Common Shares, constituting 4.63% on a fully diluted basis considering both Common Shares and Warrants.

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

<u>Assets related to related party transactions</u>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<u>Unaudited</u>	
Restricted deposit for lease agreement (Note 3(6))	\$ 14	\$ -

<u>Liabilities related to related party transactions</u>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<u>Unaudited</u>	
Other account payables	\$ 23	\$ 52

<u>Expenses</u>	<b>Nine months ended September 30,</b>		<b>Three months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Transactions	\$ 101	\$ 195	\$ 39	\$ 27

**NUREXONE BIOLOGIC INC.**  
**NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**NOTE 6 - SUBSEQUENT EVENTS:**

- (1) On November 19, 2024, the Company issued 50,000 shares of common stock following the exercise of outstanding warrants from January 2024 Private Placement. The warrants were exercised at a price of CAD\$0.35 per share, generating total proceeds of CAD\$17.5.