



**NUREXONE BIOLOGIC INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2024**

**NUREXONE BIOLOGIC INC.**

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## **INDEPENDENT AUDITORS' REPORT**

**To the Shareholders of**

**NUREXONE BIOLOGIC INC.**

### **Opinion**

We have audited the accompanying consolidated financial statements of NurExone Biologic Inc. and its subsidiaries (the “**Company**”), which comprise the consolidated statements of financial position as of December 31, 2024, and 2023, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and its financial performance, and its cash flows for the years then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (the “**IASB**”) and Interpretations (collectively the “**IFRS Accounting Standards**”).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1e in the consolidated financial statements, which indicate that the Company is in a development stage, has incurred a net loss of US\$5 million during the year ended December 31, 2024, and has not generated any revenues and expects to continue to fund its operations through raising adequate funds in the foreseeable future. As stated in Note 1e, these events or conditions, along with other matters as set forth in Note 1e, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were the most significant in our audit of the consolidated financial statements of the current period. In addition to the matter described in the section "Material Uncertainty Related to Going Concern", we consider that there are no key audit matters to be reported in our report.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance. We have nothing to report on this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hila Malka.

Tel-Aviv, Israel  
April 9, 2025

*Ziv Haft*  
Ziv Haft  
Certified Public Accountants (Isr.)  
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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****U.S. dollars in thousands (except share and per share data)**

		December 31,	
	Note	2024	2023
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	4	\$ 700	\$ 541
Restricted cash associated with private placement	5	-	1,197
Restricted deposit		41	32
Other receivables	6	293	212
Prepaid expenses associated with materials		600	-
Total current assets		1,634	1,982
NON-CURRENT ASSETS:			
Property, plant and equipment, net	7	759	158
Right-of-use assets	8	48	30
Total non-current assets		807	188
Total assets		\$ 2,441	\$ 2,170

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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

		December 31,	
	Note	2024	2023
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Other payables	9	\$ 232	\$ 317
Financial liability associated with private placement	5	-	1,197
Employees and payroll accruals		166	299
Advance income from governmental grants (IIA)	2h	-	95
Total current liabilities		398	1,908
NON-CURRENT LIABILITIES:			
Liability associated with royalty payments	10a	78	71
Lease liability	8	31	2
Liability due to governmental grants (IIA)	10c	173	-
Total non-current liabilities		282	73
CONTINGENT LIABILITIES AND COMMITMENTS			
SHAREHOLDERS' EQUITY:			
Share capital	11	*	*
Additional paid-in capital and other reserves	11,12	19,466	** 13,299
Foreign currency translation reserve		(202)	(45)
Share-based payment reserve	13	1,597	992
Accumulated deficit		(19,100)	(14,057)
Total shareholders' equity		1,761	189
Total liabilities and shareholders' equity		\$ 2,441	\$ 2,170

\* Represents an amount lower than \$0.5.

\*\* Reclassified.

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

<i>"Yoram Drucker"</i>	<i>"Dr. Lior Shaltiel"</i>	April 9, 2025
Yoram Drucker	Dr. Lior Shaltiel	Date of approval of the
Chairman of the Board	Director and CEO	Financial Statements

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

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

		<b>Year ended December 31,</b>	
	<b>Note</b>	<b>2024</b>	<b>2023</b>
Operating expenses:			
Research and development expenses, net	15	\$ 1,868	\$ 1,541
General and administrative expenses	16	3,141	2,116
Operating loss		5,009	3,657
Financial expenses	17	81	27
Financial income	18	(47)	(45)
Net loss		5,043	3,639
Other comprehensive (gain) loss:			
Items that will be reclassified subsequently to profit or loss:			
Exchange loss arising on translation of foreign operations		73	9
Items that will not be reclassified subsequently to profit or loss:			
Loss (gain) from foreign currency translation adjustments		84	(37)
Total comprehensive loss		\$ 5,200	\$ 3,611
Net loss per share:			
Basic net loss per share		\$ 0.077	\$ 0.081
Weighted average number of common shares:			
Basic and diluted		65,417,289	44,722,288

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



**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****U.S. dollars in thousands (except share and per share data)**

	<b>Number of shares</b>	<b>Ordinary share capital *</b>	<b>Additional paid-in capital **</b>	<b>Share-based payments reserve</b>	<b>Foreign currency translation reserve</b>	<b>Accumulated deficit</b>	<b>Total equity</b>
Balance as of January 1, 2023	42,855,159	\$ -	\$ 12,180	\$ 407	\$ (73)	\$ (10,418)	\$ 2,906
Net loss	-	-	-	-	-	(3,639)	(3,639)
Other comprehensive loss	-	-	-	-	28	-	28
Total comprehensive loss	-	-	-	-	28	(3,639)	(3,611)
Expiry of Options	-	-	54	(54)	-	-	-
Share-based compensation	-	-	-	639	-	-	639
Issuance of Common Shares in private placement, net of issuance expenses of \$22	5,394,548	-	1,065	-	-	-	1,065
Balance as of December 31, 2023	48,249,707	-	13,299	992	(45)	(14,057)	189
Net loss	-	-	-	-	-	(5,043)	(5,043)
Other comprehensive loss	-	-	-	-	(157)	-	(157)
Total comprehensive loss	-	-	-	-	(157)	(5,043)	(5,200)
Expiry of unexercised Options	-	-	16	(16)	-	-	-
Share-based compensation	-	-	-	935	-	-	935
Release of RSUs	1,275,000	-	302	(302)	-	-	-
Exercise of Options	100,070	-	25	(12)	-	-	13
Exercise of Warrants	11,197,469	-	3,115	-	-	-	3,115
Issuance of Common Shares in private placements, net of issuance expenses of \$63	10,251,352	-	2,709	-	-	-	2,709
Balance as of December 31, 2024	71,073,598	\$ -	\$ 19,466	\$ 1,597	\$ (202)	\$ (19,100)	\$ 1,761

\* Represents an amount lower than \$0.5.

\*\* Reclassified.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS****U.S. dollars in thousands (except share and per share data)**

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<u>Cash flows from operating activities:</u>		
Net loss	\$ (5,043)	\$ (3,639)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation of property, equipment and right-of-use assets	85	33
Share-based compensation	935	639
Interest expenses	16	-
Revaluation of royalty payments	42	22
	<u>1,078</u>	<u>694</u>
Changes in operating assets and liabilities:		
Decrease in employees and payroll accruals	(133)	(32)
Increase in other receivables	(88)	(11)
Increase in prepaid expenses associated with materials	(600)	-
Increase (decrease) in other payables	(102)	47
	<u>(923)</u>	<u>4</u>
Net cash used in operating activities	<u>(4,888)</u>	<u>(2,941)</u>
<u>Cash flows from investing activities:</u>		
Purchase of property, plant and equipment	(649)	(120)
Restricted deposit, net	(9)	23
Net cash used in investing activities	<u>(658)</u>	<u>(97)</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<u>Cash flows from financing activities:</u>		
Proceeds from issuance of private placements, net	2,709	1,065
Proceeds from exercise of Warrants	3,115	-
Proceeds from exercise of Options	13	-
Receipt of grants from the IIA	71	95
Payment of lease liabilities	(30)	(28)
Net cash provided by financing activities	5,878	1,132
Exchange differences on balances of cash and cash equivalents	(173)	(16)
Increase (decrease) in cash and cash equivalents	159	(1,922)
Cash and cash equivalents at beginning of year	541	2,463
Cash and cash equivalents at end of year	<u>\$ 700</u>	<u>\$ 541</u>
<u>Significant non-cash transactions:</u>		
Issuance expenses	<u>\$ 63</u>	<u>\$ 22</u>
Right-of-use asset and lease liability	<u>\$ 45</u>	<u>\$ -</u>
Exercise of Options, net cashless	<u>\$ 17</u>	<u>\$ -</u>
Subscription receipt held for investors	<u>\$ -</u>	<u>\$ 1,197</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 1:- GENERAL

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

The Company is devoting substantially all of its efforts toward research and development activities. In conducting research and development, the Company has sustained operating losses in each year since its inception including net loss of \$5,043 and \$3,639 for the years ended December 31, 2024, and 2023, and expects such losses to continue in the foreseeable future. As of December 31, 2024, the Company had an accumulated deficit of \$19,100 at the year-end. Management believes the Company may not have sufficient funds to cover planned operations throughout the next twelve months. may secure additional financing through the issuance of new equity and/or debt; however, there is no assurance that these initiatives will be successful. These events and conditions indicate that a material uncertainly exists that may cast significant doubt on the Company's ability to continue as going concern. The 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.
- f. On October 7, 2023, Israel declared war against the Hamas terrorist organization (the “**Israeli War**”), leading to increased military activity along its borders and disruptions to business and economic activity. Despite these challenges, the Company has maintained its operations in Israel, with laboratory and offices in Haifa fully operational, even amid missile threats. As of the date of this report, the Israeli War has had no material impact on the Company’s operations.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

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**NOTE 2:- MATERIAL ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the IASB and IFRS Accounting Standards.

The consolidated financial statements have been prepared on a cost basis. The Company has elected to present profit or loss items using the function of expense method.

b. Use of estimates:

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. By their nature, these estimates are subject to measurement uncertainty and are reviewed periodically, and adjustments, if necessary, are made in the year in which they are identified. Actual results could differ from those estimates. (Note 3).

c. Consolidated financial statements:

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions and any unrealized income and expenses arising from such transactions are eliminated upon consolidation.

d. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

The presentation currency of the financial statements is the U.S. dollar (“USD”). The functional currencies of the Company and its subsidiaries, determined based on the primary economic environment in which each entity operates, are as follows:

The Company - Canadian dollar (“C\$”)

NurExone Ltd. - New Israeli Shekel (“NIS”)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 2:- MATERIAL ACCOUNTING POLICIES (Cont.)**

- d. Functional currency, presentation currency and foreign currency (cont.):

2. Transactions, assets and liabilities in foreign currency:

Exchange differences arising from the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss, except for a net investment in a foreign operation, in which case exchange differences are recognized in other comprehensive income and accumulated in the foreign exchange reserve, along with the exchange differences arising from the retranslation of the foreign operation.

On consolidation, the results of overseas operations are translated as follows:

All assets and liabilities of overseas operations, are translated at the rate prevailing on the reporting date. Exchange differences arising from translating the opening net assets at the opening rate and the results of overseas operations at the actual rate are recognized in other comprehensive income and accumulated in the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognized in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

- e. Cash and cash equivalents:

Cash and cash equivalents include cash on hand, deposits on call with banks.

- f. Property, plant and equipment:

Property, plant and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and any related investment grants, excluding day-to-day servicing expenses.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Machinery and lab equipment	7 - 14
Office, furniture and computers	6 - 33
Leasehold improvements	(*)

- (\*) Leasehold improvements are depreciated on a straight-line basis over the shorter of the laboratory and offices lease term (excluding uncertain extensions) or the improvement's expected useful life.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 2:- MATERIAL ACCOUNTING POLICIES (Cont.)

## f. Property, plant and equipment (cont.):

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end, and any changes are accounted for prospectively as a change in accounting estimate.

## g. Research and development costs:

Research expenditures are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the Company's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the Company's ability to reliably measure the expenditure attributable to the intangible asset during its development. For the period presented, development costs incurred have not met the criteria for capitalization.

## h. Government investment grants:

Government grants received from the Israel Innovation Authority ("**IIA**") are recognized as a liability according to their fair value on the date of their receipt. The amount of the liability is reexamined each period, and any changes in the present value of the cash flows, discounted at the original interest rate of the grant, are recognized in profit or loss. Expenses related to revaluation of the liability in respect of government grants were recognized in the statement of profit or loss and other comprehensive income as finance expenses.

## i. Share-based payment transactions:

The Company has implemented an omnibus equity incentive plan (the "**Equity Incentive Plan**"). (Note 13a). The Company applies the fair value-based method of accounting for share-based payment arrangements. The fair value of each option granted to directors, officers, consultants, and employees is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to contributed surplus. Upon exercise of the Common Share purchase options ("**Options**"), the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital.

At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of Options that are expected to vest. Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods, or the counterparty renders the service.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 2:- MATERIAL ACCOUNTING POLICIES (Cont.)**

j. Financial instruments:

1. Financial assets:

The Company's accounting policy for its financial assets comprising cash, deposit, and other accounts receivable is the amortized cost. The objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest.

2. Financial liabilities:

The Company classifies its financial liabilities based on the purpose for which the liability was acquired. The Company's accounting policy is as follows:

*Amortized cost:* other accounts payable are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

k. Fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification of financial instruments by fair value hierarchy:

Assets and liabilities presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy, which is determined based on the source of input used in measuring fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

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**NOTE 2:- MATERIAL ACCOUNTING POLICIES (Cont.)**

1. New standards, interpretations and amendments are 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)**

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**NOTE 3:- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS**

The preparation of financial statements in accordance with the IFRS Accounting Standards requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Significant areas of judgment and estimation include, but are not limited to, the following:

- Government grants:

Government grants received from the IIA are recognized as a liability if future economic benefits are expected from the research and development activity that will result in royalty-bearing sales. There is uncertainty regarding the estimated future cash flow and the estimated discount rate used to measure the amortized cost of the liability.

- Share-based compensation:

The areas requiring the use of estimates and critical judgments that may significantly impact the Company's financial position include share-based compensation costs.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options and warrants.

In estimating fair value, management must make certain assumptions and estimates, such as the expected life of options, the volatility of the Company's future share price, the risk-free rate, future dividend yields, and estimated forfeitures at the initial grant date. Changes in assumptions could result in different outcomes.

These judgments, estimates, and assumptions are based on historical experience, current conditions, and management's expectations of future events.

Changes in circumstances may result in revisions to these estimates, which are recognized in the period in which they are identified.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 4:- CASH AND CASH EQUIVALENTS**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash in banks (denominated in CAD)	\$ 208	\$ 434
Cash in banks (denominated in NIS)	353	107
Short-term deposits <sup>(1)</sup>	139	-
	<u>\$ 700</u>	<u>\$ 541</u>

(1) The short-term deposits include a \$139 (C\$200) deposit earning interest at an annual rate of 4.95%.

**NOTE 5:- RESTRICTED CASH ASSOCIATED WITH PRIVATE PLACEMENT**

On December 31, 2023, the Company issued subscription receipts in a private placement, with \$1,197 (C\$1,585) held in trust. The transaction closed on January 4, 2024, generating aggregate proceeds of \$1,487 (C\$1,986). (Note 11b1(i)).

**NOTE 6:- OTHER RECEIVABLES**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Receivable from tax authorities	\$ 124	\$ 89
Prepaid expenses	166	114
Other	3	9
	<u>\$ 293</u>	<u>\$ 212</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 7:- PROPERTY, PLANT AND EQUIPMENT, NET**

Composition and movement:

**2024**

	<b><u>Leasehold improvements</u></b>	<b><u>Machinery and lab equipment</u></b>	<b><u>Office furniture and computers</u></b>	<b><u>Total</u></b>
<u>Cost:</u>				
Balance as of January 1, 2024	\$ -	\$ 166	\$ 5	\$ 171
Additions	340	277	32	649
Currency translation	8	1	1	10
Balance as of December 31, 2024	348	444	38	830
<u>Accumulated depreciation:</u>				
Balance as of January 1, 2024	-	12	1	13
Depreciation	22	35	2	59
Currency translation	-	(1)	-	(1)
Balance as of December 31, 2024	22	46	3	71
Property and equipment, net as of December 31, 2024	<u>\$ 326</u>	<u>\$ 398</u>	<u>\$ 35</u>	<u>\$ 759</u>

**2023**

	<b><u>Machinery and lab equipment</u></b>	<b><u>Office furniture and computers</u></b>	<b><u>Total</u></b>
<u>Cost:</u>			
Balance as of January 1, 2023	\$ 50	\$ 1	\$ 51
Additions	116	4	120
Balance as of December 31, 2023	166	5	171
<u>Accumulated depreciation:</u>			
Balance as of January 1, 2023	1	-	1
Depreciation	11	1	12
Balance as of December 31, 2023	12	1	13
Property and equipment, net as of December 31, 2023	<u>\$ 154</u>	<u>\$ 4</u>	<u>\$ 158</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 8:- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Below are the carrying amounts of the Company's right-of-use assets and its current and non-current lease liabilities, along with their movements during the year:

	<b>Right-of-use assets</b>			<b>Lease liabilities</b>
	<b>Laboratory and offices</b>	<b>Vehicles</b>	<b>Total</b>	
As of January 1, 2024	\$ -	\$ 30	\$ 30	\$ 20
Depreciation expense	(8)	(19)	(27)	-
Interest expense	-	-	-	3
Additions	45	-	45	31
Payments	-	-	-	(30)
Currency translation	-	-	-	9
As of December 31, 2024	<u>\$ 37</u>	<u>\$ 11</u>	<u>\$ 48</u>	<u>\$ 33</u>
Depreciation rate	<u>21%</u>	<u>33%</u>		

The Company began renting vehicles in April 2022 under an operating lease agreement for \$2 per month, with a three-year term. Additionally, on March 1, 2024, the Company entered into a real estate lease agreement for a laboratory and office building, with a non-cancellable term of 4 years and 10 months ending on December 31, 2028, and an option to extend for an additional 5 years.

**NOTE 9:- OTHER PAYABLES**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Accrued expenses	\$ 173	\$ 249
Short-term lease liability	2	18
Short-term royalty payments (Note 10a)	34	26
Other	<u>23</u>	<u>24</u>
	<u>\$ 232</u>	<u>\$ 317</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 10:- CONTINGENT LIABILITIES AND COMMITMENTS

## a. License Agreement:

On June 23, 2020, the Company secured an exclusive worldwide license from Technion Research and Development Foundation Ltd. (“**TRDF**”) and Ramot, Tel Aviv University’s technology transfer company (“**Ramot**”), which includes a patent application to develop and commercialize its innovative technology relating to siRNA (the “**TRDF-Ramot License Agreement**”). Pursuant to the terms of the TRDF-Ramot License Agreement, TRDF is entitled to nominate an observer to receive notice, attend and participate at each of the Company’s Board meetings throughout the duration of the TRDF-Ramot License Agreement (a “**TRDF Observer**”). A TRDF Observer has been appointed, and since the RTO, a TRDF Observer has attended all of the Company’s Board meetings to date.

Pursuant to the TRDF-Ramot License Agreement, the Company assumed responsibility for the development, clinical studies, and commercialization of technology as a licensee and/or sub-licensee.

The licensed technology includes one granted patent and two Patent Cooperation Treaty (“**PCT**”) applications owned by TRDF and Ramot, related to the development of exosomes, along with an additional three PCT applications owned by the Company. The license term is determined on a product-by-product and a country-by-country basis, extending until the later of (a) 15 years from the first commercial sale of a product in the relevant country and (b) the expiration date of the last licensed patent in that country.

Pursuant to the TRDF-Ramot License Agreement, the Company agreed to the following commitments:

1. **Shares issuance** - The Company issued 1,683,000 common shares in the capital of the Company (“**Common Shares**”) to Ramot and 3,927,000 Common Share purchase warrants (“**Warrants**”) to TRDF. The Warrants, exercisable at a price of C\$0.005 per Common Share, were fully exercised in February 2021.
2. **License fee** - The Company paid a one-time license fee of \$40 to TRDF.
3. **Royalty payments** - The Company shall pay TRDF:
  - i. 4.25% on net sales of products sold by the Company or its affiliates.
  - ii. 50% of the amounts received from sublicensees for products sales, subject to a minimum of 2% and a maximum of 4.25% of the sublicensee’s net sales.
4. **Sublicense fees** – In a case of Sublicense, the Company shall pay a fee at a rate of 16%.
5. **Minimum royalty payments** – Beginning in 2023, the Company is required to make minimum annual royalty payments of \$20, which will increase by 30% annually in 2024, 2025, and 2026, up to a maximum amount of \$50 in 2027 and beyond.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 10:- CONTINGENT LIABILITIES AND COMMITMENTS (cont.)

## a. License Agreement (cont.):

As of December 31, 2024, and 2023, the Company's aggregate contingent payment obligations to TRDF, based on the minimum royalty payment schedule, amounted as follows:

	December 31,	
	2024	2023
Current liabilities - other payables	\$ 34	\$ 26
Non-Current liabilities – royalty payments	78	71
	<u>\$ 112</u>	<u>\$ 97</u>

The liability associated with royalties was determined by using the discounted cash flow method, applying a discount rate of 50% to account for the Company's early stage of development. The calculation was based on an 18-year discount period, corresponding to the duration of the intellectual property patent protection.

## b. Collaboration Agreements:

On July 11, 2022, NurExone Ltd. entered into a collaboration agreement with Polyrizon Ltd., committing to minimum payments totaling \$215 in three installments which have been paid, along with potential additional milestone payments of \$3,350 (the "**Polyrizon Agreement**"). As of December 31, 2022, NurExone Ltd achieved the first milestone and made a \$85 payment. Polyrizon Agreement also includes royalty obligations based on revenue tiers, ranging from 2.25% to 3.25% of net income, and 35% for sublicense income. As of December 31, 2024, the Polyrizon Agreement was indefinitely suspended. Any potential resumption of the Polyrizon Agreement would require mutual agreement on the next steps.

On November 30, 2023, the Company entered into a collaboration agreement with Canadian-based Inteligex Inc. ("**Inteligex**") to develop a hybrid therapy tailored to the SCI market (the "**Inteligex Agreement**"). This collaboration focuses on developing an advanced therapeutic strategy for the treatment of traumatic SCI, particularly targeting the challenging sub-population of sub-chronic and chronic patients. The project has been approved for grant support by the IIA under the Israel-Canada bilateral Eureka program as a new collaboration. The Inteligex Agreement establishes the framework for the collaboration between the two companies in the CNS disease space and SCI field. Inteligex brings extensive experience in SCI and human stem cell therapy, while the Company contributes advanced technologies and insights into exosome biology, production, and intranasal therapy delivery. Both companies hold robust intellectual property portfolios that are directly aligned with the goals of this collaborative initiative. As of December 31, 2024, the Company extended the first year of its two-year collaborative partnership with Inteligex, which was awarded under the Israel-Canada bilateral Eureka program by the IIA. The extension was granted for an additional six months until June 30, 2025, due to delays in materials shipments from Canada to Israel.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 10:- CONTINGENT LIABILITIES AND COMMITMENTS (cont.)**

## c. 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 through grants received from the IIA. The total amount of royalties payable to the IIA is capped at 100% of the grants received, including an annual interest rate, which will be the higher of (i) the 12-month SOFR interest rate, plus 1%, and (ii) a fixed annual interest rate of 4%.

Grants received are accounted for as forgivable loans under IAS 20 (Revised) and IFRS 9. The loan liability is initially measured at fair value and reassessed quarterly using a discount rate of 11%–15% in 2024. The difference between the grant amount and its fair value is recognized as a government grant, reducing research and development expenses.

The obligation to pay royalties is contingent on actual sales of the products; in the absence of such sales, no payment is required. The Company expects to generate sales that will trigger royalty payments starting in 2032. As of December 31, 2024, the Company's aggregate contingent obligations to IIA, based on royalty-bearing participation received or accrued, amounted to \$173 (including interest of \$13).

## d. Acquisition of a Master Cell Bank:

On December 30, 2024, the Company acquired a good manufacturing practice (“GMP”)-grade Master Cell Bank (“MCB”) from a U.S. manufacturer for \$600 (C\$863), paid in full. The MCB is an exclusive source of human bone marrow-derived mesenchymal stem cells for exosome production, which ensures maximum therapeutic potential. Stored under FDA and GMP standards, the U.S. manufacturer will store the MCB for the Company without any payment until September 30, 2025, before shipping the MCB to the Company’s facility. (Note 22e).

**NOTE 11:- SHAREHOLDERS' EQUITY**

## a. Share capital:

The Company’s authorized share capital consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares that are non-voting, subject to non-cumulative dividends at a rate set by the Board of Directors at the time of their issuance, redeemable at paid-up capital both the holder’s and the Company’s option. The following table summarizes the authorized, issued and outstanding share capital for the two years ended December 31, 2024:

	<b>Authorized as of December 31,</b>		<b>Issued and outstanding as of December 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Consolidated Common Shares without a nominal par value	<u>Unlimited</u>	<u>Unlimited</u>	<u>71,073,598</u>	<u>48,249,707</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 11:- SHAREHOLDERS' EQUITY (cont.)

## b. Composition of Share capital:

The following table summarizes the changes in the issued and outstanding Common Shares for the two years ended December 31, 2024:

	<u>Note</u>	<u>Number of Shares</u>
Outstanding as of December 31, 2022		<u>42,855,159</u>
Issuance of Common Shares from a private placement <sup>(1)</sup>		<u>5,394,548</u>
Outstanding as of December 31, 2023		<u>48,249,707</u>
Issuance of Common Shares from a private placements	11b1	10,251,352
Issuance of Common Shares from an exercise of Options	11b2	100,070
Issuance of Common Shares from an exercise of Warrants	11b3	11,197,469
Issuance of Common Shares from release of RSUs	11b4	<u>1,275,000</u>
Outstanding as of December 31, 2024		<u><u>71,073,598</u></u>

- (1) On September 6, 2023, the Company completed a non-brokered private placement (the “**September 2023 Private Placement**”), issuing a total of 5,394,548 units at a price of C\$0.275 per unit. The private placement generated gross proceeds of \$1,087 (C\$1,484), with \$22 (C\$29) deducted for issuance costs. Each Unit comprised: (i) one Common Share; (ii) one-half of a Class A Common Share purchase warrant (“**Class A Warrant**”); and (iii) one-half of a Class B Common Share purchase warrant (“**Class B Warrant**”). Each Class A Warrant entitles the holder to purchase one Common Share at C\$0.34 for 24 months, while each Class B Warrant entitles the holder to purchase one Common Share at C\$0.48 for 36 months. The Class A and B Warrants are subject to accelerated expiration whereby if the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange (“**TSXV**”) 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 Class A and B Warrants are not exercised by the applicable accelerated expiry dates, the Class A and B Warrants will expire and be of no further force or effect. All securities issued under the 2023 Private Placement were subject to a statutory hold period of four months and one-day following issuance.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 11:- SHAREHOLDERS' EQUITY (Cont.)

## b. Composition of Share capital (cont.):

## 1. Issuance of 10,251,352 Common Shares from private placements:

- i. On January 4, 2024, the Company completed a non-brokered private placement (the “**January 2024 Private Placement**”), issuing a total of 7,091,993 units (each, a “**January 2024 Private Placement Unit**”) at a price of C\$0.28 per unit. The private placement generated gross proceeds of \$1,487 (C\$1,986), with \$17 (C\$23) deducted for issuance costs. Each unit issued in the January 2024 Private Placement consisted of: (i) 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 to purchase one Common Share at a price of C\$0.35 per Common Share for a period of 36 months from the closing date of the January 2024 Private Placement. The January 2024 Private Placement Warrants are subject to an accelerated expiration clause. If the daily volume-weighted average trading price of the Common Shares on the TSXV equals or exceeds C\$0.80 for any 20 consecutive trading days, the Company may issue a written notice to warrant holders, accelerating the expiry date to a minimum of 30 days from the notice date. January 2024 Private Placement Warrants not exercised by the accelerated expiry date would expire and become void. All securities issued under January 2024 Private Placement are subject to a statutory hold period of four months and one day from the closing date.
- ii. On September 26, 2024, the Company completed the first tranche of a non-brokered private placement (the “**September 2024 Private Placement**”), issuing 2,927,541 units (each a “**September 2024 Private Placement Unit**”) at a price of C\$0.55 per unit. Each unit consist of: (i) one Common Share and (ii) one warrant to purchase a Common Share (each, a “**September 2024 Private Placement Warrant**”).
- iii. On November 1, 2024, the Company closed the second and final tranche of September 2024 Private Placement, issuing 231,818 additional units for gross proceeds of \$91 (C\$127). The September 2024 Private Placement raised total gross proceeds of \$1,285 (C\$1,738) through the issuance of 3,159,359 September 2024 Private Placement Units, with \$46 (C\$62) deducted as issuance costs. Each September 2024 Private Placement Warrant entitles the holder to purchase one Common Share at a price of C\$0.70 per share for a period of 36 months, subject to acceleration. This first tranche raised total gross proceeds of \$1,194 (C\$1,610). If the daily volume-weighted average trading price of the Common Shares on the TSXV equals or exceed C\$1.05 for any 10 consecutive trading days, the Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

NOTE 11:- SHAREHOLDERS' EQUITY (Cont.)

- b. Composition of Share capital (cont.):
  1. Issuance of 10,251,352 Common Shares from private placements (cont.):
    - iii. may issue a written notice to warrant holders, accelerating the expiry date to no less than 30 days from the notice date. September 2024 Private Placement Warrants not exercised by the accelerated expiry date will expire and become void. All securities issued under September 2024 Private Placement are subject to a statutory hold period of four months and one day from the respective closing dates.
  2. Issuance of 100,070 Common Shares from the exercise of Options:
    - i. On March 18, 2024, a total of 85,000 Options were exercised on a "cashless exercise" basis, at an exercise price of C\$0.33. This resulted in the issuance of 49,493 Common Shares, while 35,507 unexercised Options expired.
    - ii. On April 16, 2024, a total of 34,000 Options were exercised on a "cashless exercise" basis, at an exercise price of C\$0.33. This resulted in the issuance of 15,606 Common Shares, while 18,394 unexercised Options expired
    - iii. On June 13, 2024, a total of 17,000 Options were exercised at an exercise price of C\$0.33, generating gross proceeds of \$4 (C\$6).
    - iv. On July 11, 2024, a total of 34,000 Options were exercised on a "cashless exercise" basis, at an exercise price of C\$0.33. This resulted in the issuance of 17,971 Common Shares, while 16,029 Options expired unexercised.
  3. Issuance of 11,197,469 Common Shares from the exercise of Warrants:
    - i. On March 22, 2024, the Company completed the accelerated exercise of 12,682,340 Warrants issued pursuant to a private placement of units on June 15, 2022 (the "**June 2022 Warrants**"). Following the acceleration notice, a total of 9,684,993 June 2022 Warrants were exercised at an exercise price of C\$0.38, resulting in gross proceeds of \$2,714 (C\$3,680). The remaining 2,997,347 June 2022 Warrants expired unexercised. The Company exercised its right to accelerate the expiry date of the June 2022 Warrants when the Company's Common Shares exceeded C\$0.475 for 10 consecutive trading days on the TSXV.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

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**NOTE 11:- SHAREHOLDERS' EQUITY (Cont.)**

b. Composition of Share capital (cont.):

3. Issuance of 11,197,469 Common Shares from the exercise of Warrants (cont.):

i. In addition to the acceleration of the June 2022 Warrants, the Company raised \$205 (C\$277) in gross proceeds from the exercise of non-accelerated Warrants from two separate groups:

a. 556,818 Warrants issued in connection with the September 2023 Private Placement, with an exercise price of C\$0.34, generating gross proceeds of \$140 (C\$190); and

b. 181,818 Warrants issued in connection with September 2023 Private Placement, with an exercise price of C\$0.48, generating gross proceeds of \$65 (C\$87).

ii. In 2024, the Company issued 773,840 Common Shares from the exercise of Warrants at a cash price of C\$0.35 per share. These Warrants were issued in connection with January 2024 Private Placement, generating gross proceeds of \$196 (C\$271).

4. Issuance of 1,275,000 Common Shares from the release of RSUs (as defined herein):

On May 8, 2024, the Company issued 1,275,000 Common Shares upon the release of RSUs, following a one-year period vesting anniversary, to certain officers and directors.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 12:- WARRANTS RESERVE**

- a. Movement during the year:

The following table summarizes the changes in Warrants during the year ended December 31, 2024, along with the associated details:

	<b>Note</b>	<b>Number of Warrants</b>	<b>Weighted -average exercise price C\$</b>	<b>Weighted average remaining contractual term Years</b>	<b>Aggregate intrinsic value</b>
Outstanding as of December 31, 2023		18,076,888	0.39	0.96	\$ 1,137
Issued	11b1(iii)	3,159,359	0.70	-	-
Issued	11b1(i)	7,091,993	0.35	-	-
Exercised	11b3(i)	(181,818)	0.48	-	-
Exercised	11b3(i)	(9,684,993)	0.38	-	-
Exercised	11b3(ii)	(773,840)	0.35	-	-
Exercised	11b3(i)	(556,818)	0.34	-	-
Expired	11b3(i)	(2,997,347)	0.38	-	-
Outstanding as of December 31, 2024		14,133,424	0.45	2.01	\$ 1,847

- b. Warrants to purchase Company's shares:

The following table summarizes information about the Company's outstanding Warrants as of December 31, 2024:

<b>Exercise price C\$</b>	<b>Warrants outstanding as of December 31, 2024</b>	<b>Expiration date</b>	<b>Aggregate intrinsic value</b>
0.70	231,818	November 1, 2027	\$ -
0.70	2,927,541	September 26, 2027	-
0.48	2,140,456	August 25, 2026	208
0.48	375,000	September 6, 2026	37
0.35	6,318,153	January 4, 2027	1,186
0.34	2,140,456	August 25, 2025	416
	14,133,424		\$ 1,847

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 13:- SHARE-BASED COMPENSATION

## a. Share incentive plan:

- On June 3, 2024, at the annual and special general meeting of shareholders, shareholders approved an amendment to the Company's Equity Incentive Plan, increasing the Common Shares reserved for issuance to 13,166,085, representing 20% of the issued and outstanding of 65,830,428 Common Shares as of the record date.
- The Company's Equity Incentive Plan enables its employees, consultants, officers, directors, and affiliates to receive awards, in accordance with the plan's terms. These awards may include Options, restricted share awards ("RSAs"), and restricted share units ("RSUs").
- The table below summarizes the Company's grants of 2,233,644 Options and 2,000,000 RSUs to officers, employees, and directors. Each Option is exercisable for one Common Share with varying of exercise prices and vesting schedules, and a 10-year term, while each RSU vests after one year and converts into one Common Share. Total share-based compensation costs amounted to \$1,396 (C\$1,908).

<u>Grant date</u>	<u>Type of grant award</u>	<u>Options / RSUs Granted</u>	<u>Exercise price</u> <u>C\$</u>	<u>Fair value per Option</u> <u>C\$</u>	<u>Total share-based compensation costs</u>
June 3, 2024 <sup>(1)</sup>	Options	580,000	0.51	0.37	\$ 159
June 3, 2024 <sup>(2)</sup>	Options	1,235,900	0.51	0.37	338
November 26, 2024 <sup>(3)</sup>	Options	177,645	0.74	0.49	62
November 26, 2024 <sup>(4)</sup>	Options	60,000	0.74	0.49	21
December 23, 2024 <sup>(5)</sup>	Options	140,000	0.70	0.52	52
December 23, 2024 <sup>(6)</sup>	Options	40,000	0.70	0.52	15
		<u>2,233,545</u>			<u>827</u>
June 3, 2024 <sup>(7)</sup>	RSUs	2,000,000		0.51	749
		<u>4,233,545</u>			<u>\$ 1,396</u>

- 580,000 Options shall vest at a rate of 25% each quarter over a one-year period from the commencement date.
- 1,235,000 Options shall vest over two years, such that 50% of the Options shall vest on the first anniversary of the commencement date, and an additional 12.5% of the Options shall vest at the end of each subsequent 3-month period.
- 177,645 Options shall be vest over a service period of six months from the vesting commencement date.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 13:- SHARE-BASED COMPENSATION (Cont.)**

## a. Share incentive plan (cont.):

- (4) 60,000 Options shall vest over two years, such that 50% of the Options shall vest on the first anniversary of the commencement date, and an additional 12.5% of the Options shall vest at the end of each subsequent 3-month period.
- (5) 140,000 Options shall vest over two years, such that 50% of the Options shall vest on the first anniversary of the commencement date, and an additional 12.5% of the Options shall vest at the end of each subsequent 3-month period.
- (6) 40,000 Options shall be vest over a service period of six months from the vesting commencement date.
- (7) 2,000,000 RSUs shall vest following a one-year period vesting anniversary.

## b. Fair value measurement of equity-settled share options:

The Company uses the Black-Scholes option pricing model to determine the fair value of Options. The option-pricing model requires several assumptions, of which the most significant are the expected stock price volatility and the expected option term.

The expected volatility was calculated based on the Company's historical share price and the historical volatility of similar entities in the related sector index.

The expected term of Options granted is derived from the output of the option valuation model and represents the period that options granted are expected to be outstanding.

The risk-free interest rate is based on the interest curve on Government of Canada marketable bonds for periods corresponding to the life of the option in the grant date.

The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

The following table lists the inputs to the Binomial option-pricing model used for the fair value measurement of equity-settled share options for the above plans for the years 2024, and 2023:

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Risk-free interest rate	3.3% - 3.5%	3.1% - 3.9%
Expected volatility	86% - 88%	84% - 88%
Expected life (in years)	3.0	3.0
Expected dividend yield	0	0

Based on the above inputs, the fair value of the options at the 2024 grant date was determined to be C\$0.37 - C\$0.52 per option, compared to C\$0.18 - C\$0.24 per option at the 2023 grant date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 13:- SHARE-BASED COMPENSATION (Cont.)

## c. Movement during the year:

1. The following table summarizes the options granted and related information for the two years ended December 31, 2024:

	Number of options	Weighted -average exercise price C\$	Weighted average remaining contractual term Years	Aggregate intrinsic value
Balance as of December 31, 2022	4,058,495	0.80	8.71	\$ 407
Granted <sup>(1)</sup>	2,722,129	0.30	-	-
Forfeited <sup>(2)</sup>	(276,900)	0.44	-	-
Expired <sup>(3)</sup>	(384,200)	0.68	-	-
Balance as of December 31, 2023	6,119,524	0.32	6.71	\$ 796
Granted <sup>(4)</sup>	2,233,545	0.55	-	-
Exercised <sup>(5)</sup>	(100,070)	0.33	-	-
Forfeited <sup>(6)</sup>	(428,500)	0.35	-	-
Expired <sup>(7)</sup>	(99,930)	0.31	-	-
Balance as of December 31, 2024	7,724,569	0.38	6.10	\$ 1,308
Exercisable as of December 31, 2024	5,752,621	0.33	7.95	

(1) On May 8, 2023, the company granted 1,578,020 Options and 1,275,000 RSUs to officers, employees, and directors, at an exercise price of C\$0.28. On October 30, 2023, 1,144,109 additional options were granted at an exercise price of C\$0.32.

(2) 276,900 Options were forfeited and canceled due to the termination of employment agreement with employees and service agreement with vendors, with no exercise prior to cancellation.

(3) 384,200 Options were expired unexercised due to the termination of employment agreement with employees and service agreement with vendors, with no exercise prior to expiration.

(4) Note 13a3.

(5) Note 11(2).



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 13:- SHARE-BASED COMPENSATION (Cont.)**

c. Movement during the year (cont.):

- (6) 428,500 Options were forfeited and canceled due to the termination of employment agreement with employees and service agreement with vendors, with no exercise prior to cancellation.
- (7) 69,930 Options were expired unexercised due to cashless exercise (Note 11b2), and 30,000 Options were expired unexercised due to termination of employment agreement with employees, with no exercise prior to expiration.

As of December 31, 2024, there are \$257 of total unrecognized costs related to share-based compensation costs that is expected to be recognized over a period of up to two years.

As of December 31, 2024, the Company had 2,066,446 Common Shares available for issuance pursuant to the exercise or vesting of awards under the Company's Equity Incentive Plan.

- 2. The following table provides a summary of the outstanding and exercisable Options as of December 31, 2024:

<b>Exercise Price</b>	<b>Options outstanding as of December 31, 2024</b>	<b>Weighted- average remaining contractual term for outstanding Options</b>	<b>Options exercisable as of December 31, 2024</b>	<b>Weighted- average remaining contractual term for exercisable Options</b>
<b>C\$</b>		<b>Years</b>		<b>Years</b>
0.74	237,645	9.78	59,214	9.76
0.70	180,000	9.90	13,333	9.76
0.51	1,765,900	9.43	290,000	9.43
0.33	3,101,395	6.71	3,101,395	6.71
0.32	1,041,609	8.77	898,159	8.77
0.28	1,398,020	8.36	1,390,520	8.36
	<u>7,724,569</u>		<u>5,752,621</u>	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 13:- SHARE-BASED COMPENSATION (Cont.)**

c. Movement during the year (cont.):

3. The following table provides a summary of the outstanding and unvested RSUs for the two years ended December 31, 2024:

	<b>Number of RSUs</b>	<b>Weighted- average grant date fair value C\$</b>	<b>Aggregate intrinsic value</b>
Unvested balance as of December 31, 2022	-	-	\$ -
Granted <sup>(1)</sup>	1,275,000	0.28	-
Unvested balance as of December 31, 2023	1,275,000	0.28	270
Granted <sup>(2)</sup>	2,000,000	0.51	-
Vested <sup>(1)</sup>	(1,275,000)	0.28	-
Unvested balance as of December 31, 2024	2,000,000	0.51	\$ 709

(1) Note 11b4.

(2) Note 13a3.

As of December 31, 2024, the Company had 2,000,000 outstanding RSUs granted under its Equity Incentive Plan.

A total of \$316 in unrecognized share-based compensation costs that are expected to be recognized over a period of up to one year.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 13:- SHARE-BASED COMPENSATION (Cont.)**

c. Movement during the year (cont.):

4. The table below summarizes the total share-based compensation costs for Option and RSU awards recognized for the two years ended December 31, 2024.

Option Awards:

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Research and development expenses	\$ 152	\$ 122
General and administrative expenses	244	288
	<u>\$ 396</u>	<u>\$ 410</u>

RSU Awards:

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
General and administrative expenses	\$ 539	\$ 229
	<u>\$ 539</u>	<u>\$ 229</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 14:- TAXES ON INCOME**

- a. Tax rates applicable to the Company's income:
1. The Canadian statutory income tax rate applicable to the Company is 26.5% for both 2024 and 2023. This rate comprises the federal income tax rate of 15% and the provincial income tax rate of 11.5%, consistent across both years.
  2. The corporate tax rate in Israel is 23%. NurExone Ltd. has not yet received a final tax assessment since its establishment.
- b. Net operating losses carry-forwards:
1. As of December 31, 2024, the Company has accumulated losses of \$2,352, which will expire between 2031 and 2044.
  2. As of December 31, 2024, NurExone Ltd. has accumulated losses of \$10,056. These losses may be used to offset taxable income in future years.
- c. Reconciliation of statutory rate income tax to the Company's effective tax rate:

The Company's income tax provision differs from the amount calculated using the Canadian statutory income tax rate.

The following table reconciles the combined Canadian federal and provincial statutory income tax rates with the Company's effective tax rate:

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Loss before income tax	\$ (5,043)	\$ (3,639)
Theoretical tax at applicable statutory tax rate (26.5%)	1,336	964
Different tax rates applied in overseas jurisdictions (3.5%)	(177)	(126)
Deferred tax that cannot be recognized due to uncertainty	(1,159)	(838)
Total income tax expenses	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 15:- RESEARCH AND DEVELOPMENT EXPENSES, NET**

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Salaries and social benefits	\$ 878	\$ 721
Materials	547	114
Subcontractors	188	462
Share-based payment	152	122
Patents	144	104
Other	1	6
Depreciation	34	12
Project funded by IIA	(76)	-
Total research and development expenses, net	<u>\$ 1,868</u>	<u>\$ 1,541</u>

**NOTE 16:- GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Professional services	\$ 1,482	\$ 650
Share-based payment	783	515
Salaries and social benefits	609	592
Legal fees	106	150
Fees and other expenses	88	115
Insurance expenses	43	73
Depreciation	30	21
Total general and administrative expenses	<u>\$ 3,141</u>	<u>\$ 2,116</u>

**NOTE 17:- FINANCE EXPENSES**

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Revaluation of a royalty liability	\$ 42	\$ 22
Interest expense	16	3
Foreign currency translation adjustments	23	2
Total finance expenses	<u>\$ 81</u>	<u>\$ 27</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 18:- FINANCE INCOME**

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest income	\$ 47	\$ 45
Total finance income	<u>\$ 47</u>	<u>\$ 45</u>

**NOTE 19:- RELATED PARTY TRANSACTIONS**

a. Benefits to key executive personnel:

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

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term benefits	\$ 670	\$ 523
Share-based payment	<u>587</u>	<u>363</u>
	<u>\$ 1,257</u>	<u>\$ 886</u>

- The balance of other payables to key management personnel and directors amounted to \$64 as of December 31, 2024, compared to \$207 as of December 31, 2023.

b. Related party:

- As detailed in Note 10, TRDF serves as the licensor of the Company's core technology used for product development. The Company has engaged in services provided by TRDF and maintains financial balances with TRDF, a key vendor and principal shareholder holding 3,927,000 Common Shares, representing 4.6% (2023-5.9%) on a fully diluted basis, including Common Shares and Warrants.
- Until June 30, 2024, TRDF provided lab services for the Company. These services were discontinued as the Company began operating its own laboratory, leased from TRDF.
- The balance of other payables to TRDF was \$14 as of December 31, 2024, compared to \$26 as of December 31, 2023. Additionally, the balance for royalty payment to TRDF amounted to \$78 as of December 31, 2024, compared to \$71 as of December 31, 2023.
- The Company recognized expenses and conducted transactions with TRDF totaling \$121 and \$236 for the years ended December 31, 2024, and 2023, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 20:- NET LOSS PER SHARE**

The basic and diluted loss per share is computed by dividing the net loss by the weighted average number of Common Shares outstanding during the period.

During the years ended December 31, 2024, and 2023, Shares issuable on exercise of all the outstanding Options were not included in the computation of diluted loss per share as the effect would have been anti-dilutive owing to the loss incurred.

Details of the number of Shares and losses used in the computation of net loss per share:

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Loss for the year attributed to shareholders	\$ 5,043	\$ 3,639
Weighted average number of Common Shares	<u>65,417,289</u>	<u>44,722,288</u>
Basic and diluted loss per share	<u>\$ 0.077</u>	<u>\$ 0.081</u>

**NOTE 21:- FINANCIAL RISK FACTORS**

The Company's risk exposure and its effects on financial instruments are outlined below:

a. Credit Risk:

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company's cash balance was held at major Canadian and Israeli institutions.

The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

b. Liquidity Risk:

Liquidity risk arises from the Company's management of working capital and its ability to meet financial obligations as they come due without incurring unacceptable losses. This risk is influenced by the timing of cash inflows and outflows, availability of liquid assets, and access to financing sources. Proper management of liquidity risk ensures the Company can maintain its operations, invest in growth opportunities, and navigate unforeseen financial challenges.

The Board receives rolling 12-month cash flow projections on a quarterly basis to monitor and manage liquidity effectively. This enables proactive decision-making to ensure the Company maintains adequate financial resources to meet its short-term and long-term commitments.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 21:- FINANCIAL RISK FACTORS (Cont.)**

## b. Liquidity Risk (cont.):

A portion of the Company's trade payables forms part of its supplier finance arrangement with select key suppliers. The payment terms for these payables remain identical to those of other payables. As a result, the Company does not view these arrangements as significantly impacting its liquidity position.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as of December 31, 2024:

<b>Financial Liabilities</b>	<b>Up to 1 Year</b>	<b>1 to 2 Years</b>	<b>2 to 3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
Other payables	\$ 232	\$ -	\$ -	\$ -	\$ 232
Employees and payroll accruals	166	-	-	-	166
Royalty payments	-	44	50	600	694
Lease liability	2	1	11	30	44
Liability to IIA	-	-	-	271	271
<b>Total</b>	<b>\$ 400</b>	<b>\$ 45</b>	<b>\$ 61</b>	<b>\$ 901</b>	<b>\$ 1,407</b>

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as of December 31, 2023:

<b>Financial Liabilities</b>	<b>Up to 1 Year</b>	<b>1 to 2 Years</b>	<b>2 to 3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
Other payables	\$ 317	\$ -	\$ -	\$ -	\$ 317
Liability associated with private placement	1,197	-	-	-	1,197
Employees and payroll accruals	299	-	-	-	299
Royalty payments	-	34	44	650	728
Lease liability	24	-	-	-	24
<b>Total</b>	<b>\$ 1,837</b>	<b>\$ 34</b>	<b>\$ 44</b>	<b>\$ 650</b>	<b>\$ 2,565</b>

## c. Capital Management:

The Company considers its capital to be comprised of shareholders' equity.

The Company's objectives in managing its capital are to maintain its ability to continue as a going concern and to further develop its business.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

### NOTE 21:- FINANCIAL RISK FACTORS (Cont.)

d. Foreign Currency Risk:

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency.

The functional currencies of the Company and its subsidiary, NurExone Ltd., are the Canadian dollar, and New Israeli Shekel, respectively.

The Company does not currently enter into forward currency contracts to mitigate this risk. The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates.

As of December 31, 2024, a 5% increase/decrease in the NIS currency impacted by CAD, USD, EUR currency rates would decrease/increase the net loss by \$1, \$1, \$0, respectively. (2023 - \$3, \$1, and \$1, respectively).

e. Fair Value:

The carrying values of other receivables approximate their fair values due to their short terms to maturity. The cash is valued using quoted market prices in active markets.

### NOTE 22:- SUBSEQUENT EVENTS

- a. On January 8, 2025, the Company issued 65,000 Common Shares following the exercise of 65,000 January 2024 Private Placement Warrants. Each January 2024 Private Placement Warrant were exercised at a price of C\$0.35 per Common Share, generating total proceeds of C\$22.75.
- b. On January 19, 2025, the Company received gross proceeds of \$506 (C\$728) through the exercise of 2,140,456 class A Common Share purchase warrants (each a “**Class A Warrant**”) at a price of C\$0.34 per Class A Warrant issued in the first tranche of the non-brokered private placement of the Company which closed on the August 25, 2023 (the “**August 2023 Offering**”). The exercise of the Class A Warrants followed the Company providing the Class A Warrant holders an acceleration notice on December 17, 2024 that the Class A Warrant acceleration trigger was met when the daily volume weighted average trading price of the Common Shares on the TSXV equaled or exceeded C\$0.69 for a period of 20 consecutive trading days. The effect of such exercises, along with the prior exercise of 181,818 Class A Warrant back in March 2024, resulted in all Class A Warrants issued in August 2023 Offering being exercised. (Note 11b).
- c. On January 21, 2025, the Company closed a non-brokered private placement of 856,996 units (“**January 2025 Units**”) at a price of C\$0.56 per January 2025 Unit for aggregate gross proceeds of \$333 (C\$480) (the “**January 2025 Unit Offering**”). Each January 2025 Unit consisted of (i) one Common Share, and (ii) one Common Share purchase warrant (each, a “**January 2025 Warrant**”). Each January 2025 Warrant entitles the holder thereof to purchase one Common Share at a price of C\$0.70 per Common Share for a period of 36 months, subject to acceleration. If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds C\$1.75, the Company may, upon providing written notice to the holders of the January 2025 Warrants (the “**January 2025 Private Placement Acceleration Notice**”), accelerate the expiry date of the January 2025 Warrants to the date that is 45 days following the date of the January 2025 Private

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 22:- SUBSEQUENT EVENTS

Placement Acceleration Notice. In addition, following the date of the issuance of the January 2025 Warrants, if the Company lists the Common Shares on a nationally recognized stock exchange in the United States, the Company, may upon providing an acceleration notice (the “**U.S. Listing Acceleration Notice**”), accelerate the expiry date of the January 2025 Warrants to the date that is 45 days following the date of the U.S. Listing Acceleration Notice. If the January 2025 Warrants are not exercised by the applicable accelerated expiry dates, the January 2025 Warrants will expire and be of no further force or effect. All securities issued under the January 2025 Unit Offering were issued subject to applicable statutory hold periods.

- d. On January 29, 2025, following the approval by the Board, the Company granted incentive awards under the Equity Incentive Plan to certain employees and service providers. A total of 299,802 Options were granted, each exercisable for one Common Share at a price of C\$0.56 per Common Share (the “**January 2025 Options**”). The vesting schedule for the January 2025 Options is as follows: (i) 35,802 January 2025 Options will vest over three months (ii) 189,000 January 2025 Options will vest over six months, and (iii) 75,000 January 2025 Options will vest over two years. The January 2025 Options have an exercise period of ten years from the vesting commencement date. The fair value of each January 2025 Option as of the grant date was C\$0.40, determined by using the Black-Scholes option pricing model, with total stock-based compensation costs amounting to \$84.
- e. On February 4, 2025, the Company incorporated Exo-Top to advance its GMP fully characterized exosome production. Incorporating Exo-Top offers the Company key advantages, including closer proximity to strategic partners, access to a robust biopharma ecosystem, and increased market opportunities. The establishment of Exo-Top and the subsequent acquisition of the MCB (Note 10d) gives the Company greater control over its exosome production process by securing the cell source of the Company’s exosomes. This acquisition enables the Company to potentially sell high-quality exosomes to pharmaceutical companies, biotech firms, and researchers globally, creating additional revenue streams. Unlike companies that depend on third-party cell sources, Exo-Top will operate independently, without external licensing or royalty obligations, ensuring cost efficiency and strategic flexibility as the Company advances its development pipeline. The Company has not yet had an opportunity to assess the potential impact of the wide sweeping changes in tariff policies introduced by the United States in April 2025.
- f. On February 19, 2025, the Company issued 328,625 Common Shares pursuant to exercise of the January 2024 Private Placement Warrants. The January 2024 Private Placement Warrants were exercised at a price of C\$0.35 per Common Share, generating total proceeds of C\$115.
- g. On April 9, 2025, the Company completed a non-brokered private placement (the “**April 2025 Private Placement**”) of units of the Company (each, a “**April 2025 Unit**”) through the issuance of an aggregate of 3,543,238 April 2025 Units. Each April 2025 Unit was issued at a price of C\$0.65 per April 2025 Unit generating aggregate gross proceeds of \$1,610 (C\$2,303). Each April 2025 Unit was comprised of (i) one Common Share and (ii) one Common Share purchase warrant (each, an “**April 2025 Warrant**”). Each April 2025 Warrant entitles the holder to purchase one Common Share at price of C\$0.85 per April 2025 Warrant for a period of 36 months. All securities issued under the April 2025 Private Placement were issued subject to applicable statutory hold periods.

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