

# **Theralase Technologies Inc.**

## **Unaudited Condensed Interim Consolidated Financial Statements**

As at June 30, 2025 and for the six-month periods ended June 30, 2025 and 2024

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

# THERALASE® TECHNOLOGIES INC.

Consolidated Statements of Financial Position

As at June 30, 2025 and December 31, 2024

Stated in Canadian Dollars

	Note	2025	2024
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 46,325	\$ 268,757
Trade and other receivables	3	393,186	330,698
Net investment in lease	4	407,529	380,825
Inventories	5	531,199	545,050
Prepaid expenses and other assets		131,048	58,335
<b>Total current assets</b>		<b>1,509,287</b>	<b>1,583,666</b>
Non-current assets			
Net investment in lease	4	952,062	1,057,490
Property and equipment	6	344,937	348,601
Right-of-use-assets	7	209,998	257,193
<b>Total non-current assets</b>		<b>1,506,997</b>	<b>1,663,284</b>
<b>Total Assets</b>		<b>\$ 3,016,284</b>	<b>\$ 3,246,949</b>
<b>Liabilities</b>			
Current liabilities			
Payables and accruals	8	\$ 1,495,018	\$ 885,634
Current portion of lease liabilities	7	77,946	100,314
<b>Total current liabilities</b>		<b>1,572,964</b>	<b>985,948</b>
Non-current liabilities			
Lease liabilities	7	166,923	193,553
<b>Total non-current liabilities</b>		<b>166,923</b>	<b>193,553</b>
<b>Total Liabilities</b>		<b>1,739,887</b>	<b>1,179,501</b>
<b>Equity attributable to shareholders</b>			
Share capital	9, 12	49,698,451	48,923,596
Contributed surplus	10, 12	17,931,289	17,581,505
Common share purchase warrants	11, 12	3,566,010	3,058,466
Accumulated deficit		(69,919,353)	(67,496,119)
<b>Total Equity</b>		<b>1,276,397</b>	<b>2,067,448</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>\$ 3,016,284</b>	<b>\$ 3,246,949</b>

Commitments (Note 20)

Approved on Behalf of the Board

[Randy Bruder]

Director

[Guy Anderson]

Director

# THERALASE® TECHNOLOGIES INC.

Consolidated Statements of Operations

For the six-month period ended June 30

Stated in Canadian Dollars

	Note	Three Months Ended June 30		Six Months Ended June 30	
		2025	2024	2025	2024
Sales		\$ 219,743	\$ 100,847	\$ 310,933	\$ 276,401
Cost of sales		101,071	72,884	178,966	186,324
Gross margin		118,672	27,963	131,967	90,077
<b>Operating expenses</b>					
Selling expenses	14	70,868	78,363	139,011	145,915
Administrative expenses	15	440,260	395,882	995,333	907,378
Research and development expenses	16	582,777	693,707	1,460,447	1,450,086
(Gain) loss on foreign exchange		(11,066)	2,678	(14,391)	5,778
Interest accretion on lease liabilities	7	4,574	6,240	9,576	12,879
Interest income		(16,756)	(15,157)	(34,775)	(31,498)
		1,070,657	1,161,713	2,555,201	2,490,538
Net loss and comprehensive loss for the period		(951,985)	(1,133,750)	\$ (2,423,234)	\$ (2,400,461)
Basic and diluted loss per common share	13	(0.004)	(0.005)	(0.010)	(0.010)
Weighted average number of common shares		248,538,434	231,892,570	248,538,434	231,892,570

# THERALASE® TECHNOLOGIES INC.

Consolidated Statements of Cash Flows

For the six-month period ended June 30

Stated in Canadian Dollars

	2025	2024
<b>Cash flows from operating activities</b>		
Net loss and comprehensive loss for the period	\$ (2,423,234)	\$ (2,400,461)
Items not involving cash:		
Amortization of property and equipment	79,484	88,031
Amortization of right-of-use assets	47,194	47,194
Stock-based compensation expense	349,611	220,563
Loss on foreign exchange	(14,391)	5,778
Interest accretion from lease liabilities	9,576	12,879
	<b>(1,951,761)</b>	<b>(2,026,016)</b>
Change in operating assets and liabilities other than cash:		
Current trade and other receivables	(48,097)	54,927
Net investment in leases	78,723	26,948
Inventories	13,850	6,843
Prepaid expenses and other assets	(72,713)	51,122
Payables and accruals	609,384	388,808
	<b>(1,370,613)</b>	<b>(1,497,368)</b>
<b>Cash flows from investing activity</b>		
Purchase of property and equipment	(75,820)	(4,447)
	<b>(75,820)</b>	<b>(4,447)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(58,574)	(45,695)
Proceeds from private placement (net of issuance costs)	1,282,575	1,931,960
	<b>1,224,001</b>	<b>1,886,265</b>
Increase (decrease) in cash and cash equivalents during the period	<b>(222,432)</b>	384,450
Cash and cash equivalents, beginning of period	<b>268,757</b>	43,911
Cash and cash equivalents, end of period	\$ <b>46,325</b>	\$ 428,361
<b>Supplementary Information</b>		
Interest received	\$ <b>34,775</b>	\$ 31,498

# THERALASE® TECHNOLOGIES INC.

Consolidated Statements of Changes in Equity

For the six-month period ended June 30

Stated in Canadian Dollars

	Note	Number of Shares	Share Capital	Contributed Surplus	Common Share Purchase Warrants	Deficit	Total Shareholders' Equity
		#	\$	\$	\$	\$	\$
Balance, December 31, 2023		228,460,858	46,435,685	12,490,567	6,219,195	(63,240,005)	<b>1,905,442</b>
Stock-based compensation expense	10	-	-	220,563	-	-	220,563
Expired warrants	11	-	-	587,545	(587,545)	-	-
Issued pursuant to private placement	9	10,834,448	1,230,065	-	720,135	-	<b>1,950,200</b>
Transaction cost on private placement	9	-	(11,616)	-	(6,625)	-	(18,241)
Net loss and comprehensive loss for the period		-	-	-	-	(2,400,461)	(2,400,461)
Balance, June 30, 2024		239,295,306	47,654,134	13,298,675	6,345,160	(65,640,466)	1,657,503
<b>Balance, December 31, 2024</b>		<b>247,780,369</b>	<b>48,923,596</b>	<b>17,581,505</b>	<b>3,058,466</b>	<b>(67,496,119)</b>	<b>2,067,448</b>
Stock-based compensation expense	10	-	-	349,611	-	-	349,611
Expired warrants	11	-	-	173	(1,173)	-	(1,000)
Issued pursuant to private placement	9	5,914,831	785,253	-	515,072	-	<b>1,300,325</b>
Transaction cost on private placement	9	-	(10,397)	-	(6,355)	-	(16,752)
Net loss and comprehensive loss for the period		-	-	-	-	(2,423,234)	(2,423,234)
Balance, June 30, 2025		253,695,200	49,698,451	17,931,289	3,566,010	(69,919,353)	1,276,397

# ThERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

Six-Month periods ended June 30, 2025 & 2024

Stated in Canadian Dollars

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### 1. Nature of Operations

Theralase® Technologies Inc. (“**Company**” or “**Theralase**”) has two main divisions.

The Drug Division develops patented, and patent pending drugs, called Photo Dynamic Compounds (“**PDCs**”) and activates them with proprietary and patent pending laser technology to destroy specifically targeted cancers, bacteria and viruses. The Device Division designs, develops, manufactures and markets proprietary super-pulsed laser technology indicated and cleared by Health Canada and the Food and Drug Administration (“**FDA**”) for the healing of chronic knee pain. The technology has been used off-label for healing numerous nerve, muscle and joint conditions.

The Company develops products both internally and using the assistance of specialist external resources. Successful financing enables the commercialization of the Company’s current and future product offerings, which is further supported through the Company’s established network of direct sales and indirect distribution networks.

Theralase® was incorporated by articles of incorporation in the province of Ontario in September 2004. The Company’s common shares trade on the Toronto Stock Venture Exchange under the symbol TLT. The registered office is 41 Hollinger Road, Toronto, Ontario, Canada M4B 3G4.

### Going Concern, Capital Disclosures and Statement of Compliance

These unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and includes interpretations of the IFRS Interpretations Committee (“**IFRIC**”), effective for the reporting period ended June 30, 2025, and have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as those disclosed in the annual consolidated financial statements for the year ended December 31, 2025, but do not include all the information and disclosures required in the Company’s audited annual financial statements. The preparation of unaudited interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain accounting estimates and also requires management to use judgement in applying the Company’s accounting policies. The areas that involve judgement and estimates have been disclosed in Note 2 of the Company’s 2024 audited annual consolidated financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2024.

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 six-month period ended June 30, 2025, the Company had a net loss of \$2,423,234 (2024 -\$2,400,461), an accumulated deficit of \$69,919,353 (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

# **THERALASE® TECHNOLOGIES INC.**

## **Notes to Consolidated Financial Statements**

**Six-Month periods ended June 30, 2025 & 2024**

**Stated in Canadian Dollars**

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### **1. Nature of Operations (continued)**

market confidence. Sales of TLC-2000, the Company's existing product line, 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 Q2 2025. The Company has successfully raised capital through equity offerings in Q1 and Q2 2025, 2024, 2023 and 2022, 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.

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.

### **Approval of Financial Statements**

The unaudited condensed interim consolidated financial statements for the three-month period ended June 30, 2025 (including comparatives) were approved and authorized for issue by the board of directors on August 26<sup>th</sup>, 2025.

### **2. Summary of Material Accounting Policies**

#### **Basis of presentation**

These unaudited condensed interim consolidated financial statements, which are presented in Canadian Dollars (unless otherwise stated), have been prepared under the historical cost convention, as modified by the measurement at fair value of certain financial assets and financial liabilities. These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation followed in the Company's annual consolidated financial statements for the year ended December 31, 2024.

#### **Basis of consolidation**

The unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries; Theralase® Inc. and Theralase® Biotech Inc., over which the Company exercises control. Inter-company balances and transactions are eliminated in preparing the unaudited condensed interim consolidated financial statements.

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

Six-Month periods ended June 30, 2025 & 2024

Stated in Canadian Dollars

### 3. Trade and Other Receivables

	June 30, 2025	December 31, 2024
Subscriptions and other receivables (net)	\$ 138,517	\$ 166,659
Government tax credits receivable	254,669	164,038
<b>Total</b>	<b>\$ 393,186</b>	<b>\$ 330,698</b>

Write offs of trade receivables for the six-month period ended June 30, 2025, amounted to \$38,213 (2024 - \$nil). Refer to note 17 (i) for the continuity schedule of allowance for lease receivables.

Government tax credits receivable comprise of research and development investment tax credits from the federal government and sales tax receivable. Research and development tax credits receivable total \$222,840 for the three-month period ended June 30, 2025 (December 31, 2024 - \$156,000) and have been allocated against research and development expenses.

The Company's exposure to credit and currency risks related to trade and other receivables is presented in note 17.

### 4. Net Investment in Leases

Net investment in leases represent amounts owing from customers to whom the Company sold products under finance leases with payment term of 60 months. Investment in lease receivables is recorded at the time of origination or purchase at fair value of products sold and are subsequently reported at amortized cost, net of any allowance for credit losses.

	June 30, 2025	December 31, 2024
Lease beginning balance	\$ 1,438,315	\$ 1,193,604
New leases for the period	182,270	538,547
Interest charge for the period <sup>1</sup>	38,480	70,053
Lease payments for the period <sup>2</sup>	(299,474)	(363,888)
<b>Total</b>	<b>\$ 1,359,590</b>	<b>\$ 1,438,315</b>

<sup>1</sup>) Lease investments are discounted using prime rate at time of inception.

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

	June 30, 2025	December 31, 2024
Current portion of net investment in leases	\$ 407,529	\$ 380,825
Non-current net investment in leases	952,062	1,057,490
<b>Total</b>	<b>\$ 1,359,590</b>	<b>\$ 1,438,315</b>

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

Six-Month periods ended June 30, 2025 & 2024

Stated in Canadian Dollars

### 4. Net Investment in Leases (continued)

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

	Undiscounted Lease Receivable	Discounted Lease Receivable	Unearned Finance Income
2025	\$ 325,076	199,290	125,786
2026	460,270	421,603	38,667
2027	395,873	358,501	37,371
2028	265,159	233,753	31,408
2029	146,899	125,452	21,447
2030	21,667	20,991	676
<b>Total</b>	<b>\$ 1,614,944</b>	<b>\$ 1,359,590</b>	<b>\$ 255,354</b>

### 5. Inventories

	June 30, 2025	December 31, 2024
Raw materials	\$ 345,319	\$ 425,316
Finished goods	185,879	119,734
<b>Total</b>	<b>\$ 531,199</b>	<b>\$ 545,050</b>

During the six-month period, inventories amounting to \$53,240 (2024-\$56,973) were incurred as expense in cost of sales in the Statements of Operations.

### 6. Property and Equipment

#### Cost

	Tools and Dies	Computer Equipment	Furniture and Fixtures	Rental Units <sup>1</sup>	Equipment	Clinical Equipment	Leasehold Improvements	Total
Balance at January 1, 2024	\$ 196,595	\$ 281,252	\$ 88,849	\$ 78,833	\$ 453,004	\$ 564,614	\$ 30,504	\$ 1,693,651
Additions	115	4,942	2,868	7,302	4,741	-	-	19,967
Balance at December 31, 2024	\$ 196,710	\$ 286,194	\$ 91,717	\$ 86,135	\$ 457,745	\$ 564,614	\$ 30,504	\$ 1,713,618
<b>Balance at January 1, 2025</b>	<b>\$ 196,710</b>	<b>\$ 286,194</b>	<b>\$ 91,717</b>	<b>\$ 86,135</b>	<b>\$ 457,745</b>	<b>\$ 564,614</b>	<b>\$ 30,504</b>	<b>\$ 1,713,618</b>
Additions	35	-	734	13,116	6,343	55,591	-	75,820
<b>Balance at June 30, 2025</b>	<b>\$ 196,745</b>	<b>\$ 286,194</b>	<b>\$ 92,451</b>	<b>\$ 99,251</b>	<b>\$ 464,088</b>	<b>\$ 620,206</b>	<b>\$ 30,504</b>	<b>\$ 1,789,437</b>

#### Depreciation

Balance at January 1, 2024	\$ 169,162	\$ 247,486	\$ 58,221	\$ 14,077	\$ 373,831	\$ 301,165	\$ 23,376	\$ 1,187,318
Depreciation for the period	6,882	10,717	6,462	16,568	20,160	113,192	3,719	177,699
Balance at December 31, 2024	\$ 176,044	\$ 258,203	\$ 64,683	\$ 30,645	\$ 393,991	\$ 414,357	\$ 27,095	\$ 1,365,017
<b>Balance at January 1, 2025</b>	<b>\$ 176,044</b>	<b>\$ 258,203</b>	<b>\$ 64,683</b>	<b>\$ 30,645</b>	<b>\$ 393,991</b>	<b>\$ 414,357</b>	<b>\$ 27,095</b>	<b>\$ 1,365,017</b>
Depreciation for the period	2,562	4,164	2,733	9,103	809	58,922	1,189	79,484
<b>Balance at June 30, 2025</b>	<b>\$ 178,606</b>	<b>\$ 262,367</b>	<b>\$ 67,416</b>	<b>\$ 39,748</b>	<b>\$ 394,800</b>	<b>\$ 473,279</b>	<b>\$ 28,284</b>	<b>\$ 1,444,500</b>

#### Carrying Amounts

At December 31, 2024	\$ 20,666	\$ 27,991	\$ 27,034	\$ 55,490	\$ 63,754	\$ 150,258	\$ 3,409	\$ 348,601
<b>At June 30, 2025</b>	<b>\$ 18,139</b>	<b>\$ 23,827</b>	<b>\$ 25,035</b>	<b>\$ 59,503</b>	<b>\$ 69,288</b>	<b>\$ 146,926</b>	<b>\$ 2,220</b>	<b>\$ 344,937</b>

<sup>1)</sup> Rental units consist of TLC-1000 systems used in customer rentals, demonstrations and service loaner

For the six-month period ended June 30, 2025, there was amortization included in cost of sales amounting to \$11,730 (2024 - \$12,358).

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

Six-Month periods ended June 30, 2025 & 2024

Stated in Canadian Dollars

### 7. Lease Liabilities and Right-of-use-Assets

	Property	Office Equipment	Total
<b>Right-of-use Assets</b>			
Balance at January 1, 2024	\$ 347,047	\$ 4,535	\$ 351,582
Depreciation charge for the period	92,546	1,842	94,389
Balance at December 31, 2024	\$ 254,501	\$ 2,693	\$ 257,193
<b>Balance at January 1, 2025</b>	<b>\$ 254,501</b>	<b>\$ 2,693</b>	<b>\$ 257,193</b>
Depreciation charge for the period	46,273	922	47,194
<b>Balance at June 30, 2025</b>	<b>\$ 208,228</b>	<b>\$ 1,771</b>	<b>\$ 209,999</b>
<b>Lease Liabilities</b>			
Balance at January 1, 2024	\$ 382,118	\$ 4,762	\$ 386,880
Interest charge for the period	23,861	274	24,135
Lease payments for the period <sup>1</sup>	(115,000)	(2,148)	(117,148)
Balance at December 31, 2024	\$ 290,979	\$ 2,888	\$ 293,867
<b>Balance at January 1, 2025</b>	<b>\$ 290,979</b>	<b>\$ 2,888</b>	<b>\$ 293,867</b>
Interest charge for the period	9,489	87	9,576
Lease payments for the period <sup>1</sup>	(57,500)	(1,074)	(58,574)
<b>Balance at June 30, 2025</b>	<b>\$ 242,968</b>	<b>\$ 1,901</b>	<b>\$ 244,869</b>

<sup>1)</sup> Lease payments are discounted using an incremental borrowing rate of 7%.

<sup>2)</sup> Lease payments does not include variable property lease payments of \$20,608 (2024 - \$20,608).

	As at June 30, 2025			As at December 31, 2024		
	Property	Office Equipment	Total	Property	Office Equipment	Total
Current portion of lease liabilities	\$ 76,400	\$ 1,546	\$ 77,946	\$ 91,140	\$ 1,873	\$ 93,013
Non-current portion of lease liabilities	166,568	355	166,923	290,978	2,889	293,867
	<b>\$ 242,968</b>	<b>\$ 1,901</b>	<b>\$ 244,869</b>	<b>\$ 382,118</b>	<b>\$ 4,762</b>	<b>\$ 386,880</b>

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

	Property	Office Equipment
2025	58,075	1,074
2026	117,300	895
2027	87,975	-
	<b>\$ 263,350</b>	<b>\$ 1,969</b>

### 8. Payables and Accruals

	June 30, 2025	December 31, 2024
Trade payables	\$ 1,067,036	\$ 362,162
Salaries, employment taxes, and benefits	155,975	85,380
Accrued liabilities	272,007	438,092
<b>Total</b>	<b>\$ 1,495,018</b>	<b>\$ 885,634</b>

# THERALASE<sup>®</sup> TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

Six-Month periods ended June 30, 2025 & 2024

Stated in Canadian Dollars

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### 9. Private Placement

On February 5, 2024, the Company completed a financing by way of a non-brokered private placement, where 6,666,670 units were issued at a price of \$0.18 per unit for gross proceeds of \$1,200,000. Each unit consisted of 1 common share and 1 non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire 1 common share at a price of \$0.25, expiring on February 5, 2029. An aggregate of 1,310,502 Units, representing gross proceeds of \$235,890, were issued to certain insiders of the Company. In connection with the offering, the Company incurred financing costs of \$11,422 paid in cash and the issuance of 4,166 broker warrants. Each broker warrant is exercisable into one common share at an exercise price of \$0.25 per share for a period of 60 months after the closing of the offering. The purchase price of \$0.18 per unit was allocated between the common shares (\$0.11 per share) and common share purchase warrants (\$0.07 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$1,188,578 was \$741,749 for the common shares issued and \$446,829 for the common share purchase warrants issued.

On April 24, 2024, the Company completed a financing by way of a non-brokered private placement, where 4,167,778 units were issued at a price of \$0.18 per unit for gross proceeds of \$750,200. Each unit consisted of 1 common share and 1 non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire 1 common share at a price of \$0.25, expiring on April 24, 2029. In connection with the offering, the Company incurred financing costs of \$6,818 paid in cash. The purchase price of \$0.18 per unit was allocated between the common shares (\$0.12 per share) and common share purchase warrants (\$0.06 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$743,382 was \$476,699 for the common shares issued and \$266,683 for the common share purchase warrants issued.

On July 8, 2024, the Company completed a financing by way of a non-brokered private placement, where 3,522,729 units were issued at a price of \$0.22 per unit for gross proceeds of \$775,000. Each unit consisted of 1 common share and 1 non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire 1 common share at a price of \$0.30, expiring on July 7, 2029. In connection with the offering, the Company incurred financing costs of \$7,114 paid in cash. The purchase price of \$0.22 per unit was allocated between the common shares (\$0.15 per share) and common share purchase warrants (\$0.07 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$767,886 was \$508,284 for the common shares issued and \$259,602 for the common share purchase warrants issued.

On September 24, 2024, the Company completed a financing by way of a non-brokered private placement, where 2,720,000 units were issued at a price of \$0.20 per unit for gross proceeds of \$544,000. Each unit consisted of 1 common share and 1 non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire 1 common share at a price of \$0.30, expiring on September 24, 2029. In connection with the offering, the Company incurred financing costs of \$10,125 in which \$4,844 was paid in cash and \$5,281 was paid through the issuance of 21,000 common shares and 14,250 broker warrants. Each broker warrant is exercisable into one common share at an exercise price of \$0.30 per share for a period of 60 months after the closing of the offering. The purchase price of \$0.20 per unit was allocated between the common shares (\$0.13 per share) and common share purchase warrants (\$0.07 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$539,155 was \$356,669 for the common shares issued and \$182,486 for the common share purchase warrants issued.

# THERALASE<sup>®</sup> TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

Six-Month periods ended June 30, 2025 & 2024

Stated in Canadian Dollars

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### 9. Private Placement (continued)

On November 15, 2024, the Company completed a financing by way of a non-brokered private placement, where 2,221,334 units were issued at a price of \$0.30 per unit for gross proceeds of \$666,400. Each unit consisted of 1 common share and 1 non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire 1 common share at a price of \$0.45, expiring on November 15, 2029. In connection with the offering, the Company incurred financing costs of \$6,372 paid in cash. The purchase price of \$0.30 per unit was allocated between the common shares (\$0.18 per share) and common share purchase warrants (\$0.12 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$660,028 was \$404,512 for the common shares issued and \$255,516 for the common share purchase warrants issued.

On March 10, 2025, the Company completed a financing by way of a non-brokered private placement, where 1,034,002 units were issued at a price of \$0.30 per unit for gross proceeds of \$310,201. Each unit consisted of 1 common share and 1 non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire 1 common share at a price of \$0.45, expiring on March 10, 2030. An aggregate of 251,668 Units, representing gross proceeds of \$75,500, were issued to certain insiders of the Company. In connection with the offering, the Company incurred financing costs of \$5,568 paid in cash and the issuance of 2,880 broker warrants. Each broker warrant is exercisable into one common share at an exercise price of \$0.45 per share for a period of 60 months after the closing of the offering. The purchase price of \$0.30 per unit was allocated between the common shares (\$0.18 per share) and common share purchase warrants (\$0.12 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$304,633 was \$185,290 for the common shares issued and \$119,343 for the common share purchase warrants issued.

On April 14, 2025, the Company completed a financing by way of a non-brokered private placement, where 1,995,829 units were issued at a price of \$0.21 per unit for gross proceeds of \$419,124. Each unit consisted of 1 common share and 1 non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire 1 common share at a price of \$0.32, expiring on April 14, 2030. In connection with the offering, the Company incurred financing costs of \$4,833 paid in cash. The purchase price of \$0.21 per unit was allocated between the common shares (\$0.13 per share) and common share purchase warrants (\$0.08 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$414,291 was \$249,038 for the common shares issued and \$165,253 for the common share purchase warrants issued.

On June 17, 2025, the Company completed a financing by way of a non-brokered private placement, where 2,855,000 units were issued at a price of \$0.20 per unit for gross proceeds of \$571,000. Each unit consisted of 1 common share and 1 non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to acquire 1 common share at a price of \$0.30, expiring on June 17, 2030. An aggregate of 669,700 Units, representing gross proceeds of \$133,940, were issued to certain insiders of the Company. In connection with the offering, the Company incurred financing costs of \$6,351 paid in cash and the issuance of 15,000 common shares and 2,880 broker warrants. Each broker warrant is exercisable into one common share at an exercise price of \$0.30 per share for a period of 60 months after the closing of the offering. The purchase price of \$0.20 per unit was allocated between the common shares (\$0.12 per share) and common share purchase warrants (\$0.08 per warrant), based on their relative fair values. Management determined that the allocation of the net proceeds of \$564,699 was \$340,528 for the common shares issued and \$224,121 for the common share purchase warrants issued.

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

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### 9. Private Placement (continued)

The fair value of each common share purchase warrants granted was estimated on the dates of the grant using the Black-Scholes option pricing model with the following assumptions:

	17-Jun-25	14-Apr-25	10-Mar-25	15-Nov-24	24-Sep-24	08-Jul-24	04-Apr-24	05-Feb-24
Expected volatility <sup>1</sup>	93.76%	94.66%	95.93%	94.72%	88.61%	89.03%	87.60%	87.54%
Risk-free interest rate	2.96%	2.74%	2.63%	3.10%	2.74%	3.46%	3.82%	3.60%
Expected life	5 Years	5 Years	5 Years	5 Years	5 Years	5 Years	5 Years	5 Years
Expected dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Strike Price	\$0.30	\$0.32	\$0.45	\$0.45	\$0.30	\$0.30	\$0.25	\$0.25
Share Price	\$0.19	\$0.21	\$0.24	\$0.29	\$0.17	\$0.18	\$0.16	\$0.17

1) Based on Historical Value

### 10. Stock Options

The Company has a rolling stock option plan reserving for issue under this plan up to 10% (25,369,520 common shares) of the outstanding common shares at a purchase price not less than the fair market value of the Company's stock at the grant date. Under the Company's stock option plan, the board of directors may grant, at its discretion, stock options to purchase common shares to certain employees, officers, directors and consultants of the Company. Terms and conditions of the stock option and vesting provisions are at the discretion of the Board of Directors.

A summary of stock options issued under the stock option plan for the six month period ended June 30, 2025 and the year ended December 31, 2024 is provided below.

	Common shares under option	Weighted average exercised price \$
Outstanding, December 31, 2023	18,510,000	0.31
Forefeited during period <sup>1</sup>	(10,000)	0.25
Expired during period <sup>2</sup>	(10,280,000)	0.26
Option grant during period <sup>3</sup>	11,400,000	0.25
Outstanding, December 31, 2024	19,620,000	0.25
<b>Outstanding, June 30, 2025</b>	<b>19,620,000</b>	<b>0.25</b>

1) During 2024, certain employees and consultants were terminated and/or resigned from the employment of the Company and forfeited all non-vested options totaling 10,000.

2) During 2024, 10,280,000 options expired

3) During 2024, options were granted to certain officers, directors and employees of the Company totaling 11,400,000.

The following table summarizes information on the stock options outstanding as at June 30, 2025:

Stock Options Outstanding			Stock Options Exercisable	
Stock Options Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price \$	Stock Options Exercisable	Weighted Average Exercise Price \$
7,860,000	2.38	0.25	5,240,000	0.25
360,000	3.22	0.25	120,000	0.25
11,400,000	4.22	0.25	-	-
<b>19,620,000</b>			<b>5,360,000</b>	

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

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### 10. Stock Options (continued)

Under the stock option plan, the stock options vest over a three year period, commencing one year after the grant. As at June 30, 2025, 5,360,000 of the stock options were vested. All outstanding stock options as at March 31, 2025 will be fully vested by September 18, 2027.

Options to employees are measured at the fair value of the equity instruments granted on the grant date were measured using the following weighted average assumptions:

	2024	2023
Risk-free interest rate	2.74%	4.25%
Expected volatility (based on historical volatility)	65.30%	65.70%
Expected life	5 years	5 years
Expected dividends	Nil	Nil
Weighted average grant date fair value	\$0.13	\$0.13
Weighted average exercise price	\$0.25	\$0.25
Employee forfeiture rate	45%	33%
Directors & officers forfeiture rate	8%	8%

For the six month period ended June 30, 2025, the Company recognized stock-based compensation expense of \$349,611 (2024 - \$220,563) for stock options issued to directors, officers, employees and consultants, of which \$222,214 (2024 - \$140,076) is included in administrative expenses, \$1,370 (2024 - \$1,582) in selling expenses and \$94,114 (2024 - \$102,451) is included in research and development expenses. The remaining stock based compensation amount to be expensed on non-vested options, net of forfeiture, is \$484,442 (2024 - \$237,227).

### 11. Common Share Purchase Warrants

Common Share Purchase Warrants (“Warrants”) consisted of the following:

	Number outstanding	Weighted average exercised price \$	Fair value at date of grant \$
Outstanding December 31, 2023	84,619,174		6,219,195
Extension Costs <sup>1</sup>	-	-	(2,000)
Expired <sup>2</sup>	(61,655,591)	-	(4,569,845)
Granted <sup>3</sup>	19,313,177	0.29	1,411,115
Outstanding December 31, 2024	42,276,760		3,058,466
Extension Costs <sup>4</sup>			(1,000)
Expired <sup>5</sup>	(5,400)		(173)
Granted <sup>6</sup>	5,902,711	0.33	508,717
<b>Outstanding June 30, 2025</b>	<b>48,174,071</b>	<b>0.33</b>	<b>3,566,010</b>

1) During 2024, 11,000,000 warrants were extended

2) During 2024, 61,652,891 warrants expired

3) During 2024, 10,838,614 warrants were granted at an exercise price of \$0.25, 6,253,229 at an exercise price of \$0.30 and 2,221,334 at an exercise price of \$0.45 (note 9)

4) During 2025, 4,800,000 warrants were extended

5) During 2025, 5,400 warrants expired

6) During 2025, 1,036,882 warrants were granted at an exercise price of \$0.45, 1,995,829 at an exercise price of \$0.32, 2,870,000 at an exercise price of \$0.30 (note 9)

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

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### 11. Common Share Purchase Warrants (continued)

The following table summarizes information on the common share purchase warrants outstanding for the six month period ended June 30, 2025:

Exercise Price	Outstanding Beginning of the year	Expired During the period	Exercised During the period	Granted During the period	Outstanding End of Period	Weighted Average Remaining Contractual Life (years)
\$0.350	10,000,000	-	-	-	10,000,000	2.23
\$0.350	1,000,000	-	-	-	1,000,000	2.38
\$0.350	4,805,400	5,400	-	-	4,800,000	3.00
\$0.350	1,840,000	-	-	-	1,840,000	0.19
\$0.280	5,318,183	-	-	-	5,318,183	3.41
\$0.250	6,670,836	-	-	-	6,670,836	3.61
\$0.250	4,167,778	-	-	-	4,167,778	3.82
\$0.300	3,522,729	-	-	-	3,522,729	4.02
\$0.300	2,730,500	-	-	-	2,730,500	4.24
\$0.450	2,221,334	-	-	-	2,221,334	4.38
\$0.450	-	-	-	1,036,882	1,036,882	4.70
\$0.320	-	-	-	1,995,829	1,995,829	4.82
\$0.300	-	-	-	2,870,000	2,870,000	4.97
	<b>42,276,760</b>	<b>5,400</b>	-	<b>5,902,711</b>	<b>48,174,071</b>	<b>3.36</b>

On September 20, 2024, the Company extended the expiry date of 10,000,000 warrants, all of which are exercisable at \$0.35 per share. The warrants were issued on September 22, 2022, pursuant to a private placement involving the issuance of 10,000,000 units of the Company. The new expiry date of the warrants is September 22, 2027.

On November 12, 2024, the Company extended the expiry date of 1,000,000 warrants, all of which are exercisable at \$0.35 per share. The warrants were issued on November 17, 2022, pursuant to a private placement involving the issuance of 1,000,000 units of the Company. The new expiry date of the warrants is November 17, 2027.

On June 26, 2025, the Company extended the expiry date of 4,800,000 warrants, all of which are exercisable at \$0.35 per share. The warrants were issued on June 30, 2023, pursuant to a private placement involving the issuance of 4,800,000 units of the Company. The new expiry date of the warrants is June 30, 2028.

### 12. Share Capital

The Company is authorized to issue an unlimited number of common shares.

### 13. Loss Per Common Share

Basic loss per common share has been calculated based on the weighted average number of common shares outstanding during each of the three-month periods presented in the unaudited condensed consolidated financial statements.

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

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### 13. Loss Per Common Share (continued)

Stock options to purchase 19,620,000 (2024 - 18,500,000) common shares and common share purchase warrants totaling 48,174,071 (2024 – 91,362,631) were not included in the computation of diluted loss and comprehensive loss per common share due to their anti-dilutive nature.

### 14. Selling Expenses

The following are expenses classified as selling expenses on the unaudited condensed consolidated interim financial statements:

		2025		2024
Sales salaries	\$	95,736	\$	110,544
Advertising		13,124		12,756
Commission		8,107		9,041
Travel		13,730		5,186
Stock based compensation		1,370		1,582
Amortization and depreciation allocation		6,945		6,805
<b>Total selling expenses</b>	<b>\$</b>	<b>139,011</b>	<b>\$</b>	<b>145,915</b>

### 15. Administrative Expenses

The following are expenses classified as administrative expenses on the unaudited condensed consolidated interim financial statements:

		2025		2024
Insurance	\$	29,058	\$	27,250
Professional fees		194,651		202,508
Rent		20,608		20,608
General and administrative expenses		117,965		59,153
Investor Relations		112,992		184,943
Administrative salaries		239,711		213,401
Director and advisory fees		44,243		45,828
Stock based compensation		222,214		140,076
Amortization and depreciation allocation		13,890		13,612
<b>Total administrative expenses</b>	<b>\$</b>	<b>995,333</b>	<b>\$</b>	<b>907,378</b>

### 16. Research and Development Expenses

The following are expenses classified as research and development expenses on the unaudited condensed consolidated interim financial statements:

		2025		2024
Research and development (net of investment tax credit)	\$	1,240,306	\$	1,268,731
Stock based compensation		126,027		78,905
Amortization and depreciation allocation		94,114		102,451
<b>Total research and development expenses</b>	<b>\$</b>	<b>1,460,447</b>	<b>\$</b>	<b>1,450,086</b>

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

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### 17. Financial Instruments – Fair Value and Risks

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 June 30, 2025. No Level 3 adjustment was required. (See Note 4 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 reported in the consolidated balance sheets are net of expected 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 expected 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. In addition, the Company maintains a security interest in all financed equipment until the entire balance is paid off. The carrying value of trade and other receivables and investment in leases represent the Company's maximum exposure to credit risk.

The following table reflects the balance and age of trade receivables, excluding Government receivables of \$254,669 December 31, 2024 - \$164,038) as at:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Subscriptions and other receivables (net)	\$ 138,517	\$ 166,659
Percentage outstanding more than 30 days	33%	41%
Percentage outstanding more than 120 days	7%	24%

The following table reflects the changes in the allowance for credit losses for the six months ended June 30, 2025 and year ended December 31, 2025:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Allowance for credit losses- beginning of period	\$ 10,143	\$ 5,731
Adjustment based on collection experience	-	4,389
Amounts written off	6,889	23
<b>Allowance for credit losses - end of period</b>	<b>\$ 3,254</b>	<b>\$ 10,143</b>

# THERALASE® TECHNOLOGIES INC.

## Notes to Consolidated Financial Statements

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### 17. Financial Instruments – Fair Value and Risks (continued)

The company's investment in leases of \$1,359,590 (Note 4 including maturity dates) represents 88 contracts. The amounts owing are from well established medical practitioners whose credit is checked upon initiation of the lease contract and secured by the underlying assets. Monthly lease payments are being received from all contracts on a timely basis.

The table below provides an analysis of the balance outstanding at June 30, 2025 for leases by year of inception:

2021	27,211
2022	278,916
2023	397,068
2024	480,196
2025	176,199
<b>Total</b>	<b>\$ 1,359,590</b>

#### i 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.

The table below reflects the contractual obligations of the Company's financial liabilities:

	Total	Payments Due by Period							
		2025	2026	2027	2028	2029	2030	2031	2032
Payables and accruals	\$ 1,495,018	\$1,495,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	265,319	59,149	118,195	87,975	-	-	-	-	-
Commitments (note 22)	138,752	50,020	36,632	8,800	8,800	8,800	8,800	8,800	8,100
<b>Total</b>	<b>\$ 1,899,089</b>	<b>\$1,604,187</b>	<b>\$154,827</b>	<b>\$96,775</b>	<b>\$8,800</b>	<b>\$8,800</b>	<b>\$8,800</b>	<b>\$8,800</b>	<b>\$8,100</b>

The Company also has contractual obligations (note 21) in the form of research and development commitments.

#### 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. The Company is subject to interest rate risk on its cash and investment in leases; however, it does not expect a movement in interest rates to have a significant impact on the Company's financial position.

# THERALASE® TECHNOLOGIES INC.

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### 17. Financial Instruments – Fair Value and Risks (continued)

#### iii 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.

Accounts exposed to foreign currency exchange risk as at June 30, 2025 and December 31, 2024 are as follows:

	June 30, 2025		December 31, 2024	
	Canadian	U.S.	Canadian	U.S.
Cash	\$ 16,269	\$ 394	\$ 567	\$ 6,477
Subscriptions and other receivables (net)	613	449	647	449
Current net investments in leases	29,674	25,980	28,937	20,110
Non-current net investments in leases	63,705	46,694	83,902	58,310
Payables and accruals	(419,837)	(307,161)	(171,323)	(119,646)
<b>Total</b>	<b>\$ (309,576)</b>	<b>\$ (233,644)</b>	<b>\$ (57,270)</b>	<b>\$ (34,300)</b>

The following table details the Company's sensitivity analysis to a 10% strengthening in the US dollar on foreign currency denominated monetary items. For a 10% weakening of the US dollar against the Canadian dollar, there would be an equal and opposite impact on loss and comprehensive loss for the six month period ended June 30, 2025 and the year ended December 31, 2024.

	June 30, 2025		December 31, 2024	
	Canadian	U.S.	Canadian	U.S.
Cash	\$ 1,627	\$ 932		
Subscriptions and other receivables (net)	61	65		
Current net investments in leases	2,967	2,894		
Non-current net investments in leases	6,371	8,390		
Payables and accruals	(41,984)	(17,132)		
<b>Total</b>	<b>\$ (30,959)</b>	<b>\$ (4,853)</b>		

### 18. Related Party Disclosure

The compensation of the directors and other key management of the Company is included in the summary table below. Key management include those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	2025		2024	
	Canadian	U.S.	Canadian	U.S.
Short-term compensation	\$ 475,000	\$ 475,000		
Director fees	35,000	35,000		
Stock-based compensation	342,399	171,553		
<b>Total</b>	<b>\$ 852,399</b>	<b>\$ 681,553</b>		

Key management personnel were not paid post-employment benefits, termination benefits or other long term benefits during the three-month periods ended March 31, 2025, and 2024.

# THERALASE® TECHNOLOGIES INC.

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### 18. Related Party Disclosure (continued)

Accrued vacation pay of \$95,096 (December 31, 2024 - \$55,961) for key management personnel is included in accounts payable and accruals.

Stock-based compensation paid to key management personnel and directors is the fair value of options that vested to key management personnel and directors during the year.

On February 5, 2024 an aggregate of 1,310,502 units, representing gross proceeds of \$235,890, were subscribed for by certain key management personnel and directors of the Corporation (refer to note 9).

On March 20, 2025 an aggregate of 251,668 units, representing gross proceeds of \$75,500, were subscribed for by certain key management personnel and directors of the Corporation (refer to note 9).

On June 17, 2025 an aggregate of 669,700 Units, representing gross proceeds of \$133,940, were subscribed for by certain key management personnel and directors of the Corporation (refer to note 9).

### 19. 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 PDCs 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 research, 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 Device & Drug Divisions for the six-month periods ended June 30:

	2025			2024		
	Device	Drug	Total	Device	Drug	Total
Sales	\$ 310,933	\$ -	\$ 310,933	\$ 276,401	\$ -	\$ 276,401
Cost of sales	178,966	-	178,966	186,324	-	186,324
<b>Gross margin</b>	<b>131,967</b>	<b>-</b>	<b>131,967</b>	<b>90,077</b>	<b>-</b>	<b>90,077</b>
<b>Operating Expenses</b>						
Selling expenses	139,011	-	139,011	145,915	-	145,915
Administrative expenses	456,898	538,435	995,333	347,015	560,362	907,378
Research and development expenses	74,445	1,386,002	1,460,447	81,753	1,368,333	1,450,086
Loss on foreign exchange	(7,196)	(7,196)	(14,391)	2,889	2,889	5,778
Interest accretion on lease liabilities	4,788	4,788	9,576	6,440	6,440	12,879
Interest income	(34,775)	-	(34,775)	(31,498)	-	(31,498)
	<b>633,171</b>	<b>1,922,030</b>	<b>2,555,201</b>	<b>552,514</b>	<b>1,938,024</b>	<b>2,490,538</b>
<b>Loss for the period</b>	<b>\$ (501,204)</b>	<b>\$ (1,922,030)</b>	<b>\$ (2,423,234)</b>	<b>\$ (462,437)</b>	<b>\$ (1,938,024)</b>	<b>\$ (2,400,461)</b>
Total Assets	\$ 2,166,571	\$ 725,773	\$ 3,016,284	\$ 2,400,706	\$ 984,153	\$ 3,384,859
Total Liabilities	297,739	1,442,148	1,739,887	416,993	1,310,363	1,727,356

# THERALASE® TECHNOLOGIES INC.

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### 19. Segmented Information (continued)

The following table displays revenue and direct expenses from Device Division product sales by product line and geographic area for the six-month periods ended June 30, 2025:

	2025			2024		
	Canada	USA	International	Canada	USA	International
<b>Sales by Product Line</b>						
TLC-1000	\$ 35,815	\$ 8,819	\$ -	\$ 36,530	\$ 15,475	\$ -
TLC-2000	249,713	14,206	2,379	170,220	32,567	21,609
	<b>285,528</b>	<b>23,025</b>	<b>2,379</b>	<b>206,751</b>	<b>48,041</b>	<b>21,609</b>
<b>Expenses</b>						
Cost of Sales	164,344	13,253	1,369	151,177	20,580	14,567
Selling Expenses	110,373	23,435	5,202	104,107	29,266	12,541
	<b>274,717</b>	<b>36,688</b>	<b>6,571</b>	<b>255,284</b>	<b>49,845</b>	<b>27,108</b>
	<b>\$ 10,811</b>	<b>\$ (13,663)</b>	<b>\$ (4,192)</b>	<b>\$ (48,533)</b>	<b>\$ (1,805)</b>	<b>\$ (5,499)</b>

As at June 30, 2025 and December 31, 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.

### 20. Commitments

The Company's commitments consist of the following:

	Total	2025	2026	2027	2028	2029	2030	2031	2031
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>\$ 50,020</b>	<b>\$ 36,632</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>

- 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.
- 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.

### 21. Subsequent Events

On March 4, 2025, the United States of America imposed tariffs of 25% on most imports from Canada into the United States. The Government of Canada is considering reciprocal tariffs on imports from the United States into Canada. At this stage it is not clear whether the products the Company sells to the United States will be included in the list of items subject to tariffs and nor is it clear whether any of the component parts purchased

# **THERALASE<sup>®</sup> TECHNOLOGIES INC.**

## **Notes to Consolidated Financial Statements**

**Six-Month periods ended June 30, 2025 & 2024**

**Stated in Canadian Dollars**

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### **21. Subsequent Events (continued)**

from the United States will be subject to Canadian tariffs. The Company will actively monitor the situation and at present it is not possible to assess whether there will be a material impact on sales and profitability.

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. An aggregate of 130,000 Units, representing gross proceeds of \$26,000, were issued to certain insiders of the Company. Each Unit consists 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.