

# Management's Discussion and Analysis of Financial Condition and Operations

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The following Management's Discussion and Analysis ("MD&A"), of Theralase® Technologies Inc. ("Theralase®" or the "Company") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine-month period ended September 30, 2025.

This MD&A has been filed in accordance with the provisions of National Instrument 51-102 (*Continuous Disclosure Obligations*). Additional information relating to the Company can be found on Sedar at [www.sedar.com](http://www.sedar.com).

This MD&A is prepared as of November 7<sup>th</sup>, 2025.

The Company's common shares are listed for trading on the TSX Venture Exchange (**Symbol: TLT**) and trade on the OTCQB marketplace (**Symbol: TLTF**).

## **Forward Looking Statements**

*The information provided herein is intended to provide a review of the operations of the Company. This document contains certain Forward-Looking Statements ("FLS") within the meaning of applicable securities laws. FLS are statements and information that are not historical facts, but instead; include, financial projections and estimates; statements regarding plans, strategies, goals, objectives, intentions or expectations with respect to Theralase®'s future business, operations, research and development; including: anticipated timelines for the commencement or completion of certain activities, enrolment of patients in clinical studies or other information in future periods. FLS, which may be identified by words; including, without limitation, "believe", "anticipate", "should", "could", "would", "estimate", "expect", "plan", "will", "intend", "may", "pending", "objective", "exploring", "potential", "project", "possible", other similar expressions and the negative of such expressions, are intended to provide information about management's current plans and expectations regarding future operations.*

*FLS in this MD&A; include, but are not limited to, statements with respect to: future revenue projections, business initiatives or their timing; the competitive environment; business strategic objectives; research, development or commercialization plans, licensing or acquisition of assets; acquisition or disposition of assets; preclinical or clinical studies: status, timing or strategies; the supply or demand of products or services; the ability to meet current or future financial obligations; the ability to execute on business or growth strategies; management's assessment of business strategies or operations.*

*Readers are cautioned not to place undue reliance on FLS since there can be no assurance that the plans, intentions or expectations, upon which they are based will occur. By their nature, FLS involve numerous assumptions, known or unknown, risks or uncertainties, both general or specific, that contribute to the possibility that the predictions, forecasts, projections or other things contemplated by the FLS will not occur. Such FLS or information are based on a number of assumptions, which may prove to be incorrect; including, those assumptions listed below or those discussed elsewhere in this MD&A. Some of the assumptions made by Theralase®, upon which such FLS are based, include; but are not limited to, assumptions about: the ability to continue as a going concern, the business operations continuing on a basis consistent with prior years; the ability to access financing from time to time on favourable terms or at all; the continuation of executive management, operating management, key personnel or key consultants or the non-disruptive replacement of them on reasonable terms; the ability of Theralase® to maintain reasonably stable operating or general administrative expenses; current or future success of research, development or commercialization initiatives; the ability to achieve development or commercialization milestones; market competition; the ability to secure all required regulatory, government or certification approvals; geographic protection over the intellectual property in the markets in which Theralase® does business; market acceptance or revenue generation of products under development; the stability of current economic or business conditions, international tariffs, reciprocal tariffs or the threat of them, the strength and/or stability of the economy in Canada, the United States or elsewhere; currency, exchange or interest rates or commodity prices being reasonably stable at current rates.*

*FLS reflect current expectations of management regarding future events or operating performance as of the date of this MD&A. Such information involves significant risks or uncertainties; should not be read as guarantees of future performance or results; or will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the FLS; including, but not limited to, the risks related to: limited operating history; working capital or capital resources; ability to retain key personnel; protection of intellectual property; competition; implementation delays; strategic alliances; trade secret protection; product deficiencies; dependence on third party suppliers; volatility of share price; regulatory risks; early stage of product development; reliance on third parties; clinical study risk; clinical study timing delays; patient enrolment; failure to achieve milestones; currency risk; material weakness in internal controls over financial reporting; credit risk; product liability or clinical study liability. See "Risk and Uncertainties".*

***Although the FLS Contained in this MD&A Are Based Upon What Theralase®'s Management Believes to Be Reasonable Assumptions, Theralase® Cannot Assure Readers that Actual Results Will Be Consistent with Such Information. FLS Reflect Management's Current Beliefs and Are Based on Information Currently Available to Theralase®. Readers of this MD&A Are Cautioned Not to Place Undue Reliance on Theralase®'s FLS Because a Number of Factors, such as those Referred to in the Paragraphs Above, Could Cause Actual Future Results, Conditions, Actions or Events to Differ Materially from the Targets, Expectations, Estimates or Intentions Expressed in the FLS Contained in this MD&A. The FLS Are Made as of the Date of this MD&A and Theralase® Assumes No Obligation to Update or Revise Such Information to Reflect New Events or Circumstances, Except as May Be Required by Applicable Law.***

## **Company Profile**

Theralase® is a clinical stage pharmaceutical company dedicated to the research, development and commercialization of small molecules and their associated drug formulations that are activated by light, radiation, sound and/or other drugs, for the safe and effective destruction of cancer, bacteria or viruses. The Company in its Drug Division conducts preclinical research and clinical development of these small molecules, primarily in the treatment of cancer, with assistance from its Device Division to develop medical lasers to activate them. The Company in its Device Division designs, develops, manufactures and markets proprietary super-pulsed Cool Laser Therapy (“CLT”) systems indicated and cleared by Health Canada and the Food and Drug Administration (“FDA”) for the treatment of chronic knee pain and in off-label use for treating numerous nerve, muscle and joint conditions.

## **Non-Brokered Private Placement**

On July 28, 2025, the Company closed a non-brokered private placement of units. On closing, the Company issued an aggregate of 3,363,134 units at a price of \$0.20 per Unit for aggregate gross proceeds of approximately \$672,627 of which 130,000 Units were purchased by certain insiders of the Company. Each Unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each Warrant entitles the holder to acquire an additional Common Share at a price of \$0.30 for a period of 5 years following the date of issuance.

## **Advancing the Theralase® Technology Platform**

The Company is focused on advancing its Drug Division, which is dedicated to preclinical research, clinical development and commercialization of innovative small molecules, activated by light, radiation, sound or other drugs. These small molecules are being developed to safely and effectively target and destroy cancer, bacteria and viruses.

At the forefront of this effort is Theralase®’s patented lead investigational drug, Ruvidar®, currently undergoing late-stage clinical investigation in a Phase II registrational clinical study for the treatment of Bacillus Calmette Guérin (“BCG”)-Unresponsive Non-Muscle Invasive Bladder Cancer (“NMIBC”) Carcinoma In-Situ (“CIS”) (with or without resected T<sub>a</sub> / T<sub>1</sub>).

The trade name Ruvidar® was purposefully chosen by the Company to reflect the drug’s origins and purpose:

- "Ru" for Ruthenium, the rare platinum-group metal on which the molecule is based
- "vita", Latin for life
- "dar", Russian for gift

Together, the name can be interpreted as “Ruthenium, the gift of life.” Ruthenium, along with iron and osmium, belongs to Group 8 transition metals of the periodic table, sharing similar chemical characteristics, with all possessing eight electrons in their outermost shell, which includes the 5s and 4d orbitals.

Ruvidar® has been demonstrated preclinically to bind with transferrin, a human glycoprotein, forming the compound named by the Company as Rutherrin®. Transferrin is utilized by the human body to transport molecular iron to every cell in the body. Various cancer cells, in peer-reviewed publications, have demonstrated significantly more transferrin receptors versus healthy cells; thus, allowing the preferential deposition of the Ruvidar® payload inside the cancer cell, versus a healthy cell, through endocytosis. When light, radiation, sound and/or other drug-activated, Ruvidar® has been demonstrated to destroy cancer cells through the production of singlet oxygen, a form of Reactive Oxygen Species (“ROS”), inducing oxidative stress, leading to Immunogenic Cell Death (“ICD”). ICD has been shown to activate the innate and adaptive immune system, as a secondary response to the destruction of cancer cells.

The Drug Division is in the preclinical research and development of:

- Rutherrin® as an injectable form of Ruvidar®, for the treatment of Glioblastoma Multiforme (“GBM”), a deadly form of brain cancer, Non-Small Cell Lung Cancer (“NSCLC”), pancreatic cancer, colorectal cancer and Muscle Invasive Bladder Cancer (“MIBC”).

- Ruvidar® as a topical treatment for Herpes Simplex Virus-1 (“HSV-1”) lesions.
- Ruvidar® as an extracorporeal treatment for Lymphoma, Leukemia and Multiple Myeloma.

There are no commercial and/or financial benefits of the Drug Division for the Company at the present time, resulting in zero revenue, sales or commercial distribution of this technology.

Theralase® conducts its own research and development in the Drug Division, as well as enlisting the support of external scientific, research, regulatory and Clinical Research Organizations (“CROs”).

### **Phase II NMIBC Clinical Study (“Study II”)**

#### **Study Design and Scope**

Study II (NCT03945162) is an ongoing, Phase II, open-label, single-arm, multi-center study conducted in Canada and the United States (“US”), evaluating the safety and efficacy of the Company’s Study Drug (Ruvidar®) activated by the Study Device (TLC-3200 Medical Laser System) (collectively the “Study Procedure”).

The Study is designed to enroll approximately ninety (90) patients presenting with persistent or recurrent CIS with or without resected T<sub>a</sub>/T<sub>1</sub> (non-invasive/resected papillary disease/tumour that invades the subepithelial connective tissue) disease diagnosed within 12 months of completion of adequate BCG therapy (BCG-Unresponsive) or who are intolerant to BCG therapy. Patients are treated intravesically with Ruvidar® at the Therapeutic Dose (0.70 mg/cm<sup>2</sup>, equivalent to 0.65 mg/cm<sup>2</sup> of active drug moiety), followed by activation using the TLC-3200 Medical Laser System, (520 nm, 90 J/cm<sup>2</sup>).

#### **Clinical Study Sites**

The Company has launched sixteen (16) Clinical Study Sites (“CSSs”) across Canada and the United States CSSs (six in Canada and ten in the US). Three US and one Canadian based CSSs have been closed to enrollment, resulting in a total of thirteen (12) active CSSs (five in Canada and seven in the US).

As of November 7, 2025, the following CSSs are eligible to enroll patients into Study II and provide the primary Study Procedure to patients:

<b>Clinical Study Sites</b>	<b>Location</b>	<b>Commenced</b>
University Health Network (“UHN”)	Toronto, Ontario, Canada	April 25, 2019
McGill University Health Centre (“MUHC”)	Montreal, Quebec, Canada	July 30, 2019
London Health Sciences Centre (“LHSC”)	London, Ontario, Canada	October 7, 2019
University of British Columbia (“UBC”)	Vancouver, British Columbia, Canada	December 7, 2020
Urology Associates P.C. (“UAPC”)	Nashville, Tennessee, United States	January 20, 2021
Carolina Urologic Research Center (“CURC”)	Myrtle Beach, South Carolina, United States	January 27, 2021
University of Wisconsin-Madison (“UWM”)	Madison, Wisconsin, United States	February 24, 2021
University of Chicago (“UC”)	Chicago, Illinois, United States	June 11, 2021
St. Joseph’s Healthcare Hamilton (“SJHH”)	Hamilton, Ontario, Canada	December 5, 2024
Associated Medical Professionals of NY (“AMPNY”)	Syracuse, New York, United States	December 9, 2024
Urology of Indiana (“UI”)	Greenwood, Indiana, United States	December 9, 2024
Central Ohio Urology Group (“COUG”)	Gahanna, Ohio, United States	December 9, 2024

**Table 1: Study II Clinical Study Sites**

## **Study II Objectives**

**Primary** Efficacy, evaluated by Complete Response (“**CR**”) at any point in time in patients diagnosed with CIS (with or without resected papillary disease (T<sub>a</sub> / T<sub>1</sub>)) during the screening process.

CR is defined by at least one of the following:

- Negative cystoscopy and negative (including atypical) urine cytology
- Positive cystoscopy with biopsy-proven benign or low-grade NMIBC and negative cytology
- Negative cystoscopy with positive urine cytology, if urothelial cancer is suspected in the upper tract or prostatic urethra and random bladder biopsies are negative

Patients with Indeterminate Response (“**IR**”) can be re-classified as CR patients, if they have a confirmatory negative bladder biopsy or subsequent assessments of CR can be carried back.

IR is defined as:

- Negative cystoscopy with positive urine cytology, without a confirmatory negative bladder biopsy at the assessment visit

**Secondary** Duration of CR at 12 months, post initial CR.

Patients who achieve CR or IR at 90 days and continue to demonstrate a CR or IR response at 450 days will be followed to assess the duration of their CR or IR up to 1080 days.

**Tertiary** Safety, evaluated by the incidence and severity of Adverse Events (“**AEs**”), Grade 4 or higher that do not resolve within 450 days post treatment (Grade 1 = Mild, Grade 2 = Moderate, Grade 3 = Severe, Grade 4 = Life-threatening or disabling, Grade 5 = Death).

## **Study Procedure Protocol**

1. Intravesical instillation of Ruvidar® for approximately 60 minutes.
2. Activation of Ruvidar® by TLC-3200 for approximately 60 minutes (up to 180 minutes depending on bladder volume).

On February 9, 2024 the following optimizations were incorporated into the Study II Procedure:

1. Extended Monitoring:  
Patients with CR or IR (collectively Total Response (“**TR**”)) at Day 450 will be monitored up to 1080 days to evaluate long-term durability
2. Optional Maintenance Treatments:
  - Originally, a maintenance procedure was mandated at Day 180
  - Now, re-induction Study Procedures are based on clinical response, with a CR or IR not receiving a re-induction Study Procedure; however, a No Response (“**NR**”) is eligible for up to two re-induction Study Procedures within 450 days
  - Patients with sustained CR or IR require no further treatment, unless recurrence occurs at follow-up (Day 90, 180, 270, 360, or 450)
3. Central Pathology Review:
  - All local pathology results are validated via a central pathology lab to ensure consistency and accuracy

## **Regulatory Approvals**

### **Health Canada:**

A Clinical Trial Application (“CTA”) for Ruvidar® and an Investigational Testing Authorization (“ITA”) for the TLC-3200 Device was issued in 2018. On October 23, 2023, Health Canada issued a No Objection Letter (“NOL”) approving a CTA Amendment (“CTA-A”) permitting Study optimization.

### **FDA:**

On February 9, 2024, the FDA approved an Investigational New Drug (“IND”) application for the optimization of Study II.

## **Study Commencement, Duration and Estimated Cost**

Study II commenced in April 2019 and is anticipated to have an estimated duration of approximately eight (8) years, with a projected total cost of approximately \$CAN 100 million. These estimates are subject to significant variation due to a range of operational and clinical factors; including, but not limited to:

- (i) the number of Clinical Study Sites (“CSSs”) actively enrolling and treating patients
- (ii) the overall and CSS specific patient enrollment rates
- (iii) patient compliance with the Study II protocol
- (iv) the extent to which the primary, secondary and tertiary objectives of Study II are successfully achieved.

## **Study II Interim Clinical Data**

Theralase® has made steady progress on the completion of Study II, with the CSSs enrolling and providing the primary Study Procedure for 88 patients out of a target of 90 patients (97.8% enrollment). The remaining 2 patients are expected to be enrolled and treated in 4Q2025.

According to the clinical study design, a patient is considered to have completed Study II, if they receive the Study Procedure and have been assessed by the Principal Investigator (“PI”) for up to 15 months or they have been prematurely removed from the clinical study by the PI for failure to respond or failure to comply with the clinical study design.

According to this definition, 72 patients have completed Study II (with 16 patients on study with pending clinical data) resulting in the following interim clinical data in support of the Study II endpoints.

A total of 88/90 patients have been enrolled and treated in the study (Day 0). Of these patients, 82% were ≥ 65 years of age, 82% male and 83% white. Tumour stage was distributed as follows: pure 81% CIS; 13% CIS + T1; and 6% CIS + Ta. 94% were classified as BCG-Unresponsive with 6% BCG-Intolerant. The median number of BCG instillations was 15.5.

## **Primary Endpoint Performance (Complete Response)**

The primary endpoint of Study II is the achievement of CR at any point in time following administration of the Study Procedure. Interim analysis demonstrates that 64.3% (54 out of 84) treated patients (4 patients are pending their 90 days assessment) met this primary endpoint, as detailed below:

<b>Primary Endpoint Performance (CR at any Point in Time)</b>			
	<b>#</b>	<b>%</b>	<b>Confidence Interval (95%)</b>
<b>Complete Response ("CR")</b>	54/84	64.3%	[47.1, 81.4]
<b>Total Response (CR and IR)</b>	61/84	72.6%	[54.4, 90.8]

**Table 2:** Primary Endpoint Performance

Therefore, approximately 2 out of 3 patients diagnosed with BCG-Unresponsive NMIBC CIS (with or without T<sub>a</sub>/T<sub>1</sub>) achieved a CR following treatment with the Theralase® Study Procedure.

### Secondary Endpoint Performance (Duration of CR – 12 Months)

The secondary endpoint evaluates the sustainability of CR at 12 months, after initial CR determination (450 days post-treatment). Among the 72 patients who have completed the study, 40.0% of patients who initially achieved a CR maintained their CR for at least 12 months.

The median duration of response was 14.2 months [11.1, 17.3].

Secondary Endpoint Performance (Duration of CR) (450 Days)			
	#	%	Confidence Interval (95%)
<b>Complete Response (CR)</b>	18/45	40.0%	[23.1, 56.9]
<b>Total Response (CR and IR)</b>	19/45	42.2%	[25.9, 58.5]

Table 3: Secondary Endpoint Performance

### Duration of CR – Extended Time Points (Exploratory Data)

On Kaplan-Meier analysis, if CR is obtained, the long term estimated probability of remaining cancer free at 1, 2 and 3 years was 48.7%, 35.9% and 25.2%, respectively.

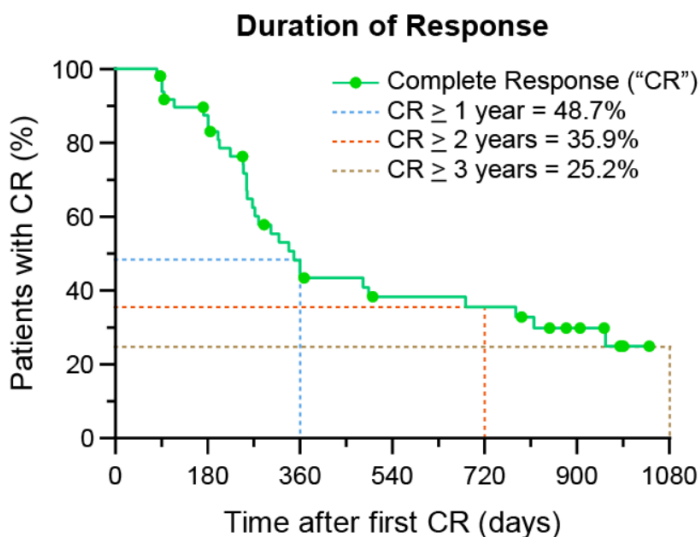


Figure 1: Kaplan-Meier Curve

In actual data, the Company has observed **longer-term CR durability** among a subset of patients, as follows:

Duration of CR			
Time	#	%	Confidence Interval (95%)
<b>2 Years</b>	10/45	22.2%	[9.6, 34.8]
<b>3 Years</b>	9/45	20.0%	[8.1, 31.9]
<b>7 Years</b>	1/45	2.2%	[0.0, 6.2]

Table 4: Duration of CR at Extended Time Points

### Tertiary Endpoint Performance (Safety)

The tertiary endpoint assesses the safety profile of the Study Procedure.

**Note:** A SAE is defined as any untoward medical occurrence that at any dose: Is serious or life-threatening, requires inpatient hospitalization or prolongation of existing hospitalization, results in persistent or significant disability/incapacity, is a congenital anomaly/birth defect or results in death.

Treatment Emergent Adverse Events (“TEAEs”) were noted, but did not meet the SAE criteria. TEAEs included urinary frequency (65%), hematuria (62.5%) and urinary urgency (53.8%), which resolved within 1 month of treatment.

There have been 21 SAEs reported: 1 x Grade I, 3 x Grade II, 12 x Grade III, 3 x Grade IV (all resolved between 1 to 82 days) and 2 x Grade V (Unlikely Related to the Study Drug, Study Device or Study Procedure). A high majority of SAEs were not treatment related and none were directly related to the Study Drug or Study Device.

Interim data indicates 100% of patients (72 out of 72) experienced no Serious Adverse Events (“SAEs”) directly related to either the Study Drug or Study Device.

Tertiary Endpoint Performance (Safety) (15 months)		
	#	%
Safety	72/72	100.0%

**Table 5:** Tertiary Endpoint Performance

**Note:** These clinical results are interim in nature. Study II remains ongoing. Additional clinical data may influence or alter current response trends.

### Regulatory Pathway, Commercialization Strategy and FDA Guidance

If approved by the relevant regulatory authorities, the interim clinical data from Study II represents a transformative therapeutic option for patients diagnosed with BCG-Unresponsive NMIBC CIS, who would otherwise face radical cystectomy (surgical removal of the bladder). The Theralase® Study Procedure has demonstrated a robust CR and sustained durability of that response, with the majority of patients receiving only a single Study Procedure.

Theralase® is on track to complete full enrollment of 90 patients in Study II in 4Q2025.

This timeline will enable the Company to:

- Report on 75 patients, who have completed Study II in 4Q2025
- Report on 90 patients, who have completed Study II in 1Q2027

Following the completion of patient follow-up and final clinical data analysis, Theralase® intends to submit a New Drug Application (“NDA”) to Health Canada and the United States Food and Drug Administration (“FDA”) in 1Q2027, with regulatory decisions anticipated by 3Q2027.

### Commercialization and Strategic Partnerships

In parallel with the finalization of Study II, Theralase® is actively pursuing commercialization opportunities and strategic partnerships to support the global marketing and distribution of Ruvidar®. The Company is currently engaged in various initial and advanced-stage discussions with pharmaceutical companies across multiple geographic regions regarding:

- Licensing arrangements for Ruvidar® in the treatment of BCG-Unresponsive NMIBC CIS

- Collaborative clinical research initiatives focused on the application of light-activated Ruvidar® for broader NMIBC indications
- Collaborative clinical research combining Ruvidar®, with other FDA-approved drugs to enhance treatment efficacy

### **Product Stability and Logistics**

Ruvidar® has demonstrated a shelf life of up to ten (10) years at room temperature, which supports both the long-term stability of the molecule and the practical logistics of clinical storage and distribution. This extended shelf life is expected to be a key differentiator in clinical and commercial settings, enabling medical facilities to store and deploy Ruvidar®, as needed, without significant degradation concerns.

### **Expansion of Theralase® Oncology Pipeline: Rutherrin® and Next-Generation Therapeutics**

Theralase® has been granted international patents supporting a comprehensive Intellectual Property (“IP”) platform of its small molecules. The scientific and preclinical research and development of these small molecules has been optimized by fine-tuning the photophysical and photochemical properties of the small molecules, allowing them to demonstrate both Type I (oxygen limited) and Type II (oxygen dependent) photoreactions and activation in hypoxia.

### **Advanced Drug-Delivery Platform: Rutherrin®**

The Company’s lead small molecule, Ruvidar® has been further enhanced through conjugation with transferrin, a naturally occurring human glycoprotein. This conjugated formulation, Rutherrin®, has demonstrated a superior pharmacological profile in preclinical studies, including:

- **Increased photostability:** Enhanced resistance to photobleaching, preserving drug potency
- **Increased Reactive Oxygen Species (“ROS”) production:** Improved ability to rapidly and selectively destroy malignant cells
- **Enhanced tumour targeting:** Leveraging the Transferrin Receptor (“TfR”) pathway for preferential tumour uptake, enabling targeted destruction of cancer cells, while sparing healthy tissue
- **Improved anti-cancer efficacy:** Higher efficiency in eliminating cancerous cells
- **Reduced systemic toxicity:** Lower off-target effects, supporting a more favorable safety profile

These attributes position Rutherrin® as a promising systemic therapeutic for recurrent, deeply seated, and/or progressive cancers.

### **Overcoming Photodynamic Limitations via Radiotherapy Synergy**

Due to the limited tissue penetration of laser light, Theralase® is advancing the application of radiotherapy as an alternative activation mechanism for Rutherrin®. Preclinical data suggest that radiotherapy, which can reach deeper anatomical sites than photonic activation, may significantly expand the therapeutic reach of Rutherrin®.

Radiotherapy remains a cornerstone of cancer therapy, but it is often challenged by the need to maximize tumour destruction, while minimizing collateral damage to healthy tissue. Rutherrin® has demonstrated potential as a radiosensitizer or radiosensitizer, enhancing radiotherapy-induced damage to tumours by amplifying ROS generation and free radical production, leading to deeper and more extensive tumour ablation.

Theralase® has developed and evaluated multiple preclinical strategies to:

- Optimize Rutherrin® as a selective radiosensitizer
- Increase tumour specificity
- Enhance radiation-induced cytotoxicity
- Minimize toxicity to surrounding healthy tissues

### **Path to Clinical Translation: Phase 0/I/II Adaptive Study Design**

Theralase® plans to complete Good Laboratory Practices (“GLP”) toxicology studies in 1Q2026, subject to financing; including, determination of the Maximum Tolerated Dose (“MTD”) and corresponding Human Equivalent Dose (“HED”) for Rutherrin®. Subject to regulatory approval, the Company intends to commence design of Phase 0/I/II adaptive clinical studies in 2026 for a number of clinical indications.

This adaptive study design will include:

1. Phase 0 (localization) – Intravenous administration of Rutherrin® to confirm preferential uptake into cancerous tissues, confirmed by biopsy
2. Phase I/II (dose escalation and activation) – Rutherrin® activation using radiotherapy, with both single and multiple dosing regimens, to evaluate safety, localization and therapeutic efficacy

### **Target Indications Under Investigation:**

- Glioblastoma Multiforme (“GBM”) – A highly aggressive and invasive brain cancer
- Non-Small Cell Lung Cancer (“NSCLC”) – The most common form of lung cancer
- Muscle Invasive Bladder Cancer (“MIBC”) – A life-threatening progression of bladder cancer
- Herpes Simplex Virus-1 (“HSV-1”) – Induces cold sore lesions

### **A Novel Cancer-Targeting Radiation-Activated Platform**

If clinical data supports the preclinical findings, Rutherrin® could emerge as a first-in-class, dual-functioning therapeutic, capable of “targeting” to tumours systemically and subsequently destroying them upon radiation activation, regardless of their location in the body. This innovation could represent a paradigm shift in oncologic therapy, particularly for cancers that are currently resistant to standard treatments or inaccessible to traditional light-activated molecules.

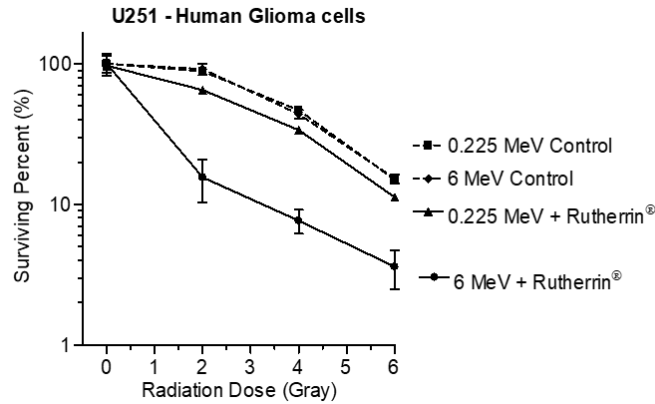
### **Glioblastoma Multiforme**

Theralase® has successfully completed preclinical studies demonstrating the safety, tumour selectivity and efficacy of Rutherrin®—the Intra Venous (“IV”) formulation of Ruvidar® conjugated with transferrin—in the treatment of GBM. This research provides a strong foundation for advancing to clinical studies.

### **Enhanced Targeting and Selectivity: Rutherrin® versus Ruvidar® Alone**

Figure 1 illustrates the significant superiority of Rutherrin® over Ruvidar® alone or radiation alone, in selectively targeting and destroying human glioma cells.

- Rutherrin® demonstrated 10 to 20x greater uptake in tumour tissue compared to normal brain tissue
- In contrast, Ruvidar® alone showed no preferential uptake between tumour and normal tissue
- Tumour-selective uptake remained stable for at least 24 hours, with gradual clearance observed, suggesting the optimal timing for a second Rutherrin® injection at 48 to 72 hours to maintain therapeutic levels

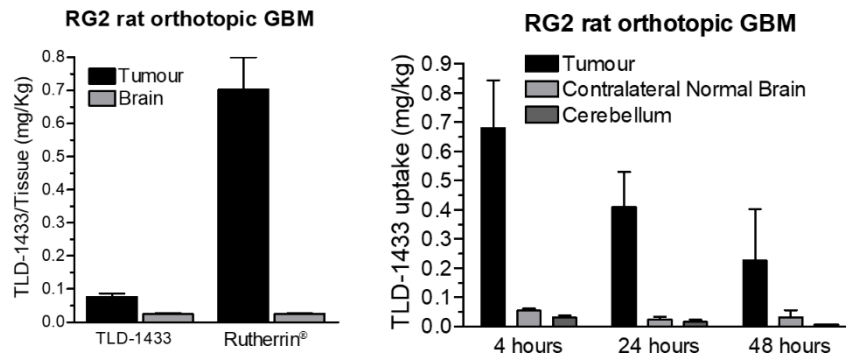


**Figure 2:** Destruction of human glioma cells treated with radiation-activated Rutherrin® versus radiation alone

### Orthotopic GBM Rat Model: Tumour Response and Immune Activation

In Figure 2.0, in an advanced orthotopic rat model of glioma, Rutherrin® activated with radiation significantly delayed tumour growth and improved survival outcomes.

- Radiation alone produced no complete tumour response
- The combination of Rutherrin® with radiation resulted in a 25% CR rate
- Mice achieving CR were re-challenged with fresh tumour cells and none redeveloped tumours, suggesting a 100% immunity rate—a strong indicator of potential immune memory and long-term tumour control
- A low Rutherrin® dose of 3 mg/kg was sufficient to achieve strong efficacy, supporting a favorable safety and cost profile for clinical use

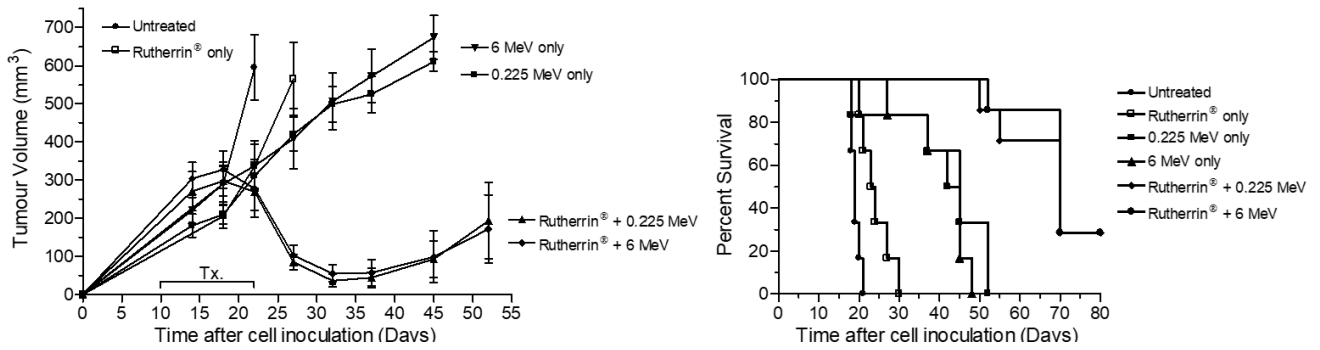


**Figure 3:** Rat Glioma Orthotopic Model Rutherrin® Localization

### Comparative Radiation Modalities: XRAD versus LINAC

Figure 3.0 compares Rutherrin® efficacy when activated with different radiation sources:

- Comparable anti-tumour effects were observed between the XRAD small-animal irradiator (0.225 MeV) and the clinical LINAC (6 MeV) system
- This indicates that preclinical results are expected to translate well into human clinical settings
- The lack of enhanced response from LINAC is likely due to superficial tumour models. Deeper-seated tumours, such as GBM or NSCLC, are expected to generate higher uptake, potentially enhancing Rutherrin® activation and treatment efficacy in human patients



**Figure 4:** Efficacy of Rutherrin® and Comparison of Radiation Sources with Subcutaneous Mouse Model

Preclinical Insights	Implication for Human Studies
10 to 20x tumour selectivity via transferrin receptor targeting	Precise tumour targeting and reduced systemic toxicity
25% CR rate with radiation + Rutherrin®	Strong efficacy potential in GBM
100% tumour rejection on re-challenge	Possible induction of anti-tumour immunity
Effective at 3 mg/kg dose	Lower dosing requirements and improved safety
Equivalent results with LINAC and XRAD	Seamless transition to clinical-grade radiotherapy platforms

**Table 6:** GBM Summary of Key Findings

These compelling preclinical results support Rutherrin® as a potent, tumour-selective, radiation-activated therapeutic for GBM and potentially other deep-seated malignancies. The data reinforces the rationale for advancing Rutherrin® into human clinical trials under a Phase 0/I/II adaptive study design, anticipated to commence in 2026.

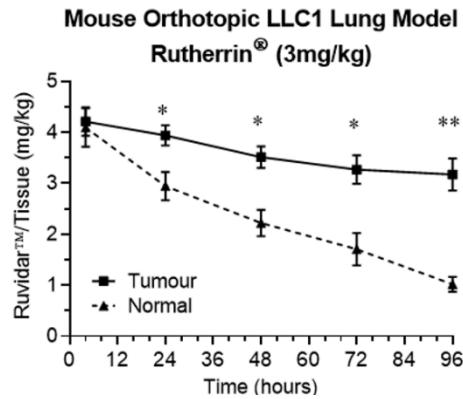
### **Non-Small Cell Lung Cancer**

Theralase® has successfully completed preclinical studies demonstrating the tumour-selective uptake, therapeutic efficacy and survival benefits of Rutherrin®—an IV formulation of Ruvidar® conjugated with transferrin—in an aggressive Lewis Lung Carcinoma (“LLC1”) orthotopic mouse model of NSCLC.

#### **Tumour-Selective Uptake of Rutherrin®**

In this model, mice were inoculated with LLC1 cells, leading to aggressive, metastatic lung tumours. Following a single 3 mg/kg IV injection of Rutherrin®, analysis revealed:

- Significantly prolonged retention of Rutherrin® in tumour tissue compared to normal lung tissue ( $p < 0.01$ )
- This led to substantially enhanced tumour selectivity, attributed to transferrin receptor-mediated uptake by cancer cells

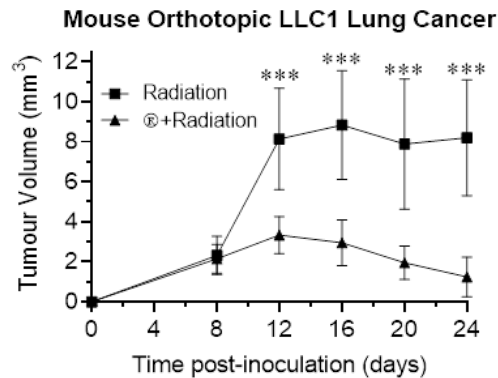


**Figure 5:** Rutherrin<sup>®</sup> Concentration in Normal and Tumour Lung After Single 3 mg/kg IV Injection

Tumour Volume Reduction: Rutherrin<sup>®</sup> + Radiation vs. Radiation Alone

Tumour progression was tracked using Magnetic Resonance Imaging (“MRI”). Mice treated with X-ray activated Rutherrin<sup>®</sup> showed:

- Up to 4-fold slower tumour growth compared to radiation-only controls
- Statistically significant delay in tumour progression ( $p < 0.001$ )
- In some cases, tumour regression, indicating active tumour destruction over time

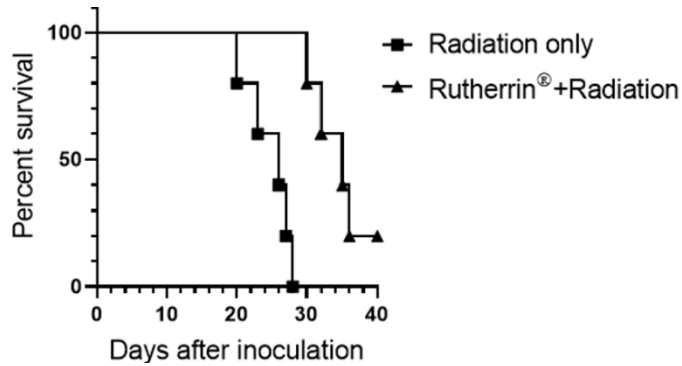


**Figure 6:** Tumour Volume Analysis in Mice After Tumour Inoculation and Treatment with Either Radiation Only or Combined Treatment of Rutherrin<sup>®</sup> and Radiation Treatment

Survival Benefit and Complete Response

Kaplan-Meier survival analysis demonstrated the impact of Rutherrin<sup>®</sup>-based therapy on overall survival:

- Median survival increased from 26 days (radiation only) to 35 days (Rutherrin<sup>®</sup> + radiation).
- In this aggressive lung cancer model, a 9-day increase in survival corresponds to approximately 1 year in human terms, based on widely accepted translational benchmarks.
- One treated mouse achieved a CR - confirmed via CT scan and is currently cancer free.



**Figure 7:** Kaplan-Meier Survival Analysis of Mice After Tumour Inoculation and Treatment with Radiation Only or Combined Treatment of Rutherrin® and Radiation Treatment

Preclinical Insights	Implication for Human Trials
Significantly greater tumour retention of Rutherrin®	Targeted delivery with reduced off-target toxicity
Up to 4x slower tumour progression ( $p < 0.001$ )	Strong therapeutic response versus current standard of care
Median survival increased from 26 to 35 days	Meaningful extension of life expectancy in aggressive NSCLC
One mouse achieved complete response and remission	Early indication of curative potential and immunologic memory

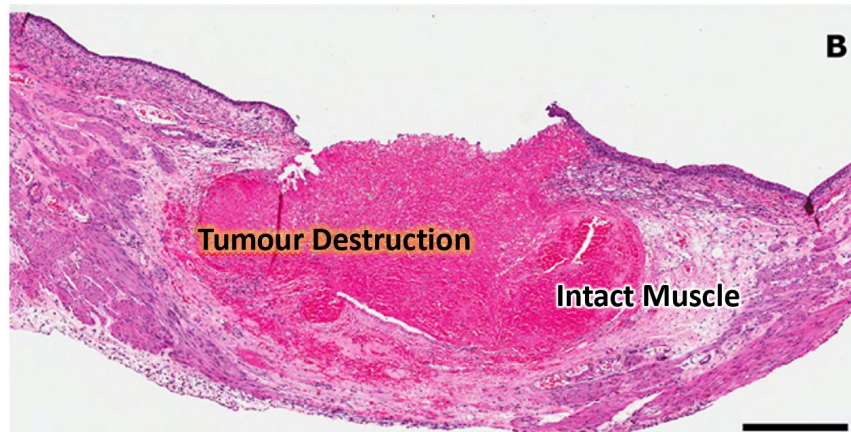
**Table 7:** NSCLC Summary of Key Findings

These results provide robust preclinical evidence supporting the advancement of Rutherrin® into clinical development for NSCLC, particularly in patients with limited treatment options or who are resistant to standard therapies. The combination of tumour specificity, potent efficacy and survival benefit—even in aggressive models—strongly positions Rutherrin® as a next-generation radio-enhancer for systemic oncology indications.

Theralase® plans to incorporate these findings into its upcoming Phase 0/I/II adaptive clinical study, anticipated to commence in 2026, pending completion of GLP toxicology studies in 1Q2026.

### **Muscle Invasive Bladder Cancer Treatment**

Theralase® is conducting pre-clinical research to develop Ruvidar® for the destruction of MIBC as an intravenous treatment for patients that are diagnosed with this disease. The Company expects to complete GLP toxicology in 1Q2026 to allow commencement of the design of a Phase 0/I/II adaptive clinical study in 2026.



**Figure 8:** Full Depth Tumour Necrosis Occurs In Muscle Invasive Bladder Tumours, with No Damage to Healthy Muscle Tissue (Light-Activated Ruvidar®)

## Hematological Cancers

Theralase® is advancing the development of Ruvidar® as a novel extracorporeal light-activated treatment platform for hematological malignancies including:

- Leukemia
- Non-Hodgkin's Lymphoma ("NHL")
- Multiple Myeloma

The Company intends to initiate development of this extracorporeal therapy in 2026, targeting blood-borne cancers that are otherwise difficult to treat using traditional localized therapies.

### Preclinical Study Design: A20 Lymphoma Mouse Model

A recent in vivo study was conducted using A20 murine lymphoma cells in a subcutaneous mouse model, designed to mimic human NHL.

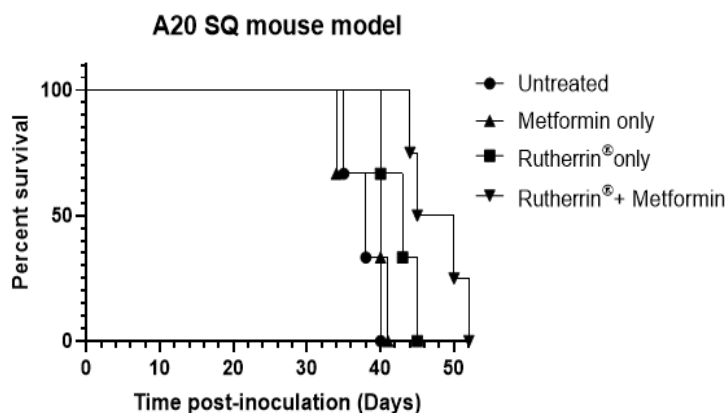
Study design was as follows:

- Day 0: Mice inoculated with A20 lymphoma cells
- Day 10: Tumours reached 3 to 5 mm in diameter
- Treatment Duration: 3 weeks
- Treatment Regimen:
  - Rutherrin® (3 mg/kg, IV): 3 × weekly
  - Metformin (Intra-Peritoneal ("IP")): Daily
  - Radiation Therapy: 5× weekly
- Post-treatment: All interventions stopped after 3 weeks; tumour volume monitored thereafter

## Results

Without radiation (see Figure 9.0)

- Rutherrin® and Metformin, when administered without radiation, demonstrated moderate tumour growth inhibition.
- This supports partial synergy between Rutherrin® and Metformin alone in reducing tumour volume.



**Figure 9:** Treatment without Radiation

With radiation (see Figure 10.0)

- Mice treated with Rutherrin® + Metformin + Radiation demonstrated:
  - Significant tumour regression
  - Marked reduction in tumour volume
  - In some cases, CR observed
- Data support the synergistic efficacy of Rutherrin® as a radio-enhancer, especially when combined with metabolic modulators like Metformin.

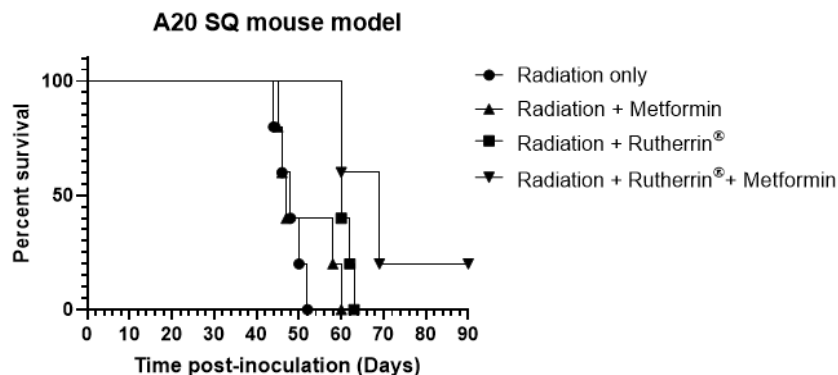


Figure 10: Treatment with Radiation

- Early preclinical evaluation shows promise in extracorporeal light-activated applications, suggesting potential efficacy in circulating cancers such as leukemia.
- Further studies are ongoing to determine optimized protocols for extracorporeal treatment platforms.

Finding	Implication
Rutherrin® + Metformin slows tumour growth	Metabolic modulation may enhance light-activated efficacy
Rutherrin® + Metformin + Radiation demonstrates CRs	Rutherrin® acts as an effective radio-sensitizer in hematological models
Tumour regression post-treatment suggests durability	Potential for long-term responses or immunologic memory
Feasibility in extracorporeal applications	Opens new treatment avenues for systemic blood cancers

Table 8: Leukemia Summary of Key Findings

Theralase® aims to:

- Further validate Rutherrin® in leukemia and lymphoma models using extracorporeal systems
- Initiate formal development in 2026, focusing on optimization of light delivery and blood filtration technologies
- Incorporate findings into a Phase 0/I/II adaptive study design, post-GLP toxicology and HED determination.

## Drug Combination Preclinical Research

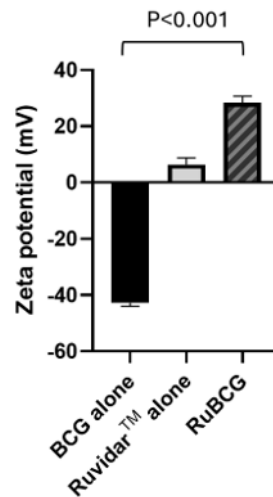
Ruvidar<sup>®</sup> and Rutherrin<sup>®</sup> have demonstrated an ability to “hunt” and “localize” to various cancer cells, viruses and bacteria, then when activated by light and/or radiation safely and effectively destroy the target of interest.

Theralase<sup>®</sup> has expanded its research and development to include the evaluation of Ruvidar<sup>®</sup> and Rutherrin<sup>®</sup> in its ability to increase the safety and/or efficacy of currently marketed drugs; including: oncology drugs (i.e.: bacteria-based, chemotherapy and immunotherapy) and non-oncological drugs.

### Ruvidar<sup>®</sup> + BCG

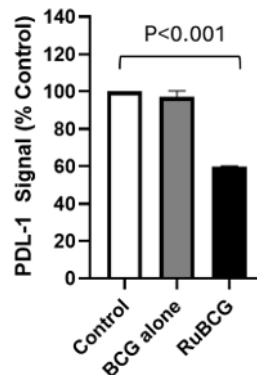
In preclinical cell-based experiments, Ruvidar<sup>®</sup> combined with BCG creating a new compound, nicknamed RuBCG, that was able to significantly increase the efficacy of BCG in cancer cell kill versus BCG or Ruvidar<sup>®</sup> alone, when non-light activated. The Mechanism Of Action (“MOA”) is believed to be through a reversal of the cell wall charge of the BCG bacteria and in return a significant enhancement of bladder cancer cell kill by RuBCG.

As shown in Figure 11, when Ruvidar<sup>®</sup> was combined with BCG, it was able to reverse the negative charge of BCG to a positive charge, thus allowing potentially greater BCG uptake by NMIBC cells and a corresponding higher kill rate.



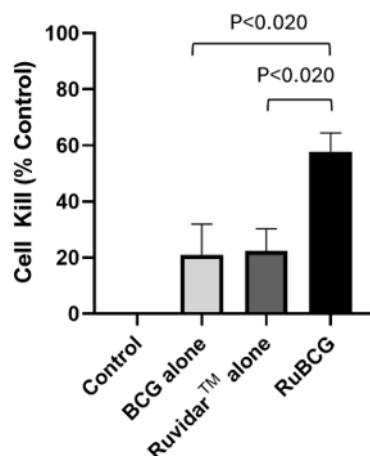
**Figure 11:** Inversion of BCG Surface Charge by Ruvidar<sup>®</sup> in RuBCG Formulation

As shown in Figure 12, RuBCG was able to increase the immunogenicity (ability to produce an immune response) in bladder cancer cells, by significantly decreasing the immune checkpoint inhibitor, Programmed Death Ligand-1 (“PD-L1”).



**Figure 12:** Increase in Immunogenicity of T24 cells (Human Bladder Cancer) Upon Incubation with RuBCG

As shown in Figure 13, RuBCG increased cell kill of T24 (human bladder cancer cells) versus the individual toxicities of Ruvidar® or BCG alone, when non-light activated.



**Figure 13:** Increase in Cytotoxicity of T24 (Human Bladder Cancer Cells) Upon Incubation with RuBCG

### **Rutherrin® + Chemotherapy**

Rutherrin® has been proven preclinically to be effective in increasing the efficacy of chemotherapy and reducing multidrug resistance.

Chemotherapy is currently one of the principal treatment methods for cancer, along with radiation and surgery. Clinically, many tumours undergo a satisfactory response, when first exposed to chemotherapeutic drugs; however, despite the initial success of these treatments, growing resistance to treatment with these drugs becomes a common occurrence. This results in the steady loss of therapeutic response over time for cancer patients, despite the wide spectrum of drugs and treatments available. This phenomenon is termed Multi-Drug Resistance (“MDR”).

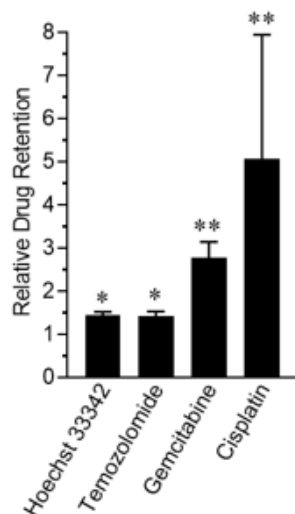
In order to determine the effect of Rutherrin® on MDR in cancer cells, cells were treated with Rutherrin®, before addition of one of the following drugs:

- 1) Hoechst 33342 (nuclear dye commonly used to study ABC transporter drug efflux)
- 2) Temozolomide (chemotherapy used to treat brain cancer)
- 3) Gemcitabine (chemotherapy used to treat various cancers)
- 4) Cisplatin (platinum-based chemotherapy used to treat various cancers)

Following incubation, cells were washed and the amount of intracellular drug was quantified using High-Performance Liquid Chromatography (“HPLC”) coupled with Mass Spectrometry.

The amount of drug was normalized to cells, which were not treated with Rutherrin®, as a control.

As shown in Figure 14, treatment with Rutherrin® significantly enhanced the retention of all tested chemotherapeutic drugs, presumably through the inhibition of the ABC transporter efflux pump, resulting in higher intracellular drug accumulation, which would increase exposure of the cancer cells to the respective chemotherapy and consequently improve overall treatment efficacy.



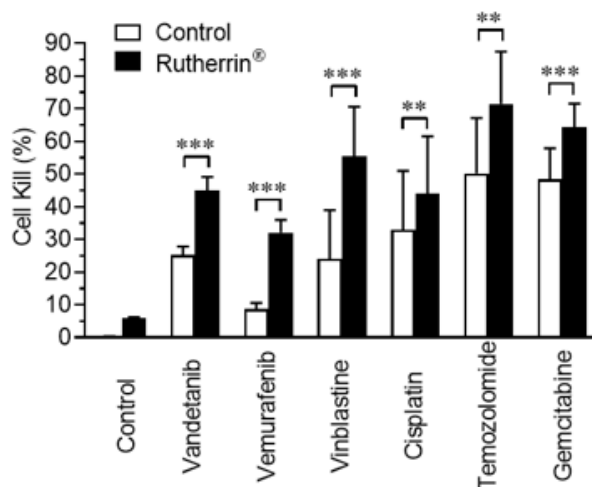
**Figure 14:** Relative Chemotherapeutic Drug Retention in Rutherrin® Treated Cells Normalized to Drug-Only Treated Cells

To further investigate this phenomenon and to demonstrate cancer cell kill, *in vitro* cells were treated with Rutherrin®, before addition of various chemotherapeutic drugs to analyze cell survival.

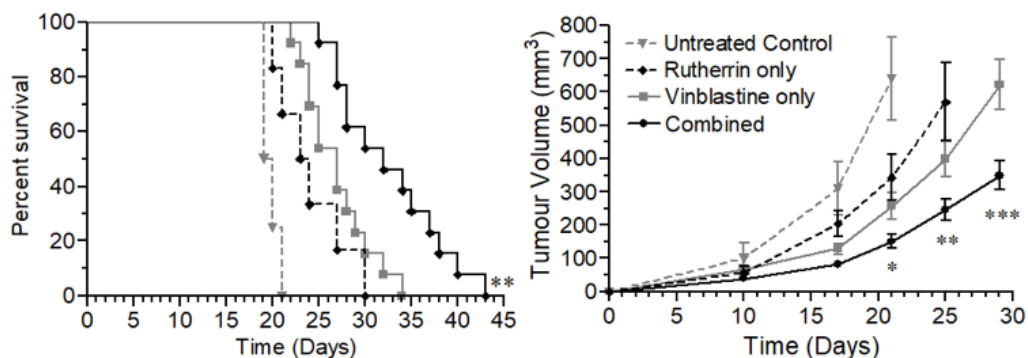
These chemotherapeutic drugs include:

1. Vandetanib (chemotherapy used to treat thyroid cancer)
2. Vemurafenib (chemotherapy used to treat melanoma)
3. Vinblastine (chemotherapy used to treat lymphoma, breast cancer and testicular cancer)
4. Cisplatin (platinum-based chemotherapy used to treat various cancers)
5. Temozolomide (chemotherapy used to treat brain cancer)
6. Gemcitabine (chemotherapy used to treat various cancers)

As shown in Figure 15, the addition of Rutherrin® significantly increased the cancer cell kill for all tested chemotherapeutic drugs, suggesting a universal effect of Rutherrin® on chemotherapeutic drugs in their destruction of cancer cells, rendering the cancer cells more susceptible to chemotherapy.



**Figure 15:** Cell Kill Percent After Treatment with Chemotherapeutic Drugs (Listed on X-axis) (+/- Rutherrin® Treatment)



**Figure 16:** Kaplan-Meier Survival Curve and Tumour Volume Analysis in Mice After Subcutaneous Tumour Inoculation and Treatment with Either: Control, Rutherrin® Only, Vinblastine Only or Combined Rutherrin®, Plus Vinblastine Treatment

To further validate the research, a mouse animal model was utilized, where the mice were injected subcutaneously with mouse colorectal cancer cells and divided into four treatment groups; specifically: Untreated Control, Rutherrin® only, Vinblastine only and Rutherrin® combined with Vinblastine.

As shown above, the combination of Rutherrin® and Vinblastine significantly delayed tumour volume progression and enhanced overall animal survival, compared to control or either treatment alone. This research was completed using Rutherrin® with no light or radiational activation.

### **Rutherrin® + Immunotherapy**

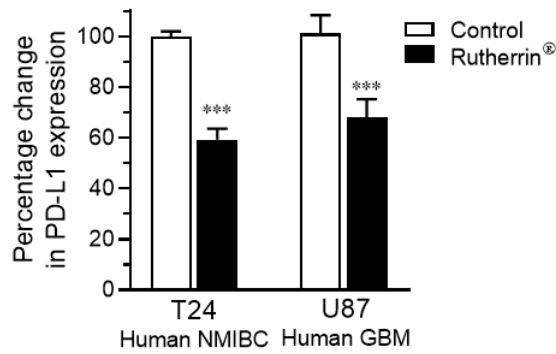
Rutherrin® has been preclinically proven effective in increasing the efficacy of immunotherapy. Immunotherapy, the latest technology in the war on cancer, can come in various forms; including: checkpoint inhibitors, Chimeric Antigen Receptor (“CAR”) T-Cell therapy, cytokines, immunomodulators, cancer vaccines, monoclonal antibodies and oncolytic viruses, but the fundamental MOA of all of these immunogenic drugs is to stimulate the immune system to destroy cancer cells.

Cancer cells hide from the immune system by overexpressing proteins on their cellular surface, known as checkpoint proteins, that prevent the immune system from recognizing and subsequently destroying them. They thus remain incognito to the one failsafe that can protect the human body, the immune system.

Theralase®’s research demonstrates that Rutherrin® enhances the MOA of immunotherapy by not only killing cancer cells directly, but also significantly reducing the amount of PD-L1 proteins expressed by cancer cells; hence, reducing the number of target checkpoint proteins that need to be blocked by checkpoint inhibitors.

This results in an elegant one-two-three punch on the destruction of cancer cells; where, Rutherrin® delivers the first punch, targeting and destroying cancer cells directly, as well as the second punch, by reducing the number of PD-L1 proteins expressed. This allows immunotherapeutic drugs to deliver the third and final punch, blocking the PD-L1 proteins remaining, allowing the immune system to significantly increase their recognition of cancer cells and hence their destruction. As a result, this technological advance increases both the safety and efficacy of immunotherapy, as less treatments would be required to induce the same clinical effect.

As shown in Figure 17, treatment of human cancer cells; specifically, NMIBC and GBM with Rutherrin® significantly reduces the expression of PD-L1 checkpoint proteins on the surface of the cancer cells; hence, allowing immunogenic drugs a greater opportunity to block those remaining. This would allow the immune system a much better opportunity to identify them and target them for destruction.



**Figure 17:** Percentage Change in PD-L1 Expression in NMIBC and GBM Cancer Cells

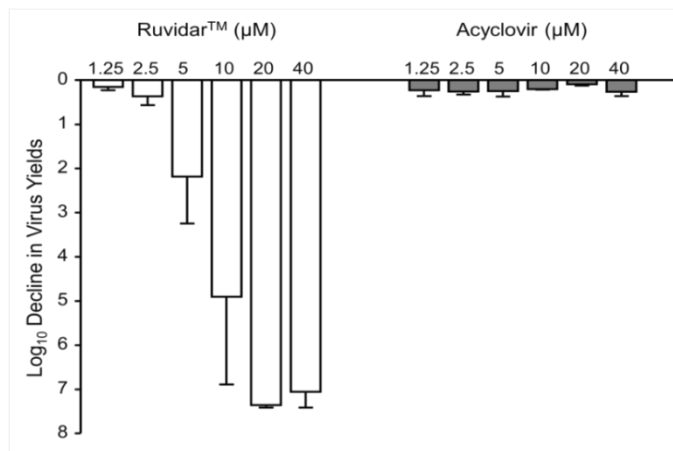
**Herpes Simplex Virus-1**

In previous work, Dr. Kevin Coombs, a professor of virology at the University of Manitoba demonstrated that the small molecule, Ruvidar® could inhibit numerous pathogenic human viruses, when added to solutions of viruses, both with and without light-activation.

In these experiments, Dr. Coombs evaluated the ability of Ruvidar® to restrict HSV-1 replication in Vero cells, both by itself and in combination with acyclovir in the absence of light-activation to mimic deep tissue application.

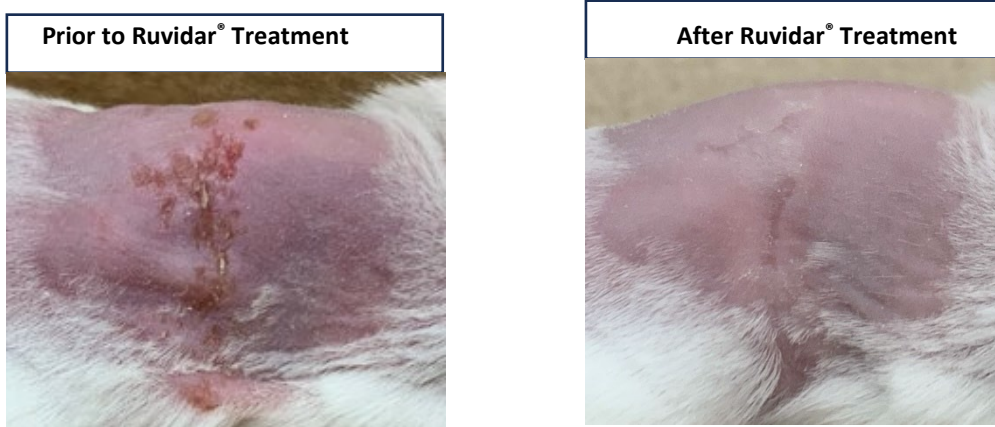
Light-activated Ruvidar® has been previously demonstrated to be even more effective in the inactivation of HSV versus non-light-activated Ruvidar®.

Ruvidar® successfully inhibited HSV-1 replication at significantly lower concentrations and more effectively than did the gold standard acyclovir alone. Dr. Coombs also discovered additive and synergistic, anti-HSV-1 effects, when combinational therapy was tested.



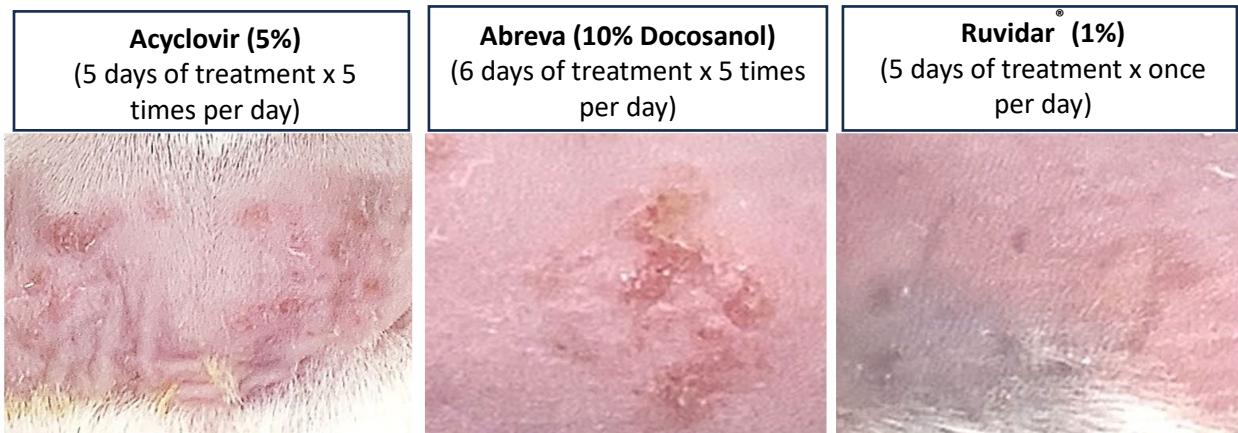
**Figure 18:** Effects of Ruvidar® versus Acyclovir on HSV-1 Yields When Added 24 Hours Post Infection (“HPI”).

In Theralase® research, Balb/C mice were infected with human HSV-1 virus. On day 6 post-infection, 1% Ruvidar® solution was applied topically over the area of well-developed lesions, once daily for 4 days. Four days of Ruvidar® treatment resulted in complete healing of the HSV-1 cutaneous lesions.



**Figure 19:** Four days of Ruvidar® Treatment in Balb/C Mice with HSV-1 Infected Cutaneous Lesions

The results support the safety and efficacy of topically applied non-light activated Ruvidar® against cutaneous HSV-1 lesions in a mouse model. An example of the efficacy of Ruvidar® versus standard of care therapies (i.e.: Acyclovir or Abreva) is demonstrated below:



**Figure 20:** Ruvidar® Versus Standard of Care Therapies

**Intellectual Property Portfolio Growth**

Theralase® received the following decisions to grant a patent in 2025:

Country	Patent Title
United States	Apparatus and Method for Irradiating Inside an Object

**Table 9:** Intellectual Property Portfolio Growth

This patent protects Theralase®’s Emitter Detector Assembly, which is used in conjunction with the TLC-3200 to activate Ruvidar® in a patient’s bladder for the destruction of BCG-Unresponsive NMIBC CIS.

## **Overview of Financial Performance**

During the year ended December 31<sup>st</sup>, 2024, the Company's financial performance and its operating results reflect the continued investment by the Company into its future prosperity through the research, development, preclinical and clinical initiatives culminating in the successful completion of the Phase Ib NMIBC clinical study and the launch of Study II.

### **Summary of Selected Audited Annual Information**

(Canadian Dollars)

For the twelve-month periods ended December 31<sup>st</sup>:

	<b>2024</b>	<b>2023</b>
Total revenues	\$ 1,033,431	\$ 1,070,307
Net loss	(4,256,114)	(4,570,879)
Basic and diluted loss per share	\$ (0.018)	\$ 0.022
Total assets	\$ 3,246,949	\$ 3,276,806
Total liabilities	1,179,501	1,371,364
Deficit	(67,496,119)	(63,240,005)
Shareholders' Equity	\$ 2,067,448	\$ 1,905,442

### **Summary of Quarterly Results**

(Canadian Dollars)

	<b>2025</b>			
	<b>March 31</b>	<b>June 30</b>	<b>September 30</b>	
<b>For the period ending:</b>				
Total revenues	\$ 91,190	\$ 219,743	\$ 279,640	
Net loss	(1,471,250)	(951,985)	(1,011,911)	
Basic and diluted loss per share	\$ (0.006)	\$ (0.004)	\$ (0.004)	
<b>As at:</b>	<b>March 31</b>			
Total assets	\$ 3,246,949	\$ 3,016,284	\$ 3,004,348	
Total liabilities	1,179,501	1,739,887	1,798,665	
Deficit	(67,496,119)	(69,919,353)	(70,931,264)	
Shareholders' Equity	\$ 2,067,448	\$ 1,276,397	\$ 1,092,713	
	<b>2024</b>			
	<b>March 31</b>	<b>June 30</b>	<b>September 30</b>	<b>December 31</b>
<b>For the period ending:</b>				
Total revenues	\$ 175,554	\$ 100,847	\$ 346,583	\$ 410,447
Net loss	(1,266,711)	(1,133,750)	(937,534)	(918,119)
Basic and diluted loss per share	\$ (0.006)	\$ (0.004)	\$ (0.004)	\$ (0.004)
<b>As at:</b>	<b>March 31</b>			
Total assets	\$ 3,246,059	\$ 3,384,859	\$ 3,222,164	\$ 3,246,949
Total liabilities	1,275,610	1,727,356	1,083,190	1,179,501
Deficit	(64,506,716)	(65,640,466)	(66,578,000)	(67,496,119)
Shareholders' Equity	\$ 1,970,449	\$ 1,657,503	\$ 2,138,974	\$ 2,067,448

## **Liquidity and Capital Resources**

As of September 30, 2025, total current assets aggregated \$1,499,637 compared with total current liabilities of \$1,798,665 netting working capital of -\$299,028 and a current ratio (current assets versus current liabilities) of approximately 0.57:1.

The Company's objective is to maintain a sufficient capital base to support future research, development and strategic business initiatives allowing the Company to invest in its future and maintain investor, creditor and market confidence. The capital structure of the Company consists of cash, cash equivalents and shareholders' equity.

The Company is not subject to any externally imposed capital requirements and the Company does not use financial ratios to manage capital. There were no changes in the Company's approach to capital management during the years presented.

## **Going Concern**

The unaudited interim condensed consolidated financial statements have been prepared by management on a going concern basis which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

For the nine-month period ended September 30, 2025, the Company had a net loss of \$3,435,145 (2024 - \$3,337,995), an accumulated deficit of \$70,931,264 (December 31, 2024 - \$67,496,119) and has historically used net cash in operations.

These conditions indicate the existence of material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern, which is dependent upon achieving a profitable level of operations and obtaining additional financing, neither of which are assured.

The Company's objective is to maintain a sufficient capital base to support future research, development and strategic business initiatives allowing the Company to invest in its future and maintain investor, creditor and market confidence. Sales of TLC-2000, the Company's Cool Laser Therapy ("CLT") system, have not met expectations and have not been sufficient in and of themselves to enable the Company to fund all its continuing development and commercialization efforts and, accordingly, the Company will require additional capital to continue to research and develop its drug technology and market its device products as it continues to develop sales opportunities. The Company is currently seeking new financing opportunities and intends to complete a financing round in 4Q2025. The Company has successfully raised capital through various equity offerings; however, there is no guarantee that the Company will be able to raise additional capital on terms and conditions agreeable to the Company. The Company continues to closely monitor its expenses to preserve cash resources until new financing is obtained. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Management believes the Company will be able to continue in operation for the foreseeable future and secure additional financing to satisfy its liabilities and commitments in the normal course of business. Accordingly, it is appropriate to prepare these consolidated financial statements on a going concern basis.

## Results of Operations

### Sales:

For the nine-month period ended September 30, 2025, total revenue decreased to \$590,573 from \$622,984 for the same period in 2024, a 5% decrease.

	<b>2025</b>		<b>2024</b>
Sales Revenue	\$ 469,154	\$	521,899
Service Revenue	106,867		90,461
Other Revenue	14,553		10,624
	<b>\$ 590,573</b>	<b>\$</b>	<b>622,984</b>

The TLC-2000 represented 88% of sales for the nine-month period ended September 30, 2025 and 77% of sales for the same period in 2024.

In Canada, revenue increased 11% to \$550,453 from \$496,699. In the US, revenue decreased 64% to \$37,741 from \$104,676. International sales decreased 89% to \$2,379 from \$21,609.

### Cost of Sales

Cost of sales for the nine-month period ended September 30, 2025 was \$299,743 (51% of revenue) resulting in a gross margin of \$290,830 (49% of revenue). In comparison, the cost of sales for the same period in 2024 was \$332,136 (53% of revenue) resulting in a gross margin of \$290,848 (47% of revenue). Cost of sales is represented by the following costs: raw materials, subcontracting, direct and indirect labour and the applicable share of manufacturing overhead.

### Operating Expenses

For the nine-month period ended September 30, 2025, selling expenses decreased to \$212,421, from \$257,935 for the same period in 2024, an 18% decrease and consisted of the following items:

	<b>2025</b>		<b>2024</b>
Sales salaries	\$ 146,377	\$	179,723
Advertising	17,507		21,267
Commission	19,867		25,662
Travel	16,447		18,340
Stock based compensation	1,586		2,681
Amortization and depreciation allocation	10,638		10,263
<b>Total selling expenses</b>	<b>\$ 212,421</b>	<b>\$</b>	<b>257,935</b>

The decrease in selling expenses is primarily a result of decreased spending on salaries (19%) and commissions (23%).

Administrative expenses for the nine-month period ended September 30, 2025, increased to 1,444,687 from \$1,294,969 for the same period in 2024, a 12% increase and consisted of the following items:

	<b>2025</b>	<b>2024</b>
Insurance	\$ 46,558	\$ 40,973
Professional fees	276,091	210,192
Rent	36,009	30,912
General and administrative expenses	160,349	104,694
Investor Relations	149,969	270,076
Administrative salaries	362,467	337,473
Director and advisory fees	66,227	67,828
Stock based compensation	325,741	212,295
Amortization and depreciation allocation	21,276	20,526
<b>Total administrative expenses</b>	<b>\$ 1,444,687</b>	<b>\$ 1,294,969</b>

The increase in administrative expenses is primarily a result of increased spending on general and administrative expenses (53%) and professional fees (31%).

Stock based compensation expense increased 53% in 2025, due to the cumulative effect of accounting for vesting of stock options granted in the current and prior years.

Net research and development expenses for the nine-month period ended September 30, 2025, increased to \$2,116,540 from \$2,100,699 for the same period in 2024, a 1% increase, and consisted of the following items:

	<b>2025</b>	<b>2024</b>
Research and development (net of investment tax credit)	\$ 1,788,978	\$ 1,826,494
Stock based compensation	184,292	120,051
Amortization and depreciation allocation	143,270	154,154
<b>Total research and development expenses</b>	<b>\$ 2,116,540</b>	<b>\$ 2,100,699</b>

The increase in research and development expenses is attributed to an increase in costs for Study II patient enrollment and treatment. Research and development expenses represented 58% of the Company's operating expenses and represent investment into the research and development of the Company's Drug Division.

### **Net Profit (Loss)**

The net loss for the nine-month period ended September 30, 2025, was \$3,435,145, which included \$708,251 of net non-cash expenses (i.e.: amortization, stock-based compensation expense and foreign exchange gain/loss). This compared to a net loss for the same period in 2024 of \$3,337,995, which included \$562,353 of net non-cash expenses. The Drug Division represented \$2,819,679 (82%) of this loss.

The increase in net loss is primarily attributed to increased spending on research and development expenses in Study II.

## **Cash Flows**

Cashflows for the nine-month periods ended September 30<sup>th</sup> are as follows:

	<b>2025</b>	2024
Net loss and comprehensive loss	\$ (3,435,145)	\$ (3,337,995)
Items not involving cash	<b>708,521</b>	562,353
Cash provided by operations	<b>(2,726,624)</b>	(2,775,642)
Net change in non-cash working capital	<b>668,892</b>	(93,069)
Cash (used in) provided by operating activities	<b>(2,057,732)</b>	(2,868,711)
Cash (used in) provided by investing activities	<b>(90,970)</b>	(13,049)
Cash (used in) provided by financing activities	<b>1,960,933</b>	3,167,353
Net change in cash and cash equivalents during the period	<b>(187,769)</b>	285,593
Cash and cash equivalents, beginning of year	<b>268,757</b>	43,911
Cash and cash equivalents, end of period	<b>80,987</b>	329,504

Funds used in operating activities, after taking into account net changes in other non-cash operating items, were \$2,057,732 for the nine-month period ended September 30, 2025, compared to funds used of \$2,868,711 in 2024. The decrease is attributed to increase in liabilities.

Funds used in investing for the nine-month period ended September 30, 2025, amounted to \$90,820 compared to \$13,049 in 2024. The increase is attributed to increased spending on equipment.

Funds received in financing activities amounted to \$1,960,933 for the nine-month period ended September 30, 2025, compared to funds received of \$3,167,353 in 2024. The decrease is attributed to the timing of various non-brokered private placements.

## **Assets (other than Cash)**

The Company holds essential and valuable intellectual property rights and assets; including: patents, trademarks, development and other related costs.

## **Net Investment in Leases**

Net investment in leases represents amounts owing from customers, to whom the Company sold products under a finance lease with a payment term of 60 months.

	<b>September 30, 2025</b>	December 31, 2024
Lease beginning balance	\$ 1,438,315	\$ 1,193,604
New leases for the period	<b>373,136</b>	538,547
Interest charge for the period <sup>1</sup>	<b>57,514</b>	70,053
Lease payments for the period <sup>2</sup>	<b>(416,561)</b>	(363,888)
<b>Total</b>	<b>\$ 1,452,403</b>	\$ 1,438,315

1) Lease investments are discounted using prime rate at time of inception.

2) Lease investments does not include any variable payments of \$0.50 per minute of use.

Principal receivables of the Company's investment in leases until maturity are as follows:

	<b>Undiscounted Lease Receivable</b>	<b>Discounted Lease Receivable</b>	<b>Unearned Finance Income</b>
2025	\$ 132,287	\$ 109,153	\$ 23,134
2026	531,798	457,351	74,447
2027	440,542	395,943	44,599
2028	297,247	272,716	24,532
2029	174,113	166,066	8,047
2030	52,410	51,173	1,237
<b>Total</b>	<b>\$ 1,628,398</b>	<b>\$ 1,452,403</b>	<b>\$ 175,994</b>

### **Commitments**

As of September 30, 2025, the Company's commitments consisted of the following:

	<b>Total</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Research Agreement (a)	\$ 27,832	\$ -	\$ 27,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research Agreement (b)	110,920	-	50,020	8,800	8,800	8,800	8,800	8,800	8,800	8,100
<b>Total</b>	<b>\$ 138,752</b>	<b>\$ -</b>	<b>\$ 77,852</b>	<b>\$ 8,800</b>	<b>\$ 8,800</b>	<b>\$ 8,800</b>	<b>\$ 8,800</b>	<b>\$ 8,800</b>	<b>\$ 8,800</b>	<b>\$ 8,100</b>

- a) Research Commitments under a research agreement with a Clinical Research Organization for the TLC-3200 cancer therapy project. Under the terms of this agreement, the Company is required to pay \$126,324 (USD\$96,800) for the period from July 23, 2019 through to the end of the Phase II Clinical Study. The Company has paid \$101,355 (USD\$76,400) relating to this commitment, of which \$27,832 (USD\$20,400) is the remaining commitment.
- b) Research Commitments under a research agreement with a Contract Manufacturer for the TLC-3200 cancer therapy project. Under the terms of this agreement, the Company is required to pay \$478,700 for the period from April 29, 2021 through to November 15, 2031. The Company has paid \$367,780 relating to this commitment, of which \$110,920 is the remaining commitment.

The Company indemnifies its directors and officers against any and all costs, charges and expenses; including, settlement of claims in respect of any civil, criminal or administrative action incurred in the performance of their service to the Company to the extent permitted by law. The Company maintains liability insurance for its officers and directors.

### **Lease Liabilities and Right-of-Use-Assets**

The Company leases premises consisting of its office and manufacturing facilities. On May 20<sup>th</sup>, 2022, the Company extended the lease of its premises for an additional 5 years until September 30<sup>th</sup>, 2027.

Principal and interest repayments of the Company's leased premises and office equipment until maturity are as follows:

	<b>Property</b>	<b>Office Equipment</b>
2025	29,325	537
2026	117,300	895
2027	87,975	-
	<b>\$ 234,600</b>	<b>\$ 1,432</b>

## **Share Capital Analysis**

As of November 7, 2025:

- The share capital of the Company consisted of 257,058,334 common shares. Each common share entitles the holder to one vote per share.
- There were 19,620,000 options outstanding, of which 9,280,000 were vested and exercisable into an equivalent number of the Company's common shares.
- There were 51,537,205 warrants outstanding. Each whole warrant entitles the holder thereof to purchase one additional common share.

The warrants are exercisable as follows:

- 10,000,000 at a price of \$CAN 0.35 until September 22<sup>nd</sup>, 2027
- 1,000,000 at a price of \$CAN 0.35 until November 17<sup>th</sup>, 2027
- 4,800,000 at a price of \$CAN 0.35 until June 30<sup>th</sup>, 2028
- 1,840,000 at a price of \$CAN 0.35 until September 7, 2025
- 5,318,183 at a price of \$CAN 0.28 until November 29, 2028
- 6,670,836 at a price of \$CAN 0.25 until February 5, 2029
- 4,167,778 at a price of \$CAN 0.25 until April 24, 2029
- 3,522,729 at a price of \$CAN 0.30 until July 8, 2029
- 2,730,500 at a price of \$CAN 0.30 until September 24, 2029
- 2,221,334 at a price of \$CAN 0.45 until November 15, 2029
- 1,034,002 at a price of \$CAN 0.45 until March 11, 2030
- 1,995,829 at a price of \$CAN 0.32 until April 22, 2030
- 2,870,000 at a price of \$CAN 0.30 until June 17, 2030
- 3,363,134 at a price of \$CAN 0.30 until July 28, 2030

As of November 7, 2025, there were 18,864 finder's units that were issued in connection with the November 29, 2023, non-brokered, private placement. Each finder's unit entitles the holder thereof to acquire one common share and one common share purchase warrant at a price of \$CAN 0.22 per unit until November 29, 2028.

## **Segmented Information**

For management purposes, the Company is organized into two separate reportable operating divisions, the Drug Division and the Device Division. The Drug Division is responsible for the research and development of small molecules primarily for the treatment of cancer with assistance from the Device Division to develop medical lasers to activate them. The Device Division is responsible for the Company's medical laser business, which researches, develops, manufactures and distributes Cool Laser Therapy systems to healthcare practitioners predominantly for the healing of pain.

The following table displays revenue and direct expenses from the drug and device division for the nine-month periods ended September 30:

	2025			2024		
	Device	Drug	Total	Device	Drug	Total
Sales	\$ 590,573	\$ -	\$ 590,573	\$ 622,984	\$ -	\$ 622,984
Cost of sales	299,743	-	299,743	332,136	-	332,136
<b>Gross margin</b>	<b>290,830</b>	<b>-</b>	<b>290,830</b>	<b>290,848</b>	<b>-</b>	<b>290,848</b>
<b>Operating Expenses</b>						
Selling expenses	212,421	-	212,421	257,935	-	257,935
Administrative expenses	629,566	815,121	1,444,687	458,940	836,029	1,294,969
Research and development expenses	114,001	2,002,539	2,116,540	138,215	1,962,484	2,100,699
Loss on foreign exchange	(4,838)	(4,838)	(9,675)	2,554	2,554	5,108
Interest accretion on lease liabilities	6,858	6,858	13,715	9,357	9,357	18,713
Interest income	(51,713)	-	(51,713)	(48,581)	-	(48,581)
	906,296	2,819,679	3,725,975	818,419	2,810,423	3,628,843
<b>Loss for the period</b>	<b>\$ (615,466)</b>	<b>\$ (2,819,679)</b>	<b>\$ (3,435,145)</b>	<b>\$ (527,571)</b>	<b>\$ (2,810,423)</b>	<b>\$ (3,337,995)</b>
Total Assets	\$ 2,313,284	\$ 691,114	\$ 3,004,398	\$ 2,330,931	\$ 891,233	\$ 3,222,164
Total Liabilities	310,007	1,601,628	1,911,635	319,176	692,407	1,083,190

The following table displays revenue and direct expenses from the device division product sales by product line and geographic area for nine-month periods ended September 30:

	2025			2024		
	Canada	USA	International	Canada	USA	International
<b>Sales by Product Line</b>						
TLC-1000	\$ 50,541	\$ 19,090	\$ -	\$ 72,549	\$ 70,918	\$ -
TLC-2000	499,912	18,652	2,379	424,149	33,759	21,609
	550,453	37,741	2,379	496,699	104,676	21,609
<b>Expenses</b>						
Cost of Sales	279,380	19,155	1,208	266,936	56,255	11,613
Selling Expenses	168,616	43,805	-	191,159	48,988	19,915
	447,996	62,962	1,207	458,094	105,242	31,528
	\$ 102,457	\$ (25,220)	\$ 1,173	\$ 38,605	\$ (566)	\$ (9,919)

As at September 30, 2025 and December 31<sup>st</sup>, 2024, the Company's long-lived assets used in operations are all located in Canada. Timing of revenue is recognized at a point in time.

### **Selected Financial Information and Accounting Policies**

The unaudited condensed consolidated interim financial statements for the nine-month period ended September 30, 2025, and all other financial statements referred to herein, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), consistently applied, and all amounts and currencies reported therein, and in this MD&A, are in Canadian dollars, unless otherwise noted. The ongoing accounting policies are more particularly described in the Notes to the audited annual consolidated financial statements for the year ended December 31<sup>st</sup>, 2024. Please refer to the Company's annual and quarterly financial statement filings, including material interim press releases, at [www.sedarplus.ca](http://www.sedarplus.ca).

## Use of Financial Instruments

The Company's financial instruments consists of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate carrying value because of the short-term nature of these instruments.

IFRS 7 Financial Instruments Disclosures establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3: inputs for the asset or liability that are not based upon observable market data.

Cash and cash equivalents, trade and other receivable and payables and accrued liabilities are valued at Level 1. These are stated at fair value due to the short-term maturities of these instruments.

The investment in leases is fair valued using Level 3. All future receipts have been discounted using the Bank prime rate of interest as at September 30, 2025. No Level 3 adjustment was required. (See page 25 for reconciliation)

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivable. The amounts receivable reported in the consolidated balance sheets are net of allowances for credit losses, estimated by the Company's management based on prior experience and its assessment of the current economic environment. The Company reviews its trade receivable and investment in leases regularly and reduces amounts to their expected realizable values by adjusting the allowance for credit losses when management determines that the account may not be fully collectible. The Company has adopted credit policies in an effort to minimize those risks. The carrying value of trade and other receivables and investment in leases represent the Company's maximum exposure to credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. The Company does not have material long-term financial liabilities.

(iii) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of the financial instruments held. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk is as follows:

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Cash and cash equivalents	Short-term fixed and variable interest rate
Financed trade receivables	Long-term fixed interest rate

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(iv) Foreign currency exchange risk

The Company is exposed to foreign currency exchange risk. This risk arises from the Company's holdings of US dollar denominated cash, trade and other receivables and payables and accrued liabilities. Changes arising from this risk could impact the Company's reported foreign currency exchange gains or losses.

The Company has not entered into any conventional or other financial instruments designed to minimize its investment risk, currency risk or commodity risk. No off-balance sheet arrangements have been established nor are there any pending proposals or indicated business requirements to this effect.

### **Critical Accounting Policies, Estimates and Judgments**

As noted above, the Company's unaudited condensed consolidated interim financial statements as of September 30, 2025 and audited consolidated financial statements as of December 31<sup>st</sup>, 2024, respectively, and for the nine-month periods ended September 30, 2025 and 2024, respectively, have been prepared in accordance with IFRS. The policies applied are based on IFRS issued and outstanding as of November 7, 2025 which is the date at which the Company's Board of Directors approved the audited consolidated financial statements.

Additionally, the preparation of the audited consolidated financial statements in accordance with IFRS often requires management to make estimates about and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the audited consolidated financial statements are prepared. Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments, in order to ensure that the audited consolidated financial statements are presented fairly and in accordance with IFRS.

Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment and are often applied to matters or outcomes that are inherently uncertain and subject to change. As such, management cautions that future events often vary from forecasts and expectations and that estimates routinely require adjustment. A summary of those areas where the Company's management believe critical accounting policies affect the significant judgments and estimates used in the preparation of the consolidated financial statements can be found in note 2 to the audited consolidated financial statements of December 31<sup>st</sup>, 2024 and 2023.

### **Disclosure of Internal Controls**

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that:

- (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and
- (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

In contrast to the certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Company utilizes the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of Disclosure Controls and Procedures ("**DC&P**") and Internal Control over Financial Reporting ("**ICFR**"), as defined in NI 52-109.

In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with the audits of the Company's consolidated financial statements for the years ended December 31, 2024 and 2023, the Company's independent registered public accountants identified certain material weaknesses in the Company's internal control over financial reporting. Such material weaknesses continue to exist as of November 7, 2025. A "material weaknesses" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses relate to not having a full segregation of duties within members of its accounting staff dedicated to financial reporting functions so that all journal entries and account reconciliations are reviewed by someone other than the preparer, heightening the risk of error or fraud. If the Company is unable to remediate the material weakness, or other control deficiencies are identified, the Company may not be able to report its financial results accurately or prevent fraud.

### **Risks and Uncertainties**

The Company's operations involve certain risks and uncertainties that are inherent to the Company's industry. The most significant known risks and uncertainties faced by the Company are described below.

#### **Limited Operating History**

The Company is still in the development and commercialization stages of its businesses and therefore will be subject to the risks associated with early-stage companies, including uncertainty of the success and acceptance of its products, uncertainty of revenues, markets and profitability and the continuing need to raise additional capital. The Company's business prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in this stage of development. Such risks include the evolving and unpredictable nature of the Company's business, the Company's ability to anticipate and adapt to a developing market, acceptance by consumers of the Company's products, the ability to identify, attract and retain qualified personnel and the ability to generate sufficient revenue or raise sufficient capital to carry out its business plans. There can be no assurance that the Company will be successful in adequately mitigating these risks.

#### **Working Capital and Capital Resources**

The Company has not been able to consistently generate sufficient profits from its revenue to provide the financial resources necessary to continue to have sufficient working capital for the development of its products and marketing activities. There is no assurance that future revenues will be sufficient to generate the required funds to continue product development, business development and marketing activities or that additional funds required for such working capital will be available from financings.

These conditions indicate the existence of material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon achieving a profitable level of operations and obtaining additional financing, neither of which is assured. The Company has been able, to date, to raise capital via private placements to continue to market its products and continues to develop sales opportunities which could result in additional sales of its products in the future.

In order to achieve its long-term development and commercialization strategy for the Company's range of therapeutic laser systems and small molecule anti-cancer technology, the Company may need to raise additional capital through the issuance of shares, collaboration agreements or strategic partnerships that would allow the Company to finance its activities. There is no assurance that additional funds will be available as required or that they may be available on acceptable terms and conditions. Additional financing may also result in dilution of shareholder value.

#### **Key Personnel**

The Company's success is dependent upon its ability to attract and retain a highly qualified work force, and to establish and maintain close relationships with research centers. Competition is intense and the Company's success will depend, to a great extent, on its senior and executive managers, scientific personnel and academic partners. The loss of one or more of its key employees or the inability to attract and retain highly skilled personnel could have a material adverse effect on the Company's development of its products, operations or business prospects.

#### **Protection of Intellectual Property**

The Company's success will depend in part on its ability to obtain patents, protect its trade secrets and operate without infringing the exclusive rights of other parties. There is no guarantee that any patent that will be granted to the Company will bring any competitive advantage to the Company, that its patent protection will not be contested by third parties, or that the patents of competitors will not be detrimental to the Company's commercial activities. It cannot be assured that competitors will not independently develop products similar to the Company's products, that they will not imitate the Company's products or that they will not circumvent or invalidate patents granted to the Company.

Although the Company does not believe that its products infringe the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company or that any such assertions or prosecutions, valid or otherwise, will not materially adversely affect the Company's business, financial condition or results of operations. Irrespective of the validity of the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on the Company. The Company's performance and ability to develop markets and compete effectively are dependent to a significant degree on its proprietary and patented technology. The Company relies on its patents and trade secrets, as well as confidentiality agreements and technical measures, to establish and protect its proprietary rights. While the Company will endeavor to protect its intellectual property, there can be no assurance that the steps taken will prevent misappropriation or that agreements entered into for that purpose will be enforceable. The laws of certain other countries may afford the Company little or no effective protection of its intellectual property.

#### **Competition**

Many of the Company's current and potential competitors have longer operating histories, larger customer bases, greater name and brand recognition and significantly greater financial, sales, marketing, engineering, scientific, technical and other resources than the Company. These competitors have research and development capabilities that may allow them to develop new or improved products that may compete with the Company's products. New technologies and the expansion of existing technologies may also increase competitive pressures on the Company. Increased competition may result in reduced operating margins as well as loss of market share and could result in decreased usage in the Company's products and may have a material adverse effect on the Company.

#### **Implementation Delays**

Many of the Company's products will be in development, testing or preliminary stage and there may be delays or other problems in the introduction of the Company's products. The Company cannot predict when customers that are in a testing or preliminary use phase of the Company's products will adopt a broader use of the products. The

market for the Company's products is relatively new and continues to evolve. The Company's products will involve changes in the manner in which businesses have traditionally used such products. In some cases, the Company's customers will have little experience with products offered by the Company. The Company will have to spend considerable resources educating potential customers about the value of the Company's products. It is difficult to assess, or predict with any assurance, the present and future size of the potential market for the Company's products or its growth rate, if any. The Company cannot predict whether or not its products will achieve market acceptance.

### **Strategic Alliances**

The Company's ability to successfully complete the research and development of its products and its growth and marketing strategies are based, in significant part, in the strategic alliances it has in place and the licenses and agreements securing those strategic alliances. The Company's success will depend upon the ability to seek out and establish new strategic alliances and working relationships. There can be no assurance that existing strategic alliances and working relationships will not be terminated or adversely modified in the future, nor can there be any assurance that new relationships, if any, will afford the Company the same benefits as those currently in place.

### **Trade Secret Protection**

Because the Company relies on third parties to develop its products, the Company must share trade secrets with them. The Company seeks to protect its proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements or other similar agreements with its collaborators, advisors, employees and consultants prior to beginning research or disclosing proprietary information. These agreements typically restrict the ability of its collaborators, advisors, employees and consultants to publish data potentially relating to its trade secrets. The Company's academic collaborators typically have rights to publish data, provided that the Company is notified in advance and may delay publication for a specified time in order to secure its intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by the Company, although in some cases the Company may share these rights with other parties. The Company also conducts joint research and development programs which may require the Company to share trade secrets under the terms of research and development collaboration or similar agreements. Despite the Company's efforts to protect its trade secrets, the Company's competitors may discover the Company's trade secrets, either through breach of these agreements, independent development or publication of information including the Company's trade secrets in cases where the Company does not have proprietary or otherwise protected rights at the time of publication. A competitor's discovery of the Company's trade secrets may impair the Company's competitive position and could have a material adverse effect on the Company's business and financial condition.

### **Product Deficiencies**

Given that the Company's products are either fairly new, or are in various stages of development, there may be difficulties in product design, performance and reliability which could result in lost revenue, delays in customer acceptance of the Company's products and legal claims against the Company, which would be detrimental, perhaps materially to the Company's market reputation and ability to generate further sales. Serious defects are frequently found during the period immediately following the introduction of new products or enhancements to existing products and undetected errors or performance problems may be discovered in the future. Product defects may expose the Company to liability claims, for which the Company may not have sufficient liability insurance.

### **Dependence on Third Party Suppliers**

The Company has established relationships with certain third-party suppliers upon whom it relies on to provide key materials and components for completion of its products. In the event of the inability of these third parties to supply such materials and components in a timely manner or to supply materials and components that continue to meet the Company's quality, quantity or cost requirements, the Company would be required to purchase these materials and components from other suppliers. There is no assurance that other suppliers can be found in such circumstances who can supply the materials and components in a timely manner or that meet the Company's quality, quantity or cost requirements.

### **Volatility of Share Price**

The market price of the Company's common shares is subject to volatility. General market conditions as well as differences between the Company's financial, scientific and clinical results, and the expectations of investors, as well as securities analysts can have a significant impact on the trading price of the Company's common shares.

### **Regulatory Approvals**

The Company is directly and indirectly engaged in the design, manufacture, sale and international marketing of therapeutic and medical laser equipment, as well as the research and development of light activated small molecules, all of which are subject to regulatory oversights, audits and controls by various national regulatory agencies (i.e.: FDA, Health Canada and CE) and authoritative quality standards bodies (i.e.: UL, CSA, ISO and TUV), which all possess strict quality certification procedures. The Company is in full compliance with all the governing regulatory and quality standards and approval requirements pertaining to the medical laser devices it currently designs, manufactures and markets and the small molecules it researches and develops. No assurance can be given that current regulations relating to regulatory approval will not change or become more stringent and product approvals may be withdrawn if compliance with regulatory standards is not maintained.

### **Early Stage of Product Development**

Given the early stage of the Company's product development, the Company can make no assurance that its research and development programs will result in regulatory approval or commercially viable products. To achieve profitable operations, the Company alone or with others, must successfully develop, gain regulatory approval and market its future products. To obtain regulatory approvals for its product candidates being developed and to achieve commercial success, clinical studies must demonstrate that the product candidates are safe and tolerable for human use and that they demonstrate efficacy equal to or greater than standard of care.

Many product candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product candidates may fail for a number of reasons, including, but not limited to: being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause the Company or its collaborators to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that may be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical studies may not be indicative of favorable outcomes in later-stage clinical studies. The Company can make no assurance that any future studies, if undertaken, will yield favorable results.

### **Reliance on Third Parties**

The Company relies and will continue to rely on third parties to conduct a significant portion of its preclinical and clinical development activities. Preclinical activities include: in-vivo studies providing access to specific disease models, pharmacology and toxicology studies and assay development. Clinical development activities include: trial design, regulatory submissions, clinical patient recruitment, clinical trial monitoring, clinical data management and analysis, safety monitoring and project management. If there is any dispute or disruption in the Company's relationship with third parties, or if they are unable to provide quality services in a timely manner and at a feasible cost, the Company's active development programs may face delays. Further, if any of these third parties fails to perform as the Company expects or if their work fails to meet regulatory requirements, the Company's testing could be delayed, cancelled or rendered ineffective.

### **Clinical Study Risk**

Before obtaining marketing approval from regulatory authorities for the sale of the Company's product candidates, the Company must conduct preclinical studies in animals and extensive clinical studies in humans to demonstrate the safety, tolerability and efficacy of the product candidates. Clinical testing is expensive and difficult to design and implement, can take many years to complete and has uncertain outcomes. The outcome of preclinical experiments and early clinical studies may not predict the success of later clinical studies, and interim results of a clinical study do not necessarily predict final results. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical studies due to lack of efficacy or unacceptable safety profiles, notwithstanding promising results in earlier studies. The Company does not know whether the clinical studies it may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market any of the

Company's product candidates in any jurisdiction. A product candidate may fail for safety, tolerability or efficacy reasons at any stage of the testing process. A major risk the Company faces is the possibility that none of the Company's product candidates under development will successfully gain market approval from Health Canada, the FDA or other regulatory authorities, resulting in the Company being unable to derive any commercial revenue from them after investing significant amounts of capital in multiple stages of preclinical and clinical testing.

From time to time, scientific studies or clinical studies on various aspects of biopharmaceutical products are conducted by academic researchers, competitors or others. The results of these studies, when published, may have a significant effect on the market for the biopharmaceutical product that is the subject of the study. The publication of negative results of scientific studies or clinical studies or adverse safety events related to the Company's product candidates, or the therapeutic areas in which the Company's product candidates compete, could adversely affect the Company's share price and the Company's ability to finance future development of its product candidates; hence, the Company's business and financial results could be materially and adversely affected.

### **Clinical Study Timing Delays**

The Company cannot predict whether any clinical studies will begin as planned, will need to be restructured, or will be completed on schedule, or at all. The Company's product development costs may increase significantly if the Company experiences delays in clinical testing. Significant clinical study delays could shorten any periods during which the Company may have the exclusive right to commercialize its product candidates or allow the Company's competitors to bring products to market before the Company, which would impair the Company's ability to successfully commercialize its product candidates and may harm the Company's financial condition, results of operations and / or prospects. The commencement and completion of clinical studies for the Company's products may be delayed for a number of reasons, including delays related, but not limited, to:

- failure by regulatory authorities to grant permission to proceed or placing the clinical study on hold;
- patients failing to enroll or remain in the Company's studies at the rate the Company expects;
- suspension or termination of clinical studies by regulators for many reasons, including concerns about patient safety or tolerability
- any changes to the Company's manufacturing process that may be necessary or desired;
- delays or failure to obtain clinical supply from contract manufacturers of the Company's products necessary to conduct clinical studies;
- product candidates demonstrating a lack of safety, tolerability or efficacy during clinical studies;
- patients choosing an alternative treatment for the indications for which the Company is developing any of its product candidates or participating in competing clinical studies;
- patients failing to complete clinical studies due to dissatisfaction with the treatment, side effects or other reasons;
- reports of clinical testing on similar technologies and products raising safety, tolerability and/or efficacy concerns;
- competing clinical studies and scheduling conflicts with participating clinicians;
- clinical investigators not performing the Company's clinical studies on their anticipated schedule, dropping out of a study, or employing methods not consistent with the clinical study protocol, regulatory requirements or other third parties not performing data collection and analysis in a timely or accurate manner;
- failure of the Company's Contract Research Organizations, to satisfy their contractual duties or meet expected deadlines;
- inspections of clinical study sites by regulatory authorities, Review Ethics Boards ("REB"), or Institutional Review Boards / Review Ethics Boards ("IRBs / REBs") or ethics committees finding regulatory violations that require the Company to undertake corrective action, resulting in suspension or termination of one or more sites or the imposition of a clinical hold on the entire study;
- one or more IRBs or ethics committees rejecting, suspending or terminating the study at an investigational site, precluding enrollment of additional subjects, or withdrawing its approval of the study; or
- failure to reach agreement on acceptable terms with prospective clinical study sites.

The Company's product development costs may increase if the Company experiences delays in testing or approval or if the Company needs to perform more or larger clinical studies than planned. Additionally, changes in regulatory requirements and policies may occur, and the Company may need to amend study protocols to reflect these changes. Amendments may require the Company to resubmit its study protocols to regulatory authorities or IRBs or ethics committees for re-examination, which may impact the cost, timing or successful completion of that study. Delays or increased product development costs may have a material adverse effect on the Company's business, financial condition and prospects.

#### **Patient Enrollment**

As the Company's product candidates advance from preclinical testing to clinical testing, and then through progressively larger and more complex clinical studies, the Company may need to enroll an increasing number of patients that meet the Company's eligibility criteria. There is significant competition for recruiting cancer patients in clinical studies, and the Company may be unable to enroll the patients it needs to complete clinical studies on a timely basis or at all. The factors that affect the Company's ability to enroll patients are largely uncontrollable and include, but are not limited to, the following:

- size and nature of the patient population
- eligibility, inclusion and exclusion criteria for the study
- design of the clinical study protocol
- competition with other companies for clinical sites or patients
- the perceived risks and benefits of the product candidate under study
- the patient referral practices of physicians
- the number, availability, location and accessibility of clinical study sites

#### **Failure to Achieve Milestones**

From time to time, the Company may announce the timing of certain events it expects to occur, such as the anticipated timing of results from the Company's clinical studies or product sales. These statements are forward-looking and are based on the best estimates of management at the time relating to the occurrence of such events; however, the actual timing of such events may differ from what has been publicly disclosed. The timing of events such as initiation or completion of a clinical study, filing of an application to obtain regulatory approval or announcement of additional clinical studies for a product candidate or adoption / sales of the Company's products may ultimately vary from what is publicly disclosed. These variations in timing may occur as a result of different events, including the nature of the results obtained during a clinical study or during a research phase or any other event having the effect of delaying the publicly announced timeline. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of previously announced milestones could have a material adverse effect on the Company's business plan, financial condition or operating results and the trading price of common shares.

#### **Currency Risk**

The Company's primary risks are exposure to foreign currency exchange risk. These risks arise from the Company's holdings of US and Canadian dollar denominated cash, accounts receivable and accounts payable. Changes arising from these risks could impact the Company's reported foreign exchange gains or losses.

#### **Credit Risk**

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable and investment in leases. The amounts reported in the balance sheet are net of allowances for bad debts, estimated by the Company's management based on prior experience and their assessment of the current economic environment. The Company reviews its trade receivables and investments in leases accounts regularly and reduces amounts to their expected realizable values by adjusting the allowance for doubtful accounts as soon as the account is determined not to be fully collectible. The Company has adopted credit policies in an effort to minimize these risks.

**Product Liability**

The Company has obtained product liability insurance which covers each occurrence up to \$5 million with a cap of \$10 million. A product liability claim could potentially be greater than this coverage. The Company's profitability would be adversely affected by any successful product liability claim in excess of its insurance coverage.

**Clinical Trial Liability**

The Company has obtained clinical trial liability insurance coverage in the aggregate of \$CAN 5 million. This coverage is limited, and a clinical trial liability claim could potentially be greater than this coverage. The Company's profitability would be adversely affected by any successful product liability claim in excess of its insurance coverage.

November 7, 2025

Kristina Hachey, CPA  
Chief Financial Officer