



**NUREXONE BIOLOGIC INC.**  
**CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2026**  
**UNAUDITED**

## **NUREXONE BIOLOGIC INC.**

### **NOTICE OF NO AUDITOR REVIEW**

These unaudited interim financial statements of NurExone Biologic Inc. (the “**Company**” or “**NurExone**”) for the three months ended March 31, 2026, have been prepared by management and approved by the Board of Directors of the Company.

Under National Instrument 51-102, part 4, sub-section 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

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

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

May 31, 2026

**NUREXONE BIOLOGIC INC.**

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**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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

	<b>March 31, 2026</b>	<b>December 31, 2025</b>
	<u>          </u>	<u>          </u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,510	\$ 2,138
Restricted cash associated with private placement	-	235
Restricted deposit	44	44
Other receivables	<u>153</u>	<u>184</u>
Total current assets	<u>1,707</u>	<u>2,601</u>
NON-CURRENT ASSETS:		
Inventory	618	618
Property, plant and equipment, net	721	757
Right-of-use assets	<u>101</u>	<u>107</u>
Total non-current assets	<u>1,440</u>	<u>1,482</u>
Total assets	<u><u>\$ 3,147</u></u>	<u><u>\$ 4,083</u></u>

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Other payables	\$ 310	\$ 348
Financial liability associated with private placement	-	235
Employees and payroll accruals	454	406
Total current liabilities	<u>764</u>	<u>989</u>
NON-CURRENT LIABILITIES:		
Liability associated with royalty payments	61	55
Lease liability	68	70
Liability due to Israel Innovation Authority ("IIA") grants	252	211
Total non-current liabilities	<u>381</u>	<u>336</u>
SHAREHOLDERS' EQUITY:		
Share capital	-*	-*
Additional paid-in capital	26,783	26,092
Foreign currency translation reserve	(19)	33
Share-based payment reserve	2,488	2,117
Accumulated deficit	(27,250)	(25,484)
Total shareholders' equity	<u>2,002</u>	<u>2,758</u>
Total liabilities and shareholders' equity	<u>\$ 3,147</u>	<u>\$ 4,083</u>

\* Represents an amount less than \$0.5.

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

<u>"Yoram Drucker"</u>	<u>"Dr. Lior Shaltiel"</u>	<u>May 31, 2026</u>
Yoram Drucker	Dr. Lior Shaltiel	Date of approval of the
Chairman	Director and CEO	Financial statements

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

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

	<b>Three-month period ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Operating expenses:		
Research and development expenses, net	\$ 630	\$ 618
General and administrative expenses	1,127	1,082
Operating loss	<u>1,757</u>	<u>1,700</u>
Financial expenses	15	11
Financial income	<u>(6)</u>	<u>(33)</u>
Net loss	<u>1,766</u>	<u>1,678</u>
Other comprehensive (gain) loss:		
Items that may be reclassified to profit or loss:		
Loss (gain) from translation of foreign operations	(47)	59
Items that will not be reclassified to profit or loss:		
Loss (gain) from foreign currency translation adjustments	<u>99</u>	<u>(43)</u>
Total comprehensive loss	<u>\$ 1,818</u>	<u>\$ 1,694</u>
Net loss per share, basic and diluted	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Weighted average number of common shares, basic and diluted	<u>91,025,902</u>	<u>73,605,050</u>

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

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

	<b>Number of shares</b>	<b>Common shares 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, 2026	90,681,345	\$ -	\$ 26,092	\$ 2,117	\$ 33	\$ (25,484)	\$ 2,758
Net loss	-	-	-	-	-	(1,766)	(1,766)
Other comprehensive loss	-	-	-	-	(52)	-	(52)
Total comprehensive loss	-	-	-	-	(52)	(1,766)	(1,818)
Expiry of unexercised options	-	-	47	(47)	-	-	-
Share-based compensation	-	-	-	429	-	-	429
Exercise of options	69,281	-	11	(11)	-	-	-
Issuance of common shares in private placements, net of issuance expenses of \$9	1,295,222	-	633	-	-	-	633
Balance as of March 31, 2026	92,045,848	\$ -	\$ 26,783	\$ 2,488	\$ (19)	\$ (27,250)	\$ 2,002
	<b>Number of shares</b>	<b>Common shares 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, 2025	71,073,598	\$ -	\$ 19,466	\$ 1,597	\$ (202)	\$ (19,100)	\$ 1,761
Net loss	-	-	-	-	-	(1,678)	(1,678)
Other comprehensive loss	-	-	-	-	(16)	-	(16)
Total comprehensive loss	-	-	-	-	(16)	(1,678)	(1,694)
Expiry of unexercised options	-	-	34	(34)	-	-	-
Share-based compensation	-	-	-	336	-	-	336
Exercise of warrants	2,534,081	-	603	-	-	-	603
Issuance of common shares in private placements, net of issuance expenses of \$23	856,996	-	310	-	-	-	310
Balance as of March 31, 2025	74,464,675	\$ -	\$ 20,413	\$ 1,899	\$ (218)	\$ (20,778)	\$ 1,316

\* Represents an amount less than \$0.5.

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

	<b>Three-month period ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<u>Cash flows from operating activities:</u>		
Net loss	\$ (1,766)	\$ (1,678)
Adjustments to the profit or loss items:		
Depreciation of property, equipment and right-of-use assets	56	43
Share-based compensation expenses	429	336
Interest expenses	7	6
Revaluation of royalty payments liability	6	(29)
	<u>498</u>	<u>356</u>
Changes in operating assets and liabilities:		
Increase in employees and payroll accruals	37	20
Decrease in other receivables	25	161
Increase (decrease) in other payables	(30)	155
	<u>32</u>	<u>336</u>
Net cash used in operating activities	<u>(1,236)</u>	<u>(986)</u>
<u>Cash flows from investing activities:</u>		
Purchase of property, plant and equipment	<u>(2)</u>	<u>(32)</u>
Net cash used in investing activities	<u>(2)</u>	<u>(32)</u>

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

**UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

	<b>Three-month period ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<u>Cash flows from financing activities:</u>		
Proceeds from issuance of private placements, net	633	310
Proceeds from exercise of warrants	-	603
Payment of lease liabilities	(8)	(3)
Net cash from financing activities	<u>625</u>	<u>910</u>
Net decrease in cash and cash equivalents	(613)	(108)
Effect of exchange rate changes on cash and cash equivalents	(15)	(4)
Cash and cash equivalents at beginning of the period	<u>2,138</u>	<u>700</u>
Cash and cash equivalents at end of the period	<u>\$ 1,510</u>	<u>\$ 588</u>
<u>Other Cash Flow Information:</u>		
Issuance expenses	<u>\$ 9</u>	<u>\$ 23</u>
Right-of-use asset and lease liability	<u>\$ 6</u>	<u>\$ -</u>
Net cashless exercise of options	<u>\$ 11</u>	<u>\$ -</u>

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

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 1:- GENERAL**

- a. NurExone Biologic Inc. (formerly EnerSpar Corp.) is a publicly traded company with its 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. On April 22, 2025, the Company completed a continuance from the Province of Alberta, governed by the *Business Corporations Act* (Alberta), into the Province of Ontario, governed by the *Business Corporations Act* (Ontario).
- 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.”).

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 [German Composite](#), [Frankfurt Stock Exchange](#), [Baader Bank Aktiengesellschaft](#), [Gettex](#), [Munich Stock Exchange](#), [Lang & Schwarz Exchange](#), [Lang & Schwarz TradeCenter](#), [Stuttgart Stock Exchange](#), [Quotrix](#), [Tradegate Exchange](#), [Hamburg Stock Exchange](#), and [Dusseldorf Stock Exchange](#).

Under the symbol - Quoted on the [Over-the-Counter Qualified Board Venture Market](#).  
“NRXBF”

- c. As of March 31, 2026, the Company operates through two subsidiaries:  
NurExone Ltd., incorporated under the laws of Israel, and Exo-Top Inc. (“Exo-Top”), a wholly owned subsidiary formed under the laws of the State of Nevada, United States.

The Company, through its Israeli subsidiary, is developing a platform for biologically guided exosome-based therapies to be delivered in a minimally invasive manner to patients who suffer from central nervous system (“CNS”) injuries. The Company’s first product, ExoPTEN, is developed for acute spinal cord injury (“SCI”). ExoPTEN has been granted “Orphan Drug Designation” by the U.S. Food and Drug Administration (the “FDA”) and the European Medicines Agency. The NurExone platform technology is expected to offer novel solutions to drug companies interested in minimally invasive targeted drug delivery for other indications.

On February 4, 2025, the Company incorporated Exo-Top to advance the Company’s Good Manufacturing Practice (“GMP”) fully characterized exosome production capabilities. The establishment of Exo-Top, together with the acquisition of the Master Cell Bank (“MCB”), enhances the Company’s control over its exosome manufacturing processes by securing the cell source used for exosome production. This positions the Company to potentially commercialize high-quality exosomes to pharmaceutical companies, biotechnology firms, and research institutions globally.

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

## d. Going concern:

The Company is devoting substantially all of its efforts toward research and development activities. The Company has incurred operating losses in each year since its inception including net loss of \$1,766 and \$1,678 for three-month period ended March 31, 2026, and 2025, respectively, and expects such losses to continue for the foreseeable future. As of March 31, 2026, the Company had an accumulated deficit of \$27,250.

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

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The unaudited condensed interim consolidated financial statements do not include any adjustments to the carrying amounts and classifications of assets and liabilities that would result if the Company were unable to continue as a going concern.

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

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

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 2:- MATERIAL ACCOUNTING POLICIES**

- a. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2025 annual report.
- b. The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's audited consolidated financial statements for the years ended December 31, 2025.

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

- a. On January 30, 2026, the Company announced changes to its Board of Directors, including the appointment of Mr. Eyal Gabbai and the resignation of Dr. Gadi Riesenfeld. Dr. Riesenfeld will continue to support the Company as a member of the Scientific Advisory Board.
- b. On January 30, 2026, the Board granted an aggregate of 219,200 common share purchase options (the "**January 2026 Options**") to certain directors, employees and service providers. Each January 2026 Option is exercisable for one Common Share at a price of C\$0.69 per Common Share.

The vesting schedule for the January 2026 Options is as follows:

- (i) 204,200 January 2026 Options will vest over twenty-four months,
- (ii) 5,000 January 2026 Options will vest over six months, and
- (iii) 10,000 January 2026 Options will vest over one month.

The January 2026 Options have an exercise period of ten years from the vesting commencement date. The fair value of each January 2026 Option as of the grant date was C\$0.50, determined by using the Black-Scholes option pricing model, based on a vesting period of up to two years. The total share-based compensation expenses recognized in relation to the January 2026 Options were \$80 (C\$109).

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

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

- c. On March 10, 2026, the Company completed a non-brokered private placement (the “**March 2026 Private Placement**”) of units of the Company (each, a “**March 2026 Unit**”) through the issuance of an aggregate of 1,295,222 March 2026 Units. Each March 2026 Unit was issued at a price of C\$0.68 per March 2026 Unit generating aggregate gross proceeds of approximately \$642 (C\$881), with issuance costs of approximately \$9 (C\$12).
- Each March 2026 Unit was comprised of (i) one common share in the capital of the Company (each, a “**Common Share**”) and (ii) one Common Share purchase warrant (each, a “**March 2026 Warrant**”). Each March 2026 Warrant entitles the holder thereof to purchase one Common Share at a price of C\$0.85 per Common Share for a period of 36 months from the closing date, subject to acceleration. If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds C\$1.70, the Company may, upon providing written notice to the holders of the March 2026 Warrants (the “**March 2026 Offering Acceleration Notice**”), accelerate the expiry date of the March 2026 Warrants to the date that is 30 days following the date of the March 2026 Offering Acceleration Notice. If the March 2026 Warrants are not exercised by the accelerated expiry date, the March 2026 Warrants will expire and be of no further force or effect. All securities issued under the March 2026 Private Placement were issued subject to applicable statutory hold periods.

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 4:- SHAREHOLDERS' EQUITY**

a. Share capital:

The Company's authorized share capital consists of an unlimited number of common shares without par value.

The following table summarizes the authorized, issued and outstanding share capital as follows:

	<b>Authorized as of</b>		<b>Issued and outstanding as of</b>	
	<b>March 31, 2026</b>	<b>December 31, 2025</b>	<b>March 31, 2026</b>	<b>December 31, 2025</b>
Common Shares without a nominal par value	<u>Unlimited</u>	<u>Unlimited</u>	<u>92,045,848</u>	<u>90,681,345</u>

b. Composition and movements of Share capital during the period:

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

	<b>Number of Shares</b>
Outstanding as of December 31, 2024	<u>71,073,598</u>
Issuance of Common Shares from private placements <sup>(1)</sup>	6,588,682
Issuance of Common Shares from an exercise of options <sup>(2)</sup>	20,000
Issuance of Common Shares from an exercise of warrants <sup>(3)</sup>	10,999,065
Issuance of Common Shares from release of RSUs <sup>(4)</sup>	<u>2,000,000</u>
Outstanding as of December 31, 2025	<u>90,681,345</u>
Issuance of Common Shares from a private placement <sup>(5)</sup>	1,295,222
Issuance of Common Shares from an exercise of options <sup>(6)</sup>	<u>69,281</u>
Outstanding as of March 31, 2026	<u><u>92,045,848</u></u>

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 4:- SHAREHOLDERS' EQUITY (cont.)**

## b. Composition and movements of Share capital during the period (cont.):

## 1. Issuance of 6,588,682 Common Shares pursuant to the 2025 private placements:

- i. On January 21, 2025, the Company completed a non-brokered private placement (the "**January 2025 Private Placement**") of units of the Company (the "**January 2025 Unit**") through the issuance of an aggregate of 856,996 January 2025 Units. Each January 2025 Unit was issued at a price of C\$0.56 per January 2025 Unit, generating aggregate gross proceeds of \$333 (C\$480), with issuance costs of \$23 (C\$33).

Each January 2025 Unit comprised of (i) one Common Share, and (ii) one Common Share purchase warrant (each, a "**January 2025 Warrant**"). Each January 2025 Warrant entitles the holder to purchase one Common Share at a price of C\$0.70 per Common Share for a period of 36 months, subject to acceleration. If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds C\$1.75, the Company may, upon providing written notice to the holders of the January 2025 Warrants (the "**January 2025 Offering Acceleration Notice**"), accelerate the expiry date of the January 2025 Warrants to the date that is 45 days following the January 2025 Offering Acceleration Notice. In addition, following the date of the issuance of the January 2025 Warrants, if the Company lists the Common Shares on a nationally recognized stock exchange in the United States, the Company may upon providing an acceleration notice (the "**January 2025 Offering U.S. Listing Acceleration Notice**"), accelerate the expiry date of the January 2025 Warrants to the date that is 45 days following the date of the January 2025 Offering U.S. Listing Acceleration Notice. If the January 2025 Warrants are not exercised by the applicable accelerated expiry dates, they will expire and become void.

- ii. On April 9, 2025, the Company completed a non-brokered private placement (the "**April 2025 Private Placement**") of units of the Company (each, an "**April 2025 Unit**") through the issuance of an aggregate of 3,543,238 April 2025 Units. Each April 2025 Unit was issued at a price of C\$0.65 per Common Share, generating aggregate gross proceeds of \$1,600 (C\$2,303), with issuance costs of \$9 (C\$12). Each April 2025 Unit was comprised of (i) one Common Share and (ii) one Common Share purchase warrant (each, an "**April 2025 Warrant**"). Each April 2025 Warrant entitles the holder to purchase one Common Share at a price of C\$0.85 per April 2025 Warrant for a period of 36 months.

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 4:- SHAREHOLDERS' EQUITY (cont.)**

- b. Composition and movements of Share capital during the period (cont.):
1. Issuance of 6,588,682 Common Shares pursuant to the 2025 private placements (cont.):
    - iii. On August 20, 2025, the Company completed a non-brokered private placement (the “**August 2025 Private Placement**”) of units of the Company (each, an “**August 2025 Unit**”) through the issuance of an aggregate of 1,258,072 August 2025 Units. Each August 2025 Unit was issued at a price of C\$0.62 per Common Share, generating aggregate gross proceeds of \$568 (C\$780), with issuance costs of \$21 (C\$33).  
Each August 2025 Unit was comprised of (i) one Common Share and (ii) one-half of one Common Share purchase warrant (each, an “**August 2025 Warrant**”). Each August 2025 Warrant entitles the holder to purchase one Common Share at a price of C\$0.80 per August 2025 Warrant for a period of 36 months. All securities issued under the August 2025 Private Placement are subject to applicable statutory hold periods, subject to acceleration.  
If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds C\$1.70, the Company may, upon providing written notice to the holders of the August 2025 Warrants (the “**August 2025 Offering Acceleration Notice**”), accelerate the expiry date of the August 2025 Warrants to the date that is 45 days following the date of the August 2025 Offering Acceleration Notice.
    - iv. On September 11, 2025, the Company completed a non-brokered private placement (the “**September 2025 Private Placement**”) of units of the Company (each, a “**September 2025 Unit**”) through the issuance of an aggregate of 930,376 September 2025 Units. Each September 2025 Unit was issued at a price of C\$0.68 per September 2025 Unit generating aggregate gross proceeds of \$457 (C\$633). Each September 2025 Unit was comprised of (i) one Common Share and (ii) one-half of one Common Share purchase warrant (each, an “**September 2025 Warrant**”). Each September 2025 Warrant entitles the holder to purchase one Common Share at a price of C\$0.88 per September 2025 Warrant for a period of 36 months. All securities issued under the September 2025 Private Placement are subject to applicable statutory hold periods, subject to acceleration. If the daily volume weighted average trading price of the Common Shares on the TSXV for any period of 20 consecutive trading days equals or exceeds C\$1.70, the Company may, upon providing written notice to the holders of the September 2025 Warrants (the “**September 2025 Offering Acceleration Notice**”), accelerate the expiry date of the September 2025 Warrants to the date that is 45 days following the date of the September 2025 Offering Acceleration Notice.

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 4:- SHAREHOLDERS' EQUITY (cont.)**

- b. Composition and movements of Share capital during the period (cont.):
2. On September 15, 2025, a total of 20,000 Common Share purchase options (“**Options**”) were exercised at an exercise price of C\$0.28, generating gross proceeds of \$4 (C\$6).
  3. Issuance of 10,999,065 Common Shares pursuant to the exercise of Warrants in 2025:
    - i. On January 8, 2025, the Company issued 65,000 Common Shares upon the exercise of 65,000 warrants issued pursuant to the January 2024 Private Placement Warrants. Each January 2024 Private Placement Warrant was exercised at a price of C\$0.35 per Common Share, generating total proceeds of \$16 (C\$23).
    - ii. 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.
    - iii. On February 19, 2025, the Company issued 328,625 Common Shares pursuant to the exercise of the January 2024 Private Placement Warrants. The January 2024 Private Placement Warrants were exercised at a price of C\$0.35 per Common Share, generating total proceeds of \$81 (C\$115).
    - iv. In August 2025, the Company issued 217,884 Common Shares pursuant to two exercises of the January 2024 Private Placement Warrants. The January 2024 Private Placement Warrants were exercised at a price of C\$0.35 per Common Share, generating total proceeds of \$55 (C\$77).
    - v. On September 17, 2025, the Company issued 25,000 Common Shares pursuant to the exercise of the September 2024 Private Placement Warrants. The September 2024 Private Placement Warrants were exercised at a price of C\$0.70 per Common Share, generating total proceeds of \$13 (C\$18).
    - vi. On October 3, 2025, the Company issued 53,571 Common Shares pursuant to the exercise of the January 2024 Private Placement Warrants. The January 2024 Private Placement Warrants were exercised at a price of C\$0.35 per Common Share, generating total proceeds of \$14 (C\$19).

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share and per share data)****NOTE 4:- SHAREHOLDERS' EQUITY (cont.)**

- b. Composition and movements of Share capital during the period (cont.):
3. Issuance of 10,999,065 Common Shares pursuant to the exercise of Warrants in 2025 (cont.):
    - vii. On October 8, 2025, the Company announced the acceleration of the expiration date of certain warrants, further to its press releases dated August 28, 2023, September 6, 2023 and January 5, 2024. The acceleration applies to (i) 2,515,456 class B Common Share purchase warrants issued and outstanding from the private placement which closed in tranches on August 25, 2023 and September 6, 2023 (the “**September 2023 Warrants**”) and (ii) 5,653,073 Common Share purchase warrants issued and outstanding from the private placement which closed on January 4, 2024 (the “**January 2024 Warrants**”). Each September 2023 Warrant is exercisable at a price of C\$0.48 per September 2023 Warrant and each January 2024 Warrant is exercisable at a price of C\$0.35 per January 2024 Warrant. The acceleration triggers were met after the daily volume weighted average trading price of the Company’s Common Shares on the TSXV equaled or exceeded for a period of 20 consecutive trading days, in the case of the September 2023 Warrants, C\$0.83, and in the case of the January 2024 Warrants, C\$0.80 (the “**Acceleration Event**”). Pursuant to the terms of the warrants and following the occurrence of the Acceleration Event, the Company has provided notice to the warrant holders (the “**Acceleration Notice**”), thereby accelerating the expiry of the warrants. As announced on November 12, 2025, all of the September 2023 Warrants and January 2024 Warrants were exercised prior to expiry, resulting in aggregate gross proceeds of \$2,259 (C\$3,186). The breakdown of proceeds was (i) \$852 (C\$1,207) from the exercise of the September 2023 Warrants and (ii) \$1,407 (C\$1,979) from the exercise of the January 2024 Warrants.
  4. On June 3, 2025, the Company issued 2,000,000 Common Shares upon the release of RSUs, following the one-year vesting anniversary, to certain officers and directors.
  5. On March 10, 2026, the Company issued 1,295,222 Common Shares pursuant to the completion of the March 2026 Private Placement, as described in Note 3c.
  6. On February 5, 2026, the Company issued 69,281 Common Shares upon the net cashless exercise of options at an exercise price of C\$0.32 per share.

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 4:- SHAREHOLDERS' EQUITY (cont.)**

c. Common Share purchase warrants (“Warrants”):

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

	Three-month period ended March 31,		Year ended December 31,			
	2026	2025	2025			
	Number of Warrants	Weighted average exercise price (CAD\$)	Number of Warrants	Weighted average exercise price (CAD\$)	Number of Warrants	Weighted average exercise price (CAD\$)
Outstanding at the beginning of the period	8,628,817	0.78	14,133,424	0.45	14,133,424	0.45
Issued	-	-	-	-	465,188	0.88
Issued	<sup>(1)</sup> 1,295,222	0.85	-	-	3,543,238	0.85
Issued	-	-	-	-	629,036	0.80
Issued	-	-	856,996	0.70	856,996	0.70
Exercised	-	-	-	-	(25,000)	0.70
Exercised	-	-	-	-	(2,515,456)	0.48
Exercised	-	-	(393,625)	0.35	(6,318,153)	0.35
Exercised	-	-	(2,140,456)	0.34	(2,140,456)	0.34
Outstanding at the end of the period	9,924,039	0.79	12,456,339	0.49	8,628,817	0.78

Notes:

(1) Issuance of 1,295,222 March 2026 Private Placement Warrants, as described in Note 3c.

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 4:- SHAREHOLDERS' EQUITY (cont.)**

d. Share incentive plan:

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

	Three-month period ended				Year ended	
	March 31,				December 31,	
	2026		2025		2025	
	Number of Options	Weighted average exercise price (CAD\$)	Number of Options	Weighted average exercise price (CAD\$)	Number of Options	Weighted average exercise price (CAD\$)
Outstanding at the beginning of the period	8,928,571	0.42	7,724,569	0.38	7,724,569	0.38
Granted	<sup>(1)</sup> 219,200	0.69	299,802	0.56	1,306,502	0.67
Exercised	(69,281)	0.32	-	-	(20,000)	0.28
Forfeited	(22,500)	0.74	-	-	(40,000)	0.66
Expired	(59,919)	0.32	-	-	(42,500)	0.32
Outstanding at the end of the period	8,996,071	0.43	8,024,371	0.39	8,928,571	0.42
Exercisable at the end of the period	8,011,133	0.40	6,140,712	0.34	7,780,964	0.39

Notes:

- As described in Note 3b.

As of March 31, 2026, there was a total of \$186 of unrecognized share-based compensation costs related to Options, which is expected to be recognized over a period of up to two years.

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 4:- SHAREHOLDERS' EQUITY (cont.)**

d. Share incentive plan (cont.):

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

	Three-month period ended		Year ended			
	March 31,		December 31,			
	2026	2025	2025			
	Weighted average grant date fair value (CAD\$)	Number of RSUs	Weighted average grant date fair value (CAD\$)	Number of RSUs	Weighted average grant date fair value (CAD\$)	
Unvested balance at the beginning of the period	2,875,000	0.70	2,000,000	0.51	2,000,000	0.51
Granted	-	-	-	-	2,875,000	0.70
Vested	-	-	-	-	(2,000,000)	0.51
Forfeited	(25,000)	0.69	-	-	-	-
Unvested balance at the end of the period	2,850,000	0.70	2,000,000	0.51	2,875,000	0.70

As of March 31, 2026, there was a total of \$604 of unrecognized share-based compensation costs related to RSUs, which is expected to be recognized over a period of up to one year.

3. As of March 31, 2026, a total of 17,005,375 Common Shares were reserved under the Company's Equity Incentive Plan. Of this amount, 1,694,953 Common Shares remained available for future issuance, as detailed below:

	<b>March 31, 2026</b>
Fixed allotment	7,800,791
Rolling 10% Option limit (based on outstanding Common Shares)	9,204,584
Total shares reserved under the Equity Incentive Plan	<u>17,005,375</u>
Outstanding Options	8,996,071
Outstanding RSUs	2,850,000
Exercised Options and vested RSUs held in trust as Shares	3,430,774
Shares sold from trust	<u>33,577</u>
Remaining available for issuance	<u>1,694,953</u>

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 5:- RELATED PARTY TRANSACTIONS**

- a. Transactions with key management personnel:

Key management personnel consist of the Company's directors and executive officers.

1. Expenses and Transactions:

The Company recognized compensation expenses to key management personnel for the periods ended March 31, 2026 and 2025, and December 31, 2025, are as follows:

	<b>Three-month period ended March 31,</b>		<b>Year ended December 31,</b>
	<b>2026</b>	<b>2025</b>	<b>2025</b>
Short-term benefits	\$ 175	\$ 133	\$ 742
Share-based payment	214	191	662
Total	<u>\$ 389</u>	<u>\$ 324</u>	<u>\$ 1,404</u>

2. Payable Balances:

The balance of other payables to key management personnel and directors as of March 31, 2026 and 2025, and December 31, 2025, are as follows:

	<b>March 31,</b>		<b>December 31,</b>
	<b>2026</b>	<b>2025</b>	<b>2025</b>
Other payables <sup>(1)</sup>	\$ 271	\$ 49	\$ 238

Notes:

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

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 5:- RELATED PARTY TRANSACTIONS (cont.)**

- b. Transactions with related party:

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

The following transactions were conducted with TRDF:

1. Royalty payments:

The Company is obligated to pay royalties to TRDF in accordance with the License Agreement described in Note 11a to the Company’s audited consolidated financial statements for the year ended December 31, 2025.

2. Lease of laboratory and office facility:

On March 1, 2024, the Company entered into a lease agreement with TRDF for laboratory and office facility, as described in Note 11b to the Company’s audited consolidated financial statements for the year ended December 31, 2025.

3. Ad hoc research services:

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

For the three months ended March 31, 2026 and 2025, the Company recorded ad hoc research expenses of \$7 and \$3, respectively.

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 6:- SUBSEQUENT EVENTS**

- a. On April 7, 2026, the Company announced that Exo-Top entered into a non-binding letter of intent (the “**BioXtek LOI**”) with Florida-based BioXtek Inc. (“**BioXtek**”) to explore a strategic partnership for exosome manufacturing and commercialization. The BioXtek LOI establishes a framework to negotiate a partnership supporting U.S. GMP manufacturing, clinical supply, and potential commercialization of bone marrow-derived mesenchymal stem cell exosomes. The BioXtek LOI is non-binding and is intended to provide a framework for further discussions. The agreement is subject to customary conditions, including the satisfactory completion of due diligence, negotiation and execution of a definitive agreement, receipt of required corporate approvals, and receipt of all required regulatory approvals, including acceptance by the TSXV.
  
- b. On April 16, 2026, the Company issued an aggregate of 471,647 Options (the “**April 2026 Options**”) to certain employees and service providers, following the approval of the Board on April 15, 2026. Each April 2026 Option is exercisable for one Common Share at a price of C\$0.68 per Common Share. The vesting schedule for the April 2026 Options is as follows:
  - (i) 225,000 April 2026 Options will vest over twenty-four months,
  - (ii) 185,000 April 2026 Options will vest over six months,
  - (iii) 44,000 April 2026 Options will vest over ten months, and
  - (iv) 17,647 April 2026 Options will vest over four months.

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

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

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

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