
HEMOSTEMIX INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 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 September 30, 2025	As at December 31, 2024
ASSETS		
Current Assets		
Cash	\$ 1,156,705	\$ 705,700
Subscriptions receivable	-	200,000
HST/GST receivable	22,228	29,604
Prepaid expenses	14,325	56,475
Marketable securities	145,580	
Total current assets	1,338,838	991,779
Non-current assets		
Equipment (note 5)	49	83
Intangible assets (note 4)	1	1
Total assets	\$ 1,338,888	\$ 991,863
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current Liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 776,541	\$ 2,772,377
Total current liabilities	776,541	2,772,377
Non-current liabilities		
Debentures (note 6)	3,511,458	4,936,716
Deferred income tax payable	486,921	486,921
Total liabilities	4,774,920	8,196,014
Shareholders' Deficiency		
Share capital (note 7)	47,508,535	43,917,274
Warrants (note 8)	2,418,211	1,538,381
Contributed surplus	14,248,598	13,221,905
Deficit	(67,611,376)	(65,881,711)
Total Shareholders' Deficiency	(3,436,032)	(7,204,151)
Total Liabilities and Shareholders' Deficiency	\$ 1,338,888	\$ 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 event (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 September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Operating expenses				
Research and development	\$ 401,551	\$ -	\$ 404,298	\$ 2,972
Consulting and salaries (note 12)	151,269	210,658	491,046	633,745
Stock-based compensation (note 9)	476,844	4,143	1,039,252	12,429
Marketing and office expenses (note 12)	104,176	3,431	175,119	96,093
Professional fees	579,756	43,753	753,241	186,027
Loss on settlement of debt through shares (note 7)	6,300	-	6,300	-
Gain on extinguishment (note 6)	(991,367)	-	(991,367)	-
Travel	66,482	11,659	129,608	32,159
Foreign exchange gain	(201,226)	(116,497)	(158,726)	(107,539)
Finance expense (notes 6 and 10)	182,113	157,387	521,414	453,476
Write off of payables	(315,781)	-	(315,781)	-
Unrealized loss on convertible debentures	12,684	-	12,684	-
Depreciation expense (note 5)	11	25	34	75
Net loss and comprehensive loss for the period	\$ (472,812)	\$ (314,559)	\$ (2,067,122)	\$ (1,309,437)
Basic and diluted net loss and comprehensive loss per share	\$ (0.003)	\$ (0.004)	\$ (0.014)	\$ (0.015)
Weighted average number of common shares outstanding - basic and diluted	146,473,550	87,122,318	145,315,712	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)

	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Operating activities		
Net loss for the period	\$ (2,067,122)	\$ (1,309,437)
Items not affecting cash:		
Stock-based compensation (note 9)	1,039,252	12,429
Finance expense (note 10)	519,099	452,502
Unrealized loss on convertible debentures	12,684	-
Depreciation expense (note 5)	34	75
Gain on extinguishment	(991,367)	-
Changes in non-cash working capital items:		
Subscriptions receivable	200,000	-
Prepaid expense	42,150	41,448
HST / GST receivable	7,376	21,844
Accounts payable and accrued liabilities	(1,589,409)	689,050
Net cash used in operating activities	(2,827,303)	(92,089)
Investing activities		
Purchase of investments	(145,580)	-
Net cash used in investing activities	(145,580)	-
Financing activities		
Proceeds from private placement, net of issue cost (note 7)	3,851,501	-
Exercise of warrants (note 8)	101,544	-
Repayment of convertible debentures (note 6(b))	(1,250,000)	-
Exercise of options	12,600	-
Proceeds from convertible debenture, net of costs	708,243	-
Net cash provided by financing activities	3,423,888	-
Net change in cash	451,005	(92,089)
Cash, beginning of period	705,700	155,416
Cash, end of period	\$ 1,156,705	\$ 63,327

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	Share Capital 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)	-	-	-	12,429	-	12,429
Expiry of warrants	-	-	(965,452)	965,452	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(1,309,437)	(1,309,437)
Balance, September 30, 2024	87,122,318	\$ 42,481,424	\$ 521,735	\$ 12,903,351	\$(64,574,746)	\$ (8,668,236)
Balance, December 31, 2024	140,641,953	\$ 43,917,274	\$ 1,538,381	\$ 13,221,905	\$(65,881,711)	\$ (7,204,151)
Issuance of common shares in private placement, net of issuance costs (note 7)	35,545,851	2,580,438	1,271,063	-	-	3,851,501
Exercise of warrants (note 8)	1,253,460	177,118	(75,574)	-	-	101,544
Exercise of options	180,000	25,159	-	(12,559)	-	12,600
Common shares issued for debt	6,085,461	808,546	-	-	-	808,546
Issuance of warrants - debentures issued, net of issuance costs (note 6)	-	-	21,798	-	-	21,798
Stock-based compensation (note 9)	-	-	-	1,039,252	-	1,039,252
Expiry of warrants	-	-	(337,457)	-	337,457	-
Net loss and comprehensive loss for the period	-	-	-	-	(2,067,122)	(2,067,122)
Balance, September 30, 2025	183,706,725	\$ 47,508,535	\$ 2,418,211	\$ 14,248,598	\$(67,611,376)	\$ (3,436,032)

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 and Nine Months Ended September 30, 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. Formed in 2002, and November 2014 under the Business Corporations Act (Alberta), the Company began trading on the TSX Venture Exchange on November 27, 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 \$2,067,122 for the nine months ended September 30, 2025, (nine months ended September 30, 2024 - net loss of \$1,309,437) and had accumulated deficit of \$67,611,376 (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 September 30, 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 November 28, 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 and Nine Months Ended September 30, 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 five wholly-owned subsidiaries. Kwalata is an IP holding company.

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

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 nine months ended September 30, 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 and Nine Months Ended September 30, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

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

Cost	Computers
Balance - December 31, 2023, December 31, 2024 and September 30, 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	(34)
Balance - September 30, 2025	\$ (6,089)
Net book value	
As at December 31, 2024	\$ 83
As at September 30, 2025	\$ 49

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three and Nine Months Ended September 30, 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)	-	338,123	-
Repayment of loan	-	(1,250,000)	-
Gain on extinguishment	-	(991,367)	-
Balance at September 30, 2025	2,500	\$ -	\$ 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. On July 24, 2025, the Company settled the full Convertible Debenture balance by issuing 2,969,600 common shares at a deemed unit price of \$0.10 (Note 7). A gain of \$991,367 was recorded during the nine months ended September 30, 2025. As of September 30, 2025, there is no balance outstanding for this convertible debenture. There was no change in the classification of the convertible debt. No embedded and no fair value has been recalculated as of September 30, 2025. During the three and nine months ended September 30, 2025, the Company incurred \$119,807 and \$338,123, respectively (three and nine months ended September 30, 2024 - \$187,215 and \$272,945, respectively) 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 and Nine Months Ended September 30, 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)	-	164,548	-
Accretion (note 10)	-	1,359	-
Repayment of interest (note 7(b)(i))	-	(408,546)	-
Balance at September 30, 2025	2,750	\$ 2,790,835	\$ 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 September 30, 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 September 30, 2025. During the three and nine months ended September 30, 2025, the Company incurred \$46,406 and \$165,909, respectively (three and nine months ended September 30, 2024 - \$60,428 and \$179,557, respectively) 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 and Nine Months Ended September 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

6. Loans and Borrowing (Continued)

(c) Convertible debenture

	Number of Debentures	Liability Component
Balance at December 31, 2024	-	\$ -
Issuance of debentures	15	708,243
Fair value movement	-	12,380
Balance at September 30, 2025	-	\$ 720,625

During 2025, the Company issued ACP-01 Therapeutic Convertible Debentures (the "Debentures") to finance clinical development activities. The Debentures are mandatorily convertible at maturity, include a holder option to settle in ACP-01 treatment volume, and have been designated at fair value through profit or loss under IFRS 9.

The Q3 value was derived from extrapolating the audited value at inception of USD \$517,230 (proceeds at July 14 close) and the audited FMVTPL of USD \$536,713 at December 31, 2025.

The change in audited values from July 14 to December 31 was calculated based on the change per day using both a linear and a compounding basis; and then applied on a day-count basis from July 14 to September 30, using 78 days. The two changes in value were averaged, producing USD \$8,895 or CAD \$12,380 and added to the value at inception to determine management's estimated FMVTPL at September 30 of CAD \$720,623.

Terms

On July 14, 2025, the Company issued 15 Series B unsecured ACP-01 Therapeutic Convertible Debentures for aggregate proceeds of USD \$517,230 (USD \$34,482 per Debenture). The Debentures are denominated in United States dollars and mature on December 31, 2029.

Interest. Simple interest accrues at 6.0% per annum on the outstanding principal, payable annually in arrears on December 31. At the Company's option, interest may be settled in cash or common shares — in Year 1 at a fixed price of CAD \$0.155 per share; in Years 2 through maturity at the greater of CAD \$0.155 or the then current market price.

Principal conversion. At any time prior to maturity, the holder may convert all or a portion of the principal into common shares at CAD \$0.155 per share. If the Debentures remain outstanding at maturity, the Company must convert them at CAD \$0.155 per share.

ACP-01 settlement. Instead of equity conversion, the holder may elect to convert any Debenture in full into one therapeutic volume of ACP-01, if available at the time of conversion.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three and Nine Months Ended September 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

6. Loans and Borrowing (Continued)

(c) Convertible debenture (continued)

Classification

The Debentures are classified as a financial liability in their entirety under IAS 32; no equity component is recognised. They do not qualify for equity classification because:

- the ACP-01 settlement option may require delivery of a non-equity, non-financial asset, which precludes equity classification;
- the principal is denominated in USD while the conversion price is fixed in CAD, so the number of shares issuable is variable in the Company's functional currency and fails the fixed-for-fixed criterion;
- the interest conversion price from Year 2 to maturity is the greater of CAD \$0.155 or market price, which is not a fixed price and independently fails the fixed-for-fixed criterion; and
- an Event of Default permits holders to demand immediate cash repayment upon certain involuntary insolvency events, creating a contingent cash obligation not solely within the Company's control.

The conversion features and the ACP-01 settlement option are terms of the financial liability and are not bifurcated.

Measurement

The Company designated the Debentures at fair value through profit or loss ("FVTPL") on initial recognition under IFRS 9.4.2.2(a) to eliminate an accounting mismatch. Absent this designation, the Debentures would be measured at amortized cost while economically significant features introduce variability not reflected in amortized cost measurement. The Debentures are remeasured at fair value at each reporting date, with changes in fair value recognised in profit or loss, except for changes attributable to the Company's own credit risk, which are recognised in other comprehensive income. Because the Debentures are measured at FVTPL, no separate interest expense or foreign exchange difference is recognised — the economic cost of the instruments and the effect of exchange rate movements are captured within the fair value remeasurement.

Fair Value Measurement

Hierarchy. The Debentures are classified as Level 3 in the IFRS 13 fair value hierarchy, as their fair value measurement uses significant unobservable inputs. While the share price and risk-free rate are observable, the commercial value and probability of availability of ACP-01 are unobservable inputs.

Technique. Monte Carlo simulation model with Geometric Brownian motion designed to capture the equity-linked, path-dependent nature of the Debentures' settlement features. This approach is commonly applied where the economic value of an instrument is driven by future share price performance and where closed-form valuation models are insufficient to reflect non-linear payoff structures.

Calibration. At the issuance date, the model was calibrated to the face value of the instrument at initial recognition. The company specific credit spread on the issuance date of 7.40% above the CCC-rated healthcare bond yield was not significantly changed at December 31, 2025, consistent with management's assessment that the Company's credit profile did not change materially during the period.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three and Nine Months Ended September 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

6. Loans and Borrowing (Continued)

(c) Convertible debenture (continued)

The significant inputs used in the valuation model were as follows:

Input	Jul 14, 2025	Dec 31, 2025	Level
Share price — TSXV: HEM	CAD \$0.135	CAD \$0.090	1
Annualized historical volatility	127.67%	136.50%	2
Risk-free rate	2.97%	2.77%	2
Total discount rate	22.40%	22.25%	3
ACP-01 commercial value (per unit)	USD \$37,500	USD \$50,000	3
Probability of ACP-01 availability	95%	95%	3
USD/CAD exchange rate	1.3693	1.3706	2

The ACP-01 commercial value increased from USD \$37,500 at issuance to USD \$50,000 at December 31, 2025, reflecting higher anticipated costs related to external quality and safety testing. Changes in ACP-01 commercial value and estimated probability of availability will be reflected in fair value at future reporting dates. There were no transfers between levels of the fair value hierarchy during the period.

Movement in Fair Value

Year ended December 31, 2025	\$
Initial recognition at fair value — July 14, 2025	708,242
Change in fair value recognised in profit or loss	27,677
Change in fair value attributable to own credit risk recognised in OCI	—
Fair value at December 31, 2025	735,619

The initial recognition amount of \$708,243 represents USD \$517,230 translated at the spot rate of 1.3693 on July 14, 2025. The fair value increase of \$27,677 is driven primarily by the passage of time and the dominance of the ACP-01 treatment floor at the current share price, partially offset by the decline in the Company's share price.

Financial Risk Exposure

The Debentures expose the Company to equity price risk, foreign exchange risk, and credit risk. These risks are reflected in the fair value measurement through the valuation inputs described above.

In connection with the TCD offering, the Company paid cash finder's fees of CAD\$59,171 and issued 356,298 finder's warrants, each exercisable at CA\$0.155 per common share for one year from the closing date. The finder's warrants were measured at fair value on the grant date. As the TCDs are classified as financial liabilities measured at fair value through profit or loss under IFRS 9, the cash finder's fees and the fair value of the finder's warrants with a fair value of \$21,798 were recognized as financing costs in profit or loss.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three and Nine Months Ended September 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

6. Loans and Borrowing (Continued)

(c) Convertible debenture (continued)

Sensitivity Analysis

The following table presents the effect on the December 31, 2025 fair value of reasonably possible changes in significant Level 3 inputs, holding all other inputs constant:

Input (base)	Change	Fair value (\$)	Increase (\$)	Decrease (\$)
ACP-01 commercial value (USD \$50,000)	+ USD \$20,000 to USD \$70,000	891,795	156,176	—
	- USD \$20,000 to USD \$30,000	549,014	—	(186,605)
Probability of availability (95%)	Decrease to 75%	684,861	—	(50,758)
	Decrease to 50%	590,505	—	(145,114)
Historical volatility (136.5%)	+ 10pp to 146.5%	745,195	9,576	—
	- 10pp to 126.5%	714,829	—	(20,790)
Total discount rate (22.25%)	- 500bps to 17.25%	825,776	90,157	—
	+ 500bps to 27.25%	669,097	—	(66,522)

Carrying Amount and Classification

	Dec 31, 2025 \$	Dec 31, 2024 \$
ACP-01 Therapeutic Convertible Debentures — FVTPL	735,619	—
Non-current	735,619	—

The fair value carrying amount of \$735,619 is equivalent to USD \$536,713 at the December 31, 2025 exchange rate of 1.3706. As the Debentures are measured at FVTPL, foreign exchange movements are included within the change in fair value recognised in profit or loss and no separate exchange difference is recognised for this instrument.

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.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

7. Share Capital (continued)

(b) Issued and outstanding

	Number of common shares	Amount
Balance, December 31, 2023 and September 30, 2024	87,122,318	\$ 42,481,424
Balance, December 31, 2024	140,641,953	\$ 43,917,274
Private placement net of share issuance costs (i)(ii)(iii)(iv)	35,545,851	2,580,438
Exercise of finder warrants (note 8)	1,253,460	177,118
Exercise of options (note 9)	180,000	25,159
Shares issued for debt (i)(v)	6,085,461	808,546
Balance, September 30, 2025	183,706,725	\$ 47,508,535

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.

ii) In the second quarter of 2025, the Company closed a non-brokered private placement consisting of an aggregate of 1,634,466 common shares at a price of \$0.295 per common share each for gross proceeds of \$482,167.

iii) In the third quarter of 2025, the Company closed a non-brokered private placement consisting of an aggregate of 30,000,000 units at a price of \$0.10 per Unit for gross proceeds of \$3,000,000. Each unit ("Unit") consisted of one common share, and one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of \$0.15 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately \$100,032 as well as granted 1,000,320 agent warrants with a fair value of \$93,972 which are exercisable for a period of 24 months from closing to acquire common shares at a price of \$0.15 per common shares (note 8).

iv) In the third quarter of 2025, the Company closed a non-brokered private placement consisting of an aggregate of 3,911,385 common shares at a price of \$0.12 per common share each for gross proceeds of \$469,366.

v) In the first quarter of 2025, the Company issued 2,000,000 common shares at a deemed unit price of \$0.20 per common share to settle \$200,000 of debt.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three and Nine Months Ended September 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

8. Warrants

The following table reflects the continuity of the investor warrants for the periods ended September 30, 2025 and 2024:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2023	38,638,256	\$ 0.44
Expired (b)	(16,096,401)	0.46
Balance, September 30, 2024	22,541,855	\$ 0.28
Balance, December 31, 2024	76,061,490	\$ 0.17
Granted (a), (note 7 (b)(iii))	30,000,000	0.15
Expired (d)	(6,753,355)	0.48
Exercised (c)	(275,000)	0.16
Balance, September 30, 2025	99,033,135	\$ 0.14

A summary of the status of the Company's broker warrants as at September 30, 2025 and 2024 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2023	1,016,032	\$ 0.32
Expired (e)	(803,085)	0.37
Balance, September 30, 2024	212,947	\$ 0.12
Balance, December 31, 2024	2,428,160	\$ 0.06
Exercised (f)	(978,460)	0.06
Expired (e)	(47,920)	0.12
Granted (a), (note 6 (c), note 7 (b)(iii))	1,356,618	0.15
Balance, September 30, 2025	2,758,398	\$ 0.10

a) In conjunction with the private placement on July 22, 2025, the Company issued 30,000,000 warrants that entitle the holder to acquire an additional common share at \$0.15 per share, and expiring in a 24 month period. The Company also granted 1,000,320 agent warrants which entitle the holder to acquire a purchase warrant at \$0.15 per share and expiring in a 24 month period. The fair value of the warrants was estimated on the date of grant using the Black-Scholes relative fair value approach with the following assumptions: stock price of \$0.13, expected dividend yield of 0%, expected volatility of 222.62%, risk-free interest rates of 2.82%, and an average expected life of 24 months.

b) During the nine months ended September 30, 2024, 16,096,401 warrants expired unexercised.

c) During the nine months ended September 30, 2025, 275,000 warrants with a Black Scholes value of \$8,106, were exercised into 275,000 common shares for proceeds of \$42,750

d) During the nine months ended September 30, 2025, 6,753,355 warrants expired unexercised.

e) During the nine months ended September 30, 2024, 803,085 broker warrants expired unexercised.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three and Nine Months Ended September 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

8. Warrants (continued)

f) During the nine months ended September 30, 2025, 978,460 broker warrants with a Black-Scholes value of \$67,468, were exercised into 978,460 common shares for proceeds of \$62,616.

As at September 30, 2025, the following warrants were issued and outstanding:

Expiry Date	Exercise Price (\$)	Number of Warrants and Broker Warrants
July 23, 2026	0.16	356,298
October 29, 2026	0.12	36,654,475
October 29, 2026	0.05	1,273,367
November 29, 2026	0.12	16,665,160
November 29, 2026	0.05	128,413
April 25, 2027	0.20	15,713,500
July 23, 2027	0.15	30,000,000
July 23, 2027	0.15	1,000,320
		101,791,533

9. Stock Options

	Number of Options	Weighted average exercise price
Balance, December 31, 2023 and September 30, 2024	8,676,694	\$ 0.44
Balance, December 31, 2024	12,386,694	\$ 0.33
Granted (a)	5,955,000	0.13
Exercised	(180,000)	0.14
Balance, September 30, 2025	18,161,694	\$ 0.27

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.

b) On July 23, 2025, the Company granted 3,870,000 stock options to various officers, directors and consultants of the Company. The stock options granted have an exercise price of \$0.13 and an expiry date of July 23, 2030. 3,360,000 of these stock options will vest immediately. The remaining 510,000 stock options will vest 50% immediately with the remaining 50% fully vested on July 23, 2026. The fair value of the stock options were \$494,574 and was estimated on the date of grant using the Black-Scholes model with the following assumptions: expected volatility of 471.86%, risk-free interest rate of 3.10% and an average expected life of 5 years.

The Company has recognized an expense of \$476,844 and \$1,039,252, respectively for options vesting period during the three and nine months ended September 30, 2025 (three and nine months ended September 30, 2024 - \$4,143 and \$12,429, respectively), which is included in stock-based compensation expense on the consolidated statements of loss and comprehensive loss.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

9. Stock Options (continued)

The following summarizes the stock options outstanding as at September 30, 2025:

	Number of Options #	Exercise Price \$	Weighted Average remaining life (years)
December 31, 2025	4,858,000	0.70	0.07
February 28, 2027	1,433,694	0.17	0.11
December 29, 2028	2,205,000	0.07	0.39
October 31, 2029	3,710,000	0.10	0.84
January 22, 2030	2,085,000	0.28	0.50
July 23, 2030	3,870,000	0.13	0.92
	18,161,694		2.82

As at September 30, 2025, there were 17,526,694 exercisable options with a weighted average exercise price of \$0.33.

10. Finance Expense

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Finance expenses:				
Financial expenses	3,520	286	5,002	974
Accretion expense (Note 6)	110,761	101,649	339,484	287,352
Interest expense (Note 6)	67,832	55,452	176,928	165,150
Total	182,113	157,387	521,414	453,476

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.

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements For the Three and Nine Months Ended September 30, 2025 and 2024 (Expressed in Canadian Dollars) (Unaudited)

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 and nine months ended September 30, 2025 of \$477,011 and \$1,002,918, respectively (three and nine months ended September 30, 2024 - \$1,308 and \$3,924, respectively) to a consultant, current management and directors of the Company.

For the three and nine months ended September 30, 2025, the Company incurred \$49,500 and \$148,500, respectively (three and nine months ended September 30, 2024 - \$49,500 and \$148,500, respectively) to Mr. Thomas Smeenk, CEO, for consulting services. As at September 30, 2025, Mr. Smeenk was owed \$128,657 (December 31, 2024 - \$292,999) and this amount was included in accounts payable and accrued liabilities.

For the three and nine months ended September 30, 2025, the Company incurred \$50,000 and \$150,000, respectively (three and nine months ended September 30, 2024 - \$100,000 and \$195,833, respectively) to a consultant of the Company. As at September 30, 2025, they were owed \$102,522 (December 31, 2024 - \$273,391) and this amount was included in accounts payable and accrued liabilities.

For the three and nine months ended September 30, 2025, the Company incurred \$9,470 and \$40,212, respectively (three and nine months ended September 30, 2024 - \$1,635 and \$12,115, respectively) to Marrelli Support Services Inc., a company which the CFO is related to. As at September 30, 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 September 30, 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).

Hemostemix Inc.

Notes to Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

13. Financial Instruments (continued)

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 nine months ended September 30, 2025 by approximately \$69,358 (nine months ended September 30, 2024 - \$120,649).

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 September 30, 2025 are as follows:

	US Dollar
Cash	\$ 116,236
Accounts payable and accrued liabilities	(809,819)
Balance, September 30, 2025	\$ (693,583)

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 Event

On November 4, 2025, the Company announced it had closed the first tranche of its non-brokered private placement for gross proceeds of \$461,230 (the "Offering"). The Offering consisted of the issuance of an aggregate of 4,193,000 Units at a price of \$0.11 per Unit. Each Unit consists of one common share ("Common Share") in the capital of the Company and one common share purchase warrant ("Warrant"), with each full Warrant entitling the holder to acquire one Common Share at a price of \$0.15 per Common Share for a period of 24 months from the closing of the offering. In connection with the Offering, the Company paid eligible finders aggregate cash finder fees of approximately \$23,698 and issued 215,440 finder's options to purchase Common Shares of the Company at an exercise price of \$0.15 per Common Share within 24 months from the closing date of the Offering.