
HEMOSTEMIX INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed consolidated interim financial statements of Hemostemix Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Hemostemix Inc.

Condensed Consolidated Interim Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at March 31, 2025	As at December 31, 2024
ASSETS		
Current Assets		
Cash	\$ 965,164	\$ 705,700
Subscriptions receivable	-	200,000
HST/GST receivable	69,502	29,604
Prepaid expenses	48,066	56,475
Total current assets	1,082,732	991,779
Non-current assets		
Equipment (note 5)	71	83
Intangible assets (note 4)	1	1
Investment	145,580	-
Total assets	\$ 1,228,384	\$ 991,863
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 3,513,355	\$ 2,772,377
Total current liabilities	3,513,355	2,772,377
Non-current liabilities		
Debentures (note 6)	4,693,137	4,936,716
Deferred income tax payable	486,921	486,921
Total liabilities	8,693,413	8,196,014
Shareholders' Deficiency		
Share capital (note 7)	44,422,932	43,917,274
Warrants (note 8)	1,375,467	1,538,381
Contributed surplus	13,756,896	13,221,905
Deficit	(67,020,324)	(65,881,711)
Total Shareholders' Deficiency	(7,465,029)	(7,204,151)
Total Liabilities and Shareholders' Deficiency	\$ 1,228,384	\$ 991,863

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

Incorporation, nature of business and going concern (note 1)
Commitments and contingencies (note 11)
Subsequent events (note 14)

Approved on behalf of the Board:

"Peter Lacey", Director, Chair of Audit Committee

"Thomas Smeenk", Director

Hemostemix Inc.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Operating expenses		
Research and development	\$ -	\$ 2,972
Consulting and salaries (note 12)	186,401	177,880
Stock-based compensation (note 9)	547,550	4,143
Marketing and office expenses (note 12)	48,893	80,656
Professional fees	220,652	53,495
Travel	31,870	6,572
Foreign exchange gain	82,997	4,235
Finance expense (notes 6 and 10)	166,177	145,556
Depreciation expense (note 5)	12	25
Net loss and comprehensive loss for the period	\$ (1,284,552)	\$ (475,534)
Basic and diluted net loss and comprehensive loss per share	\$ (0.014)	\$ (0.005)
Weighted average number of common shares outstanding - basic and diluted	95,058,881	87,122,318

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

Hemostemix Inc.**Condensed Consolidated Interim Statements of Cash Flows**
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Operating activities		
Net loss for the period	\$ (1,284,552)	\$ (475,534)
Items not affecting cash:		
Stock-based compensation (note 9)	547,550	4,143
Finance expense (note 10)	164,967	145,556
Depreciation expense (note 5)	12	25
Foreign exchange gain (loss)	-	(4,235)
Changes in non-cash working capital items:		
Subscriptions receivable	200,000	-
Prepaid expense	8,409	101,896
HST / GST receivable	(39,898)	(2,864)
Accounts payable and accrued liabilities	740,978	110,666
Net cash (used in) provided by operating activities	337,466	(120,347)
Investing activities		
Purchase of investments	(145,580)	-
Net cash used in investing activities	(145,580)	-
Financing activities		
Exercise of warrants (note 8)	54,978	-
Exercise of options	12,600	-
Net cash provided by financing activities	67,578	-
Net change in cash	259,464	(120,347)
Cash, beginning of period	705,700	155,416
Cash, end of period	\$ 965,164	\$ 35,069

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

Hemostemix Inc.

Condensed Consolidated Interim Statements of Changes in Deficiency (Expressed in Canadian Dollars) (Unaudited)

	Share Capital Number	Amount	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2023	87,122,318	\$ 42,481,424	\$ 1,487,187	\$ 11,925,470	\$ (63,265,309)	\$ (7,371,228)
Common shares issued for debt	-	-	-	-	-	-
Stock-based compensation (note 9)	-	-	-	4,143	-	4,143
Expiry of warrants	-	-	(305,245)	305,245	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(475,534)	(475,534)
Balance, March 31, 2024	87,122,318	\$ 42,481,424	\$ 1,181,942	\$ 12,234,858	\$ (63,740,843)	\$ (7,842,619)
Balance, December 31, 2024	140,641,953	\$ 43,917,274	\$ 1,538,381	\$ 13,221,905	\$ (65,881,711)	\$ (7,204,151)
Exercise of warrants (note 8)	405,280	71,953	(16,975)	-	-	54,978
Exercise of options	180,000	25,159	-	(12,559)	-	12,600
Common shares issued for debt	4,085,461	408,546	-	-	-	408,546
Stock-based compensation (note 9)	-	-	-	547,550	-	547,550
Expiry of warrants	-	-	(145,939)	-	145,939	-
Net loss and comprehensive loss for the period	-	-	-	-	(1,284,552)	(1,284,552)
Balance, March 31, 2025	145,312,694	\$ 44,422,932	\$ 1,375,467	\$ 13,756,896	\$ (67,020,324)	\$ (7,465,029)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

1. Incorporation, Nature of Business and Going Concern

Hemostemix Inc. ("Hemostemix" or "the Company") is a clinical stage biotechnology company whose principal business is to develop, manufacture and commercialize blood-derived stem cell therapies for medical conditions not adequately addressed by current treatments. Hemostemix Inc., an entity under the Business Corporations Act (Alberta) was formed in November 2014. The Company's head office is located at Suite 1150, 707-7th Ave SW, Calgary, AB T2P 3H6.

The common shares of Hemostemix are listed on the TSX Venture Exchange under the symbol "HEM", Borse Frankfurt under the symbol "2VFO" and OTCQB under the symbol "HMTXF".

Hemostemix Inc. has five wholly-owned subsidiaries. Kwalata Trading Limited ("Kwalata"), incorporated under the laws of Cyprus, was established to own intellectual property ("IP"). On October 1, 2018, previous management structured the sale of the IP from Kwalata to Hemostemix and planned the wind up of Kwalata. This transaction was not completed and Kwalata remains a wholly owned subsidiary of Hemostemix Inc., and continues as an IP holding company. Hemostemix Ltd., another wholly owned subsidiary, was incorporated under the laws of Israel to conduct manufacturing and perform research and development. Effective October 1, 2017, Hemostemix Ltd. ceased operations. On June 14, 2022, the Company incorporated PreCerv Inc. ("PreCerv") as a wholly owned subsidiary. PreCerv obtained a global field of use license to NCP-01 and its autologous stem cell technologies from Hemostemix. On August 15, 2023, the Company incorporated Hemostemix Quebec Inc. as a wholly-owned subsidiary. On August 22, 2024, the Company incorporated HEM PR Inc. as a wholly-owned subsidiary.

The Company incurred a net loss of \$1,284,552 for the three months ended March 31, 2025, (three months ended March 31, 2024 - net loss of \$475,534) and had accumulated deficit of \$67,020,324 (December 31, 2024 - \$65,881,711). The Company's biotechnology is in the final-stage of the research of its main product ACP-01; as a result, the Company has not produced revenue nor achieved operational profitability and positive cash flows.

These conditions raise significant doubt about the Company's ability to continue operating as a going concern. The unaudited condensed consolidated interim financial statements do not include any adjustments to reflect any events since March 31, 2025 or the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from this uncertainty.

These unaudited condensed consolidated interim financial statements were approved by the Company's Board of Directors on May 30, 2025.

2. Material Accounting Policy

Statement of Compliance

The accompanying unaudited condensed consolidated interim financial statements have been prepared by management in accordance with International Financial Reporting Standards including 34, "Interim Financial Reporting" ("IAS 34"). The notes presented in these unaudited condensed consolidated interim financial statements include only significant events and transactions occurring since our last fiscal year end and are not fully inclusive of all matters required to be disclosed in our annual audited financial statements. As such, these financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2024.

Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended March 31, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

2. Material Accounting Policy (Continued)

Consolidated financial statements

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Kwalata Trading Limited, Hemostemix Ltd. and PreCerv. The unaudited condensed consolidated interim financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is determined when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Effective October 1, 2017, Hemostemix Ltd. ceased operations in Israel and moved its clinical trial activities to North America. The operating results of its activities in Israel have been presented as a discontinued operation. On October 1, 2018, previous management structured the sale of the IP from Kwalata to Hemostemix and planned the wind up Kwalata. This transaction was not completed and Kwalata, a wholly owned subsidiary of Hemostemix Inc., continues as an IP holding company.

These unaudited condensed consolidated interim financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The unaudited condensed consolidated interim financial statements are prepared using uniform accounting policies by the Company and all subsidiaries. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Functional and presentation currency

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

3. Wholly-Owned Subsidiaries

Hemostemix has four wholly-owned subsidiaries. On October 1, 2018, previous management structured the sale of the IP from Kwalata to Hemostemix and planned the wind up of Kwalata. This transaction was not completed and Kwalata remains a wholly owned subsidiary of Hemostemix Inc., and continues as an IP holding company.

On October 1, 2017, the Company ceased its operations in Israel.

The Israel operations had current assets of \$1,784 as at March 31, 2025 (December 31, 2024 - \$1,784) and current liabilities of \$nil as at March 31, 2025 (December 31, 2024 - \$nil).

On June 14, 2022, the Company incorporated PreCerv as a wholly-owned subsidiary. PreCerv obtained a global field of use license to NCP-01 and ACP-01 and its autologous stem cell technologies from Hemostemix.

On August 29, 2023, the Company incorporated Hemostemix Quebec Inc. as a wholly-owned subsidiary.

On August 22, 2024, the Company incorporated Hemostemix PR Inc. as a wholly-owned subsidiary.

4. Intangible Assets

Proprietary Protection - The Company's intellectual property is protected by several issued patents grouped together in five patent families, which currently have a carrying value of \$1 (December 31, 2024 - \$1).

During the three months ended March 31, 2025, additional provisional patent with trademark applications have been filed and patents continue to be pursued in additional jurisdictions; however, the Company has determined that none of these costs meet the criteria for deferral.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(Expressed in Canadian Dollars)
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4. Intangible Assets (continued)

The five patent families are:

Family Patent	Status	Title
1	Granted in several countries including in the US Pending in Canada and Thailand	In-Vitro techniques for use with stem cells
2	Granted in several countries including Canada To be filed in US	Production from blood of cells of neural lineage
3	Granted in Singapore Pending in Canada, Europe and US	Regulating stem cells
4	Granted in several counties including the US and Canada Pending in Europe	Regulating stem cells
5	Granted Mexico, Singapore	Automated cell therapy

5. Equipment

	Computers
Cost	
Balance - December 31, 2023, December 31, 2024 and March 31, 2025	\$ 6,138
Accumulated depreciation	
Balance - December 31, 2023	\$ (5,955)
Depreciation for the year	(100)
Balance - December 31, 2024	\$ (6,055)
Depreciation for the period	(12)
Balance - March 31, 2025	\$ (6,067)
Net book value	
As at December 31, 2024	\$ 83
As at March 31, 2025	\$ 71

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended March 31, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

6. Loans and Borrowing

(a) Debenture:

	Number of Debentures	Liability Component	Equity Component
Balance at December 31, 2023	2,500	\$ 1,528,140	\$ 859,934
Accretion and interest	-	375,104	-
Balance at December 31, 2024	2,500	\$ 1,903,244	\$ 859,934
Accretion (note 10)	-	105,608	-
Balance at March 31, 2025	2,500	\$ 2,008,852	\$ 859,934

On June 11, 2021, the Company closed a \$2,500,000 non-brokered private placement of convertible debentures (the "Debentures"), in the principal amount of \$2,500,000. Each Debenture consists of \$1,000 principal amount and 2,500 Debenture warrants. The debenture matures five years from the closing date and bears interest at a rate of 6% per annum, payable quarterly, in arrears in cash or Common shares at the option of the Company. The principal amount of the debenture may be convertible, at the option of the Company and the holder, into common shares of the Company at a price of \$0.40 per common share. At the election of the Company, any accrued and unpaid interest may be converted into Common shares of the Company at a conversion price equal to market price, but not less than the conversion price. Each debenture warrant entitles the holder to acquire one common share at a price of \$0.55 per common share for a period of 24 months from the closing of the debenture offering.

The liability component of the Debenture was valued using the effective interest method, based on an estimated effective interest rate of 23%. The difference between the \$2,500,000 principal amount of the Debentures and the discounted fair value of the liability component was recognized as the equity portion of the Debenture on the date of grant. No fair value measurement is required as liability component is measured at amortized cost after initial recognition. The fair value of the equity component as of issuance was \$859,934, which is net of deferred tax recovery of \$255,788. On March 29, 2023, the Company settled \$153,409 of interest by issuing 639,203 common shares at a deemed unit price of \$0.24 (Note 7). During the year ended December 31, 2023, the Convertible Debenture was amended as follows: 1) interest will be amended from 6% per annum to nil (zero) from January 1, 2023 to maturity (June 11, 2026); 2) the Company's conversion rights will be limited to allow conversion, at the originally stated conversion rate of \$0.40 per common share, for any or all, of the outstanding debentures at maturity; 3) the Company will grant the holder the ability to convert at any time, any or all, of their debentures at the originally stated conversion rate of \$0.40 per common share and 4) security will be amended from unsecured to secured, and will rank in a second secured position behind the already secured \$2.75 million 5 year secured debenture, issued on April 25, 2022. A gain of \$200,990 was recorded during the year ended December 31, 2023. There was no change in the classification of the convertible debt. No embedded and no fair value has been recalculated as of March 31, 2025. During the three months ended March 31, 2025, the Company incurred \$105,608 (three months ended March 31, 2024 - \$85,730) of accretion expense, included in the consolidated Statements of Loss and Comprehensive Loss.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended March 31, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

6. Loans and Borrowing (Continued)

(b) Convertible debenture

	Number of Debentures	Liability Component	Equity Component
Debentures, balance at December 31, 2023	2,750	\$ 2,793,363	\$ 7,922
Interest	-	220,602	-
Accretion	-	19,507	-
Balance at December 31, 2024	2,750	\$ 3,033,472	\$ 7,922
Interest (note 10)	-	54,247	-
Accretion (note 10)	-	5,112	-
Repayment of interest (note 7(b)(i))	-	(408,546)	-
Balance at March 31, 2025	2,750	\$ 2,684,285	\$ 7,922

On April 25, 2022, the Company closed a \$2,750,000 non-brokered private placement of convertible debentures (the "Convertible Debentures"), in the principal amount of \$2,750,000. Each Convertible Debenture consists of \$1,000 principal amount and 5,714 Convertible Debenture warrants. The debenture matures five years from the closing date and bears interest at a rate of 8% per annum, payable quarterly, in arrears in cash or Common shares at the option of the Company. The principal amount of the debenture may be convertible, only at the option of the holder, into common shares of the Company at a price of \$0.175 per common share. At the election of the Company, any accrued and unpaid interest may be converted into Common shares of the Company at a conversion price equal to market price, but not less than the conversion price. Each debenture warrant entitles the holder to acquire one common share at a price of \$0.20 per common share for a period of 60 months from the closing of the debenture offering.

The liability component of the Debenture was valued using the effective interest rate method, based on an estimated effective interest rate of 9.85%. The difference between the \$2,750,000 principal amount of the Debentures and the discounted fair value of the liability component was recognized as the equity portion of the Debenture on the date of grant. No fair value measurement is required as liability component is measured at amortized cost after initial recognition. The fair value of 15,713,500 warrants issued was \$167,809 and the fair value of the 133,935 finder warrants issued was \$20,524. Additional issue costs of \$25,654 was incurred. The fair value of the equity component is \$7,922. Fair value has not changed as of March 31, 2025. On March 29, 2023, the Company settled \$150,680 of interest by issuing 803,971 common shares at a deemed unit price of \$0.19 (Note 7). On January 7, 2025, the Company settled \$408,546 of interest by issuing 4,085,461 common shares at a deemed unit price of \$0.10 (Note 7). No embedded and no fair value has been recalculated as of March 31, 2025. During the three months ended March 31, 2025, the Company incurred \$59,359 (three months ended March 31, 2024 - \$59,476) of accretion and interest expense, included in the consolidated Statements of Loss and Comprehensive Loss.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

7. Share Capital

- (a) Authorized
Unlimited number of shares designated as Common Shares
Unlimited number of shares designated as Preferred Shares
The preferred shares are issuable in series and have such rights, restrictions, conditions and limitations as the Board may from time to time determine. No preferred shares have been issued.

- (b) Issued and outstanding

	Number of common shares	Amount
Balance, December 31, 2023 and March 31, 2024	87,122,318	\$ 42,481,424
Balance, December 31, 2024	140,641,953	\$ 43,917,274
Exercise of finder warrants (note 8)	405,280	71,953
Exercise of options (note 9)	180,000	25,159
Shares issued for debt (i)	4,085,461	408,546
Balance, March 31, 2025	145,312,694	\$ 44,422,932

i) In the first quarter of 2025, the Company issued 4,085,461 common shares at a deemed unit price of \$0.10 per common share to settle \$408,546 of interest from January 1, 2023 to September 30, 2024.

8. Warrants

The following table reflects the continuity of the investor warrants for the periods ended March 31, 2025 and 2024:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2023	38,638,256	\$ 0.44
Expired (a)	(8,606,071)	0.40
Balance, March 31, 2024	30,032,185	\$ 0.35
Balance, December 31, 2024	76,061,490	\$ 0.17
Expired (c)	(3,812,000)	0.65
Exercised (b)	(275,000)	0.16
Balance, March 31, 2025	71,974,490	\$ 0.14

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended March 31, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

8. Warrants (continued)

A summary of the status of the Company's broker warrants as at March 31, 2025 and 2024 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2023	1,016,032	\$ 0.32
Expired (d)	(361,577)	0.16
Balance, March 31, 2024	654,455	\$ 0.40
Balance, December 31, 2024	2,428,160	\$ 0.06
Exercised (e)	(130,280)	0.11
Balance, March 31, 2025	2,297,880	\$ 0.05

a) During the three months ended March 31, 2024, 8,606,071 warrants expired unexercised.

b) During the three months ended March 31, 2025, 275,000 warrants with a Black Scholes value of \$8,106, were exercised into 275,000 common shares for proceeds of \$42,750

c) During the three months ended March 31, 2025, 3,812,000 warrants expired unexercised.

d) During the three months ended March 31, 2024, 361,577 broker warrants expired unexercised.

e) During the three months ended March 31, 2025, 130,280 broker warrants with a Black-Scholes value of \$8,868, were exercised into 130,280 common shares for proceeds of \$16,050.

As at March 31, 2025, the following warrants were issued and outstanding:

Expiry Date	Exercise Price (\$)	Number of Warrants and Broker Warrants
June 27, 2025	0.25	1,656,417
June 27, 2025	0.12	50,747
September 28, 2025	0.25	1,284,938
September 28, 2025	0.12	47,920
April 25, 2027	0.20	15,713,500
October 29, 2026	0.12	36,654,475
October 29, 2026	0.05	1,702,800
November 29, 2026	0.12	16,665,160
November 29, 2026	0.05	496,413
		74,272,370

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2025 and 2024
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9. Stock Options

	Number of Options	Weighted average exercise price
Balance, December 31, 2023 and March 31, 2024	8,676,694	\$ 0.44
Balance, December 31, 2024	12,386,694	\$ 0.33
Granted (a)	2,085,000	0.01
Exercised	(180,000)	0.20
Balance, March 31, 2025	14,291,694	\$ 0.31

a) On January 22, 2025, the Company granted 2,085,000 stock options to various officers, directors and consultants of the Company. The stock options granted have an exercise price of \$0.28 and an expiry date of January 22, 2030. 1,815,000 of these stock options will vest immediately. The remaining 270,000 stock options will vest 50% immediately with the remaining 50% fully vested on January 31, 2026. The fair value of the stock options were \$542,074 and was estimated on the date of grant using the Black-Scholes model with the following assumptions: expected volatility of 237.81%, risk-free interest rate of 3.02% and an average expected life of 5 years.

The Company has recognized an expense of \$547,550 for options vesting period during the three months ended March 31, 2025 (three months ended March 31, 2024 - \$4,143), which is included in stock-based compensation expense on the consolidated statements of loss and comprehensive loss.

The following summarizes the stock options outstanding as at March 31, 2025:

	Number of Options #	Exercise Price \$	Weighted Average remaining life (years)
December 31, 2025	4,858,000	0.70	0.26
February 28, 2027	1,433,694	0.17	0.19
December 29, 2028	2,205,000	0.07	0.58
October 31, 2029	3,710,000	0.10	1.19
January 22, 2030	2,085,000	0.28	0.70
	14,291,694		2.92

As at March 31, 2025, there were 13,911,694 exercisable options with a weighted average exercise price of \$0.34.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

10. Finance Expense

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Finance expenses:		
Financial expenses	1,210	350
Accretion expense (Note 6)	110,720	90,357
Interest expense (Note 6)	54,247	54,849
Total	166,177	145,556

11. Commitments and contingencies

Commitments

Clinical Trial Costs

In 2025, and continuing into 2026, these costs will primarily relate to analytical and trial planning and initiation activities.

Contingencies

In the ordinary course of operating, the Company may from time to time be subject to various claims or possible claims. Management believes that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

Zenith Appraisal & Land Consulting Ltd. Lawsuit

On October 28, 2022, counsel for Company filed a statement of defense in the Court of King's Bench of Alberta, seeking dismissal of Zenith Appraisal and Land Consulting Ltd's claim for compensation since its principal, David Wood, a former director of the Company, was paid in full and signed a release following his resignation from the Board during April 2020. The Company's position is that Zenith's claim is without merit, and it will defend its position vigorously.

12. Related Party Transactions

Related party transactions are conducted on the terms and conditions agreed to by the related parties. It is the Company's policy to conduct all transactions and settle all balances with related parties on market terms and conditions.

The following includes all compensation to a consultant and key management personnel:

The Company recorded share-based compensation expense for the three months ended March 31, 2025 of \$527,214 (three months ended March 31, 2024 - \$1,308) to a consultant, current management and directors of the Company.

For the three months ended March 31, 2025, the Company incurred \$49,500 (three months ended March 31, 2024 - \$49,500) to Mr. Thomas Smeenck, CEO, for consulting services. As at March 31, 2025, Mr. Smeenck was owed \$279,860 (December 31, 2024 - \$292,999) and this amount was included in accounts payable and accrued liabilities.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three Months Ended March 31, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

12. Related Party Transactions (continued)

For the three months ended March 31, 2025, the Company incurred \$50,000 (three months ended March 31, 2024 - \$62,500) to a consultant of the Company. As at March 31, 2025, they were owed \$238,436 (December 31, 2024 - \$273,391) and this amount was included in accounts payable and accrued liabilities.

For the three months ended March 31, 2025, the Company incurred \$33,248 (three months ended March 31, 2024 - \$8,845) to Marrelli Support Services Inc., a company which the CFO is related to. As at March 31, 2025, the Company owed \$nil (December 31, 2024 - \$nil) to Marrelli Support Services Inc. for accounting fees, and this amount was included in accounts payable and accrued liabilities.

Please refer to note 6 for convertible debentures that is with a related party.

13. Financial Instruments

Our financial instruments consist of cash, subscriptions receivables and accounts payable and accrued liabilities and debentures. As at March 31, 2025, there are no significant differences between the carrying values of these amounts and their estimated market values.

Financial risk management

The Company's financial risk management policies are established to identify and analyze the risks faced by the Company, to set acceptable risk tolerance limits and controls, and to monitor risks and adherence to limits. The financial risk management policies and systems are reviewed regularly to ensure they remain consistent with the objectives and risk tolerance acceptable to the Company and current market trends and conditions. The Company, through its training and management standards and procedures, aims to uphold a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

- liquidity risk; and
- market risk (including foreign currency and interest rate risk).

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company are exposed to interest rate risk through our cash. The Company mitigate this risk by investment of excess cash resources in investment grade vehicles while matching maturities with our operational requirements. The Company structures the large majority of its secured borrowing arrangements to maintain a fixed interest rate spread. This fixed interest rate spread is achieved by match funding transactions on both a duration and interest rate basis.

Fluctuations in market rates of interest do not have a significant impact on our results of operations due to the short term to maturity of the debt held.

The Company mitigates our exposure to interest rate risk on loans as the Company utilizes fixed rates.

Currency risk

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the normal course of our operations. The Company are exposed to currency risk from the purchase of goods and services in the United States. In addition, the Company are exposed to currency risk to the extent cash is held in foreign currencies. The impact of a 10% increase in the value of the U.S. dollar against the Canadian dollar would have increased our net loss for the three months ended March 31, 2025 by approximately \$60,696 (three months ended March 31, 2024 - \$126,298).

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

13. Financial instruments (continued)

Currency risk (continued)

The Company mitigate our foreign exchange risk by maintaining sufficient foreign currencies, through the purchase of foreign currencies, when cash allows, to settle our foreign accounts payable and future commitments.

Balances in foreign currencies at March 31, 2025 are as follows:

	US Dollar
Cash	\$ 766,493
Accounts payable and accrued liabilities	(1,373,455)
Balance, March 31, 2025	\$ (606,962)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manage liquidity risk through the management of our capital structure. Accounts payable and accrued liabilities, convertible debentures, loans payable all were due within a year.

14. Subsequent Events

On May 11, 2025, the Company announced that it had closed a non-brokered private placement of \$336,500 USD, issuing 1,634,466 common shares at \$0.295CAD each to CytolImmune Therapeutics LLC, following the approval of the TSXV Exchange.