

Sharp Therapeutics Corp.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(Expressed in US Dollars)

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SHARP THERAPEUTICS CORP.

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

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

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management and approved by the Audit Committee and the Board of Directors of the Corporation (the "Board").

The Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements. These unaudited interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

May 21, 2025

Sharp Therapeutics Corp.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2025 and December 31, 2024
(Expressed in US dollars)

	Note	March 31, 2025	December 31, 2024
ASSETS			
Cash		\$ 2,016,504	\$ 3,484,672
Prepaid expenses		132,540	34,311
Total Current Assets		\$ 2,149,044	\$ 3,518,983
Deposit	3	16,680	16,680
Property and equipment	4	12,860	18,665
Right-of-use assets, net	5	978,544	999,664
Total Assets		\$ 3,157,128	\$ 4,553,992
LIABILITIES			
Accounts payable and accrued liabilities	6	\$ 468,658	\$ 522,985
Current portion of lease liabilities	7	42,043	36,167
Warrants liabilities	10	2,043,415	130,664
Total Current Liabilities		\$ 2,554,116	\$ 689,816
Lease liabilities	7	1,265,721	1,279,466
Total Liabilities		\$ 3,819,837	\$ 1,969,282
SHAREHOLDERS' (DEFICIENCY) EQUITY			
Share capital	10	\$ 21,790,587	\$ 21,790,587
Contributed surplus	11	706,285	673,165
Deficit		(23,139,655)	(19,885,098)
Accumulated other comprehensive (loss) income		(19,926)	6,056
Total Shareholders' (Deficiency) Equity		\$ (662,709)	\$ 2,584,710
Total Liabilities and Shareholders' (Deficiency) Equity		\$ 3,157,128	\$ 4,553,992

Nature of operations and going concern (Note 1)
 Commitments and contingencies (Note 14)
 Subsequent events (Note 19)

Approved by the Board of Directors:

"Scott Sneddon"
 Director (Signed)

"John L. Brooks III"
 Director (Signed)

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

Sharp Therapeutics Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three Months Ended March 31, 2025 and 2024
(Expressed in US dollars except for per share amounts)

	Note	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
OPERATING EXPENSES			
General and administrative	12	\$ 398,395	\$ 93,442
Research and development	12	890,995	512,927
Share-based compensation	11	33,120	2,502
TOTAL OPERATING EXPENSES		\$ 1,322,510	\$ 608,871
LOSS FROM OPERATIONS		\$ (1,322,510)	\$ (608,871)
OTHER ITEMS			
Accretion on lease liabilities	7	(42,131)	(43,086)
Other income		25,900	81
Change in fair value of convertible notes	8	-	(326,326)
Change in fair value of redeemable preferred shares	9	-	(253,173)
Change in fair value of warrants liabilities	11	(1,915,814)	1,333
NET LOSS		\$ (3,254,555)	\$ (1,230,042)
Other comprehensive income from currency translation		20,701	-
COMPREHENSIVE LOSS		\$ (3,233,854)	\$ (1,230,042)
Loss per share -			
Basic and Diluted		\$ (0.12)	\$ (8.83)
Weighted average number of common shares outstanding –			
Basic and Diluted		28,220,847	139,262

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

Sharp Therapeutics Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
For the Three Months Ended March 31, 2025 and 2024
(Expressed in US dollars except for per share amounts)

	Note	Number of common shares*	Number of preferred shares - Series 1.A	Number of preferred shares - Series 1.A-1	Number of preferred shares - Series 1.B	Number of preferred shares - Series 1.C	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' deficiency
Balance January 1, 2024		139,262	30,000	36,232	85,187	167,164	\$ 4,549,887	\$ 592,146	\$ -	\$ (16,624,458)	\$ (11,482,425)
Share-based payments	11	-	-	-	-	-	-	2,502	-	-	2,502
Net loss		-	-	-	-	-	-	-	-	(1,230,042)	(1,230,042)
Balance March 31, 2024		139,262	30,000	36,232	85,187	167,164	\$ 4,549,887	\$ 594,648	\$ -	\$ (17,854,500)	\$ (12,709,965)

*On December 11, 2024, the common shares of Sharp Edge Labs, Inc. were exchanged on a 1:31.21940 basis (the "Share Exchange"). In addition, the Company executed a share consolidation on a 10-to-1 basis (the "Share Consolidation"), which became effective on January 27, 2025 (Note 13). The Share Exchange and the Share Consolidation are reflected retrospectively in these consolidated financial statements.

	Note	Number of common shares	Number of preferred shares - Series 1.A	Number of preferred shares - Series 1.A-1	Number of preferred shares - Series 1.B	Number of preferred shares - Series 1.C	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' deficiency
Balance January 1, 2025		28,220,847	-	-	-	-	\$ 21,790,587	\$ 673,165	\$ 6,056	\$ (19,885,100)	\$ 2,584,708
Share-based payments	11	-	-	-	-	-	-	33,120	-	-	33,120
Net loss for the year		-	-	-	-	-	-	-	-	(3,254,555)	(3,254,555)
Foreign currency translation adjustment		-	-	-	-	-	-	-	(25,982)	-	(25,982)
Balance March 31, 2025		28,220,847	-	-	-	-	\$ 21,790,587	\$ 706,285	\$ (19,926)	\$ (23,168,560)	\$ (662,709)

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

Sharp Therapeutics Corp. (formerly EVP Capital Inc.)
Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2025 and 2024
(Expressed in US dollars)

	Note	Three months ended March 31, 2025	Three months ended March 31, 2024
OPERATING ACTIVITIES			
Net loss		\$ (3,254,555)	\$ (1,230,042)
Items not affecting cash:			
Depreciation and amortization	4, 5	26,925	42,239
Accretion on lease liabilities	7	42,131	43,086
Change in fair value of convertible notes	8	-	326,326
Change in fair value of redeemable preferred shares	9	-	253,173
Change in fair value of warrants liability	11	1,912,751	(1,333)
Share-based compensation	11	33,120	2,502
Changes in non-cash working capital	17	\$ (1,239,628)	\$ (564,049)
Cash used in operating activities		\$ (1,392,185)	\$ (600,031)
INVESTING ACTIVITIES			
Purchase of property and equipment	4	\$ -	\$ (31,091)
Cash used in investing activities		\$ -	\$ (31,091)
FINANCING ACTIVITIES			
Payments of lease liabilities	7	(50,000)	(50,000)
Proceeds from private placement, net of transaction costs	10	-	500,000
Cash (used in) provided by financing activities		\$ (50,000)	\$ 450,000
Decrease in cash		\$ (1,442,185)	\$ (181,122)
Effect of foreign currency translation		(25,983)	-
Cash, beginning of period		3,484,672	376,868
Cash, end of period		\$ 2,016,504	\$ 195,746

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

1. Nature of Operations and Going Concern

Sharp Therapeutics Corp. (formerly EVP Capital Inc., "STC", or the "Company") was incorporated under the Business Corporations Act (Ontario) on October 4, 2021 and is listed on the TSX Venture Exchange ("Exchange"). Sharp Edge Labs, Inc. ("SEL" or "Sharp Edge"), a Delaware (USA) corporation, is a wholly-owned subsidiary of the Company. Sharp Edge is a preclinical-stage drug discovery company developing therapeutics for genetic diseases. The registered address and location of the records of the Company is One First Canadian Place, Suite 3400, Toronto, Ontario M5X 1A4. The head office is located at 2403 Sidney St., Suite 264, Pittsburgh PA 15203.

Arrangement Agreement and Plan of Merger

EVP Capital Inc. ("EVP Capital"), Sharp Edge, and EVP Capital's wholly-owned subsidiary, SEL AcquisitionCo Inc. ("Merger Sub"), a Delaware (USA) corporation, entered into a definitive arrangement agreement and plan of merger dated June 28, 2024, as amended on October 31, 2024 (the "Arrangement Agreement"). The Arrangement Agreement contemplated that EVP Capital would acquire all of the issued and outstanding shares of SEL, and Merger Sub would merge with and into SEL, with SEL continuing as the surviving corporation under the Delaware General Corporation Law. Pursuant to the terms of the Arrangement Agreement, each issued and outstanding share of common stock in the capital of Sharp Edge (each a "Sharp Edge Share") was exchanged for common shares of EVP Capital (the "Resulting Issuer Shares") on the basis of approximately 31.21940 Resulting Issuer Shares for one (1) Sharp Edge Share (the "Exchange Ratio") such that all holders of Sharp Edge Shares would become shareholders of EVP Capital and Sharp Edge would become a wholly-owned subsidiary of EVP Capital (the "Arrangement"). The transaction closed and the Arrangement became effective on December 11, 2024 ("Closing Date").

EVP Capital was a "capital pool company" under the policies of the TSXV and the Arrangement constituted its "Qualifying Transaction" in accordance with TSXV Policy 2.4 - Capital Pool Companies ("Policy 2.4"). In connection with the closing of the Arrangement, EVP Capital was renamed to Sharp Therapeutics Corp. and is listed as a Tier 2 Life Sciences Issuer on the TSXV.

Prior to and as a condition of closing the Arrangement, on October 18, 2024, Sharp Edge completed a non-brokered private placement of units of Sharp Edge ("Units") for gross proceeds of \$5,000,000 (the "Pre-Closing Financing") pursuant to a stock purchase agreement dated August 15, 2023, as amended and restated, supplemented or otherwise modified from time to time among Sharp Edge and investors. The Units were issued at an issue price of \$4.55 per Unit (prior to any adjustment resultant from the Exchange Ratio), with each Unit entitling the holder thereof to receive one Sharp Edge Share and a warrant to purchase one-half of a Sharp Edge Share ("Sharp Edge Warrant"). Each Sharp Edge Warrant entitled the holder thereof to purchase one Sharp Edge Share set forth therein upon payment of \$4.55 per such Sharp Edge Shares within twelve (12) months of the date of issuance. The net proceeds from the Pre-Closing Financing would be used for working capital purposes. The subscription proceeds of \$5,000,000 were received in October 2024. No finder's fee or commission was payable in connection with the Pre-Closing Financing.

All Sharp Edge redeemable preferred shares (Note 9), convertible preferred shares (Note 10) and convertible notes (Note 8) were converted into Sharp Edge Shares concurrently with the closing of the Pre-Closing Financing. All Sharp Edge Warrants and options to purchase Sharp Edge Shares (Note 11) outstanding on the Closing Date were exchanged for similar securities of the Resulting Issuer on the basis of the Exchange Ratio pursuant to and in accordance with the Arrangement.

1. Nature of Operations and Going Concern (continued)

Going concern

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. As at March 31, 2025, the Company had an accumulated deficit of \$23,168,560 (March 31, 2024 - \$17,854,500). For the three months ended March 31, 2025, the Company had incurred negative operating cash flows of \$1,413,216 (March 31, 2024 - \$600,031) and a comprehensive loss of \$3,275,587 (March 31, 2024 - \$1,230,042). Management is aware, in making its going concern assessment, of recurring losses and on-going negative cash flows from operations that may cast significant doubt on the Company's ability to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. Basis of Presentation, Material Accounting Policies and Critical Accounting Judgments and Estimates

a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all disclosures required for the annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 21, 2025, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2024. These condensed interim consolidated financial statements and the accompanying notes were prepared using the basis of presentation, accounting policies, and critical accounting judgments and estimates as described in notes 2, 3 and 4 to the December 31, 2024 annual consolidated financial statements except as discussed in note 2 herein.

b) Future accounting pronouncements

The new and amended standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's condensed interim consolidated financial statements are disclosed below:

2. Basis of Presentation, Material Accounting Policies and Critical Accounting Judgments and Estimates (continued)

b) Future accounting pronouncements (continued)

In August 2023, the IASB issued narrow-scope amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates*, which were incorporated into Part I of the CPA Canada Handbook – Accounting in November 2023.

The amendments specify how to determine whether a currency is exchangeable into another currency and how to determine the spot exchange rate when a currency lacks exchangeability. A currency is exchangeable into another currency when an entity is able to obtain the other currency within a timeframe that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity assesses whether a currency is exchangeable into another currency at the measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency. When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate as the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, the amendments require an entity to disclose information that enables the users of the financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows, including the risks to which the entity is exposed because of the currency not being exchangeable into the other currency. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which was incorporated into Part I of the CPA Canada Handbook – Accounting in September 2024.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*, and for all entities will:

- Introduce a new defined structure for the statement of profit and loss and require the classification of income and expenses in that statement into one of five categories: operating; investing; financing; income taxes; and discontinued operations.
- Require disclosure of 'management-defined performance measures' (MPMs) in a single note to the financial statements;
- Enhance guidance about how to group information within the financial statements; and
- For the statement of cash flows, require that 'operating profit or loss' be used as the starting point for determining cash flows from operating activities under the indirect method, and remove the optionality around classification of cash flows from interest and dividends.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements.

The Company is assessing the impact on the condensed interim consolidated financial statements from these new and amended standards and interpretations that are issued, but not yet effective. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Sharp Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(Expressed in US dollars unless otherwise stated)

3. Deposit

The refundable security deposit attributes to the amount remitted to the landlord pursuant to the lease agreement that the Company entered into for its office premise and lab facility (Note 4).

4. Property and Equipment

	Furniture, Fixture and lab equipment		Leaseholds Improvement		Total
Cost:					
Balance January 1, 2024	\$	187,469	\$	8,060	\$ 195,529
Additions		14,488		-	14,488
Balance December 31, 2024	\$	201,957	\$	8,060	\$ 210,017
Additions		-		-	-
Balance March 31, 2025	\$	201,957	\$	8,060	\$ 210,017
Accumulated Depreciation:					
Balance January 1, 2024	\$	171,456	\$	4,080	\$ 175,536
Depreciation		14,890		926	15,816
Balance December 31, 2024	\$	186,346	\$	5,006	\$ 191,352
Depreciation		2,751		3,054	5,805
Balance March 31, 2025	\$	189,097	\$	8,060	\$ 197,157
Net book value, December 31, 2024	\$	15,611	\$	3,054	\$ 18,665
Net book value, March 31, 2025	\$	12,860	\$	-	\$ 12,860

5. Right-of-use Assets

In 2020, the Company entered into a lease agreement for its office premises and lab facility for a lease term of 11 years and with one option to extend the lease term for one additional period of 5 years.

Lease liabilities are measured at the present value of the base rent payments, discounted using an interest rate of thirteen percent (13%), which is the Company's incremental borrowing rate at the date of initial recognition. Right-of-use assets are measured at an amount equal to the lease liabilities at inception and adjusted by the amount of any prepaid or accrued lease payments.

The following schedule shows the movement in the Company's right-of-use assets during the period:

Right-of use assets (ROU)	Premises
Cost	
Balance, December 31, 2024 and March 31, 2025	\$ 1,351,659
Accumulated Depreciation	
Balance January 1, 2024	\$ 267,516
Depreciation	84,479
Balance December 31, 2024	\$ 351,995
Depreciation	21,120
Balance March 31, 2025	\$ 373,115
Net book value, December 31, 2024	\$ 999,664
Net book value, March 31, 2025	\$ 978,544

Sharp Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(Expressed in US dollars unless otherwise stated)

5. Right-of-use Assets (continued)

The right-of-use assets are depreciated on a straight-line basis over the lease term which is for a period of 16 years.

6. Accounts Payable and Accrued Liabilities

	March 31, 2025	December 31, 2024
Trade payables	\$ 367,179	\$ 271,704
Accrued professional fees	71,479	229,861
Other payables and accrued liabilities	30,000	21,421
	\$ 468,658	\$ 522,986

7. Lease Liabilities

The following schedule shows the movements in the Company's lease liabilities related to premise leases during the period:

Lease Liabilities	
Balance January 1, 2024	\$ 1,344,681
Interest expense	170,952
Lease payments	(200,000)
Balance December 31, 2024	\$ 1,315,633
Interest expense	42,131
Lease payments	(50,000)
Balance March 31, 2025	\$ 1,307,764

	March 31, 2025	December 31, 2024
Current	\$ 42,043	\$ 36,167
Non-current	1,265,721	1,279,466
Lease liabilities	\$ 1,307,764	\$ 1,315,633

During the three months ended March 31, 2025, there were no variable lease payments not included in the measurement of lease liabilities (2024 - \$nil).

The following table sets forth the undiscounted future lease payments to be made:

Future Lease Payments	Premise
Within one year	\$ 207,647
1 to 2 years	218,352
2 to 3 years	218,352
3 to 4 years	218,352
4 to 5 years	218,352
After 5 years	1,437,484
Total	\$ 2,518,539

Sharp Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(Expressed in US dollars unless otherwise stated)

8. Convertible Notes Payable

The following schedule shows the movements of the convertible notes payable by Sharp Edge during the period:

	Secured Convertible Notes		Convertible Promissory Notes		Total
Balance, January 1, 2024	\$	6,854,776	\$	219,641	\$ 7,074,417
Convertible note issued, net of transaction costs		2,200,000		-	2,200,000
Loss from change in fair value		278,159		-	278,159
Repayment of principal and interest		-		(236,787)	(236,787)
Conversion to common shares		(9,332,935)		-	(9,332,935)
Interest expense		-		17,146	17,146
Balance, December 31, 2024		-		-	-
Balance, March 31, 2025	\$	-	\$	-	\$ -

Secured Convertible Notes

During the year ended December 31, 2024, the Company raised capital for bridge financing through the issuance of secured convertible notes (the "Bridge Notes"). The Company raised gross proceeds of \$2,200,000 in cash for the year ended December 31, 2024. Of that amount, \$500,000 cash gross proceeds were raised during the three months ended March 31, 2024. All the Bridge Notes bear interest at a rate of 6% per annum.

Sharp Edge designated the Bridge Notes as financial liabilities recorded at fair value through profit and loss. Financial liabilities at FVTPL are initially recorded at fair value. The initial fair value of the Bridge Notes approximates the transaction price on the issue dates. Gains and losses arising from changes in the fair value of the financial liability held at FVTPL are included in the consolidated statement of loss and comprehensive loss in the period in which they arise.

On October 18, 2024, all Bridge Notes, including the secured convertible notes previously issued in 2021 and 2022 and including accrued interest, were automatically converted to 7,333,718 Sharp Edge Shares upon the closing of the Pre-Closing Financing (Notes 1 and 11), at a share price determined based on the Unit price per Pre-closing Financing.

To determine the fair value of the Bridge Notes during the three months ended March 31, 2024, key inputs and assumptions used in the valuation model are:

- i) appropriate discount rates – market yield for the payoff, and risk-free rate for the conversion events
- ii) duration before maturity or conversion events
- iii) probability of conversion for the potential conversion

The weighted average assumptions used in calculating the fair value of the Bridge Notes during the three months ended March 31, 2024 are as follows:

	March 31, 2024
Market yield	25.98% - 31.44%
Duration (years)	1.33 – 1.51
Implied probability of conversion	16.14% - 21.83%
Risk free rate	4.59% - 4.88%

As of March 31, 2025, Sharp Edge presented the fair value balances of \$nil (December 31, 2024 – \$nil) for the secured convertible notes payable.

8. Convertible Notes Payable (continued)

Convertible Promissory Notes

Sharp Edge historically owed Carnegie Mellon University (“CMU”) an aggregate of \$396,401 under previous repayment agreements for the patent costs related to the Licensed Technology (Note 14). To settle this amount, Sharp Edge paid \$198,200 in cash and issued an unsecured convertible promissory note (the “Settlement Note”) for a principal of \$201,174 effective December 31, 2021, bearing interest at 6% per annum and maturing in a year. Sharp Edge and CMU subsequently renewed the Settlement note on December 31, 2022 and June 30, 2023.

For the three months ended March 31, 2024, the Company designated the final renewed and non-convertible Settlement Note as financial liabilities measured at fair value through profit and loss and initially recorded it at the transaction price on the issue dates. Due to the short-term nature of the Settlement Note and the arms-length nature of the relationship, the fair value approximates the transaction amount at each renewal date and the principal amount as at each year-end. Gain and loss arising from changes in the fair value of Settlement Note, as well as realized gain or loss resulting from renewal of the Settlement Note are included in the consolidated statement of loss and comprehensive loss in the period in which they arise.

On July 10, 2024, the Company entered into a Promissory Note with CMU to amend the Settlement Note and the previously issued convertible promissory notes, making such note a promissory note with no conversion feature. The Promissory Note had a principal balance of \$231,722 and bear 6% interest rate per annum. This Promissory Note was fully repaid in cash on November 30, 2024, for \$236,787.

9. Redeemable Preferred Shares

The Series A Preferred Shares comprise the redeemable preferred shares of Sharp Edge. The following schedule shows the movements of the financial instrument of redeemable preferred shares during the period:

	Redeemable Preferred Shares	
Balance January 1, 2024	\$	4,178,659
Loss from change in fair value		506,345
Realized gain on settlement		(1,747,507)
Conversion of preferred shares		(2,937,497)
Balance December 31, 2024		-
Balance March 31, 2025	\$	-

In 2019, Sharp Edge issued 739,365 shares of Series A Preferred Shares to various purchasers at \$6.664 per share for gross proceeds of approximately \$4,800,000, including approximately \$578,000 converted from convertible notes at a conversion price of \$5.331 per share, net of issuance cost of approximately \$72,000. Holders of Series A Preferred Shares are entitled to receive only, when, as, and if declared by the board of directors non-cumulative dividends at 5% of the original issuance price, in preference to the Series 1 Preferred Shares (Note 10) and the Sharp Edge Shares.

Due to their redemption feature, the Series A Preferred Shares are classified as hybrid financial instruments with a financial liability host of redemption right as well as embedded derivatives that include conversion option with anti-dilution provisions. At initial recognition, the Company has elected to designate the entire instrument of Series A Preferred Shares to be measured at fair value through profit and loss with gain/loss of revaluation recognized in statements of loss and comprehensive loss.

9. Redeemable Preferred Shares (continued)

On October 18, 2024, all of the Series A Preferred Shares were converted into 2,308,269 Sharp Edge Shares in connection with closing of the Pre-Closing Financing. The fair value of the shares issued were determined using a share price based on the Pre-closing Financing (Note 1, Note 13).

To determine the fair value of the Series A Preferred Shares immediately prior to conversion on October 18, 2024, and at each reporting period end, key inputs and assumptions used in the valuation model are:

- i) appropriate discount rates – credit adjusted rate for the payoff, and risk-free rate for the conversion events;
- ii) volatility;
- iii) duration before conversion events;
- iv) probability of mandatory conversion; and
- v) probability of cash redemption.

The weighted average assumptions used in calculating the fair value of the Series A Preferred Shares immediately prior to the settlement and at the reporting period-end are as follows:

	Prior to Conversion	March 31, 2024
Volatility	83%	83%
Duration (years)	0.13	0.67
Conversion transaction probability	22.5%	22.5%
Cash redemption probability	77.5%	77.5%
Risk free rate	4.87%	5.10%
Credit adjusted rate	30.44%	28.79%

10. Share Capital

Authorized and outstanding share capital

As at March 31, 2025 and December 31, 2024, the Company and Sharp Edge, respectively, have authorized, issued, and outstanding preferred and common shares as follows:

	March 31, 2025	December 31, 2024*
Common Shares:		
Shares authorized	Unlimited	Unlimited
Shares issued and outstanding	28,220,847	28,220,847

*On January 27, 2025, STC completed a consolidation of its common shares on the basis of one (1) post-consolidation common share to ten (10) pre-consolidation common shares, with any resulting fractional shares rounded up to the nearest whole number (“Share Consolidation”). The common share consolidation is accounted for retrospectively in accordance with IAS 33, meaning the common shares are presented in the condensed interim consolidated financial statements are on a post-consolidation basis.

10. Share Capital (continued)

Private placements

Series 1.A

In 2010, Sharp Edge issued certain Series A Convertible Preferred Stock (later reclassified as Series 1.A Convertible Preferred Stock, a class of the Series 1 Preferred Shares (“Series 1.A Preferred Shares”) for gross proceeds of \$300,000, net of issuance cost of approximately \$38,000. Holders of Series 1.A Preferred Shares are entitled to receive only, when, as and if declared non-cumulative dividends at 8% of the original issuance price, in preference to holders of Sharp Edge Shares. The Series 1.A Preferred Shares are not redeemable and are classified as compound financial instruments with equity host and financial liability components that include conversion option with anti-dilution provisions as well as mandatory conversion. At initial recognition, Sharp Edge has elected to record the full transaction price to the equity host and presented in equity.

On October 18, 2024, all of the Series 1.A Preferred Shares were converted into same amount of Sharp Edge Shares as triggered by the Pre-Closing Financing and were subsequently exchanged for 936,582 Resulting Issuer Shares based on the Exchange Ratio in connections with closing of the Arrangement and the Share Consolidation that took place as discussed in Note 10.

Series 1.A-1

From 2011 to 2013, SEL issued certain Series A-1 Convertible Preferred Stock (later reclassified as Series 1.A-1 Convertible Preferred Stock, a class of the Series 1 Preferred Shares (“Series 1.A-1 Preferred Shares”) for gross proceeds of approximately \$453,000, net of issuance cost of approximately \$18,000. Holders of Series 1.A-1 Preferred Shares are entitled to receive only, when, as and if declared non-cumulative dividends at 8% of the original issuance price, pari passu with the holders of Series 1.A Preferred Shares and in preference to holders of Sharp Edge Shares. The Series 1.A Preferred Shares are not redeemable and are classified as compound financial instruments with equity host and financial liability components that include conversion option with anti-dilution provisions as well as mandatory conversion. At initial recognition, SEL has elected to record the full transaction price to the equity host and presented in equity.

On October 18, 2024, all the Series 1.A-1 Preferred Shares were converted into same amount of Sharp Edge Shares in connection with closing of the Pre-Closing Financing and were subsequently exchanged for 1,131,141 Resulting Issuer Shares based on the Exchange Ratio pursuant to the Arrangement and the Share Consolidation that took place as discussed in Note 10.

Series 1.B

In 2014, SEL issued certain Series B Participating Preferred Stock (later reclassified as Series 1.B Participating Convertible Preferred Stock, a class of the Series 1 Preferred Shares (“Series 1.B Preferred Shares”) to various purchasers for gross proceeds of approximately \$917,000, including approximately \$392,000 converted from convertible notes (with the conversion prices discounted as set forth therein), net of issuance cost of approximately \$29,000.

In 2015, SEL issued certain Series 1.B Preferred Shares for gross proceeds of \$188,800. In connection with this offering, SEL issued a warrant to purchase shares of a future series of preferred stock, with the number of such shares and the exercise price calculated as set forth therein, for a period of 10 years. The warrants are classified as warrant liability. The terms of the Preferred Share Warrants result in liability classification relating to the conversion of Preferred Share Warrants to Preferred Shares, which arises due to the uncertainty on conversion price and conversion ratio at the time of issuance. Proceeds from the private placement were first allocated to warrant liability based on its fair value with residual allocated to share capital.

10. Share Capital (continued)

Private placements (continued)

Series 1.B (continued)

Holders of Series 1.B Preferred Shares are entitled to receive only, when, as and if declared non-cumulative dividends at 8% of the original issuance price, pari passu with the holders of Series 1.A Preferred Shares and holders of Series 1.A-1 Preferred Shares, and in preference to holders of Sharp Edge Shares. The Series 1.B Preferred Shares are not redeemable and are classified as compound financial instruments with equity host and financial liability components that include conversion option with anti-dilution provisions as well as mandatory conversion. At initial recognition, SEL has elected to record the full transaction price to the equity host and presented in equity.

On October 18, 2024, all the Series 1.B preferred shares were converted into same amount of SEL common shares as triggered by the Pre-Closing Financing and were subsequently exchanged for 2,659,487 Resulting Issuer Shares based on the Exchange Ratio in connections with closing of the Arrangement and the Share Consolidation that took place as discussed in Note 10.

Series 1.C

In 2017, Sharp Edge issued certain Series C Convertible Preferred Stock (later reclassified as Series 1.C Convertible Preferred Stock, a class of the Series 1 Preferred Shares (“Series 1.C Preferred Shares”) for gross proceeds of approximately \$2,400,000, including approximately \$859,000 converted from convertible notes, net of issuance cost of approximately \$61,000. In connection with this offering, SEL also issued warrants (“Preferred Share Warrants”) to purchase Series 1.C Preferred Shares. Holders of Series 1.C Preferred Shares are entitled to receive only, when, as and if declared non-cumulative dividends at 6% of the original issuance price, in preference to holders of Series 1.B Preferred Shares, Series 1.A-1 Preferred Shares, Series 1.A Preferred Shares, and holders of Sharp Edge Shares. Both the Series 1.C Preferred Shares and Preferred Share Warrants are classified as equity. Proceeds from the private placement were allocated to share capital and the warrants based on the relative fair value of the proceeds. In 2022, the Preferred Share Warrants were exercised for Series 1.C Preferred Shares or allowed to expire pursuant to their terms.

On October 18, 2024, all Series 1.C preferred shares were converted into same amount of SEL common shares as triggered by the Pre-Closing Financing and were subsequently exchanged for 5,218,760 Resulting Issuer Shares based on the Exchange Ratio in connections with closing of the Arrangement and the Share Consolidation that took place as discussed in Note 10.

Common shares

The Company has an unlimited number of common shares authorized for issuance.

On October 18, 2024, Sharp Edge completed the Pre-Closing Financing discussed in Note 1 and issued Units for gross proceeds of \$5,000,000. The Units were issued at the original price of \$1.457430 per unit (adjusted from \$4.55 per unit for the Share Consolidation and Exchange Ratio). Each Unit entitles the holder to receive one Sharp Edge Share and a Sharp Edge Warrant to purchase one-half of a Sharp Edge Share. The price of the Sharp Edge Share within the Unit is determined by bifurcating the Unit into its components by simultaneously determining the value of the Sharp Edge Warrant using the Black-Scholes valuation model and the implied common share price of the Sharp Edge Share which, together with the Sharp Edge Warrant, equal the Unit price of \$1.457430 per unit (adjusted from \$4.55 per unit for the Share Consolidation and Exchange Ratio). Details on the Sharp Edge Warrants, including fair value methodology and key inputs into the Black-Scholes model, are discussed in Note 11.

On March 31, 2025 and December 31, 2024, the Company has 28,220,847 common shares issued and outstanding based on the Exchange Ratio pursuant to the Arrangement and the Share Consolidation that took place as discussed in Note 10.

11. Share-based Payments

Options

For the three months ended March 31, 2025 and year ended December 31, 2024, the Company has an equity incentive plan (the “Plan”) whereby the board of directors may grant stock options (“Replacement Options”) to employees, directors, consultants, and other independent contractors who provide bona fide services to the Company to purchase and acquire up to 10% of the issued and outstanding shares of the Company. The exercise price for a Replacement Option will not be less than 100% of the fair market value per share of the Company as of the date of the Replacement Option grant. Replacement Options that may be granted under the Plan must be exercisable over a period not exceeding 10 years. The Company records an expense and credits contributed surplus for all Replacement Options granted. The Replacement Options granted to employees, directors, and officers typically vest as one-fourth on the first anniversary of the grant date and then evenly over the next 36 months after the first anniversary of the grant date.

On December 11, 2024, all 85,452 EVP Capital options outstanding were deemed to be exchanged for 85,452 Replacement Options to purchase Resulting Issuer Shares from the Company.

The following table summarizes the continuity of the Company’s options at March 31, 2025 and December 31, 2024, respectively, and the changes for the periods ended:

	Number of Options	Weighted Average Exercise Price
Outstanding, January 1, 2024	1,578,783	\$ 0.51
Deemed grant of EVP Capital options	85,452	0.71
Cancelled	(170,301)	0.16
Outstanding, December 31, 2024	1,493,934	\$ 0.57
Granted	174,186	1.53
Outstanding, March 31, 2025	1,668,120	\$ 0.67

*Adjusted for the Exchange Ratio defined in Note 1 and the Share Consolidation discussed in Note 10.

Grant date	Exercise Price	Number Outstanding*	Number Exercisable*	Expiry Date
July 25, 2015	\$0.18	6,322	6,322	July 25, 2025
September 29, 2015	0.18258	31,335	31,335	September 29, 2025
October 19, 2015	0.19219	62,670	62,670	October 19, 2025
May 23, 2017	0.25945	160,842	160,842	May 23, 2027
June 23, 2017	0.25945	62,439	62,439	June 23, 2027
April 29, 2019	0.65344	920,972	920,972	April 29, 2029
October 10, 2019	0.65344	37,463	37,463	October 10, 2029
January 19, 2022	0.65344	126,439	65,751	January 19, 2032
August 4, 2023	0.71	85,452	85,452	August 4, 2033
January 30, 2025	1.53	174,186	-	January 30, 2033
		1,668,120	1,433,246	

*Adjusted for the Exchange Ratio defined in Note 1 and the Share Consolidation discussed in Note 10.

As at March 31, 2025, the weighted average remaining life of the Company’s options was 4.65 years (December 31, 2024 – 4.27). The weighted average price of the Company’s options vesting in the three months ended March 31, 2025 was \$0.67 (December 31, 2024 – \$0.57). Stock options may expire at an earlier date upon termination of services.

11. Share-based Payments (continued)

Options (continued)

Share-based payments are determined using the Black-Scholes option pricing model. During the three months ended March 31, 2025, the Company recognized share-based payments of \$33,120 (December 31, 2024 – \$10,009) in contributed surplus. Share-based payments for non-vested options is reversed for terminated employees. The assumptions used in calculating the fair value of share-based payments for the options granted from 2015 to 2023 to directors, officers and employees are as follows: risk-free interest rate between 1.67% to 2.82%, dividend yield of 0%, expected volatility of 83% to 100%, and expected life of 10 years from the grant date.

Warrants

Grant Date	Expiry Date	Exercise Price	Outstanding Warrants, January 1, 2024*	Granted	Outstanding Warrants, December 31, 2024*	Outstanding Warrants, March 31, 2025
01-Jun-15	01-Jun-25	\$0.611800	61,459	-	61,459	61,459
04-Aug-23	04-Aug-28	\$0.71	-	46,000	46,000	46,000
18-Oct-24	18-Oct-25	\$1.457430	-	1,715,350	1,715,350	1,715,350
			61,459	1,761,350	1,822,809	1,822,809

*Adjusted for the Exchange Ratio defined in Note 1 and the 10-to-1 shares consolidation discussed in Note 10.

The 61,549 Preferred Share Warrant issued in connection with the Series 1.B offering on June 1, 2015, was classified as warrant liability. The terms of the Preferred Share Warrant result in liability classification relating to the conversion of Preferred Share Warrant to preferred shares, which arises due to the uncertainty on conversion price and conversion ratio at the time of issuance. SEL records the preferred share warrant liability at its fair value at issuance date and subsequently remeasured using the Black-Scholes model with any gains or losses recorded in the statement of loss and comprehensive loss.

Concurrent with the closing of the Initial Public Offering of EVP Capital on August 4, 2023, warrants were issued to Canaccord Genuity Corp. (the "Agent") to purchase 46,000 EVP Capital common shares at a price of \$0.71 per common share and exercisable until August 4, 2028 (the "Agent's Warrants"). The Agent's Warrants vested immediately upon the grant date and expire five years from the grant date. The Agent's Warrants are outstanding as of March 31, 2025 and December 31, 2024.

On October 18, 2024, the Company completed the Pre-Closing Financing discussed in Note 1 and issued 109,890 Units for gross proceeds of \$5,000,000. The Units for were issued at a price of \$1.457430 per unit (adjusted from \$4.55 per unit for the Share Consolidation and Exchange Ratio). Each Unit entitled the holder to receive one Sharp Edge Share and a Sharp Edge Warrant to purchase one-half of a Sharp Edge Share. Each Sharp Edge Warrant entitled the holder thereof to purchase up to the number of Sharp Edge Shares set forth therein upon payment of \$1.457430 per share (adjusted from \$4.55 per share for the Share Consolidation and Exchange Ratio) on or before October 18, 2025. On October 18, 2024, Sharp Edge Warrants were issued as part of the Pre-Closing Financing, and on December 11, 2024, 1,715,350 Replacement Warrants were exchanged from the Sharp Edge Warrants and outstanding based on the Arrangement and adjusted by the share consolidation discussed in Note 10. The Sharp Edge Warrants prior to the reverse acquisition and the Replacement Warrants upon the reverse acquisition were treated as financial liabilities as discussed in the notes to the December 31, 2024 consolidated annual financial statements.

11. Share-based Payments (continued)

Warrants (continued)

On December 11, 2024 (Closing Date of the Arrangement), all Preferred Share Warrants were deemed to be exchanged for 61,459 Replacement Warrants to purchase Resulting Issuer Shares from the Company, and on December 31, 2024, 61,459 Replacement Warrants were deemed issued and outstanding adjusted by the Share Consolidation discussed in Note 10. The Preferred Share Warrants prior to the reverse acquisition and the Replacement Warrants upon the reverse acquisition were treated as financial liabilities as discussed in the notes to the December 31, 2024 consolidated annual financial statements.

Key inputs and assumptions used in the Black-Scholes valuation at each reporting date are as follows:

	March 31, 2025	December 31, 2024
Range of share prices applied	\$0.07 - \$3.97	\$0.07 - \$3.97
Warrant exercise price	\$0.06 - \$0.15	\$0.06 - \$0.15
Annual volatility	83% - 100%	83% - 100%
Annual risk-free rate	4.03%	4.21%
Term	0.17 - 0.55 years	0.42 - 0.80 years

The weighted average exercise price of warrants outstanding as at March 31, 2025 is \$1.41 (December 31, 2024 - \$1.41).

12. Expenses

General and administrative expenses are made up of the following items:

	March 31, 2025	March 31, 2024
Listing fees	\$ 8,174	\$ -
Salaries and wages	119,015	18,132
Audit and accounting	61,438	24,596
Legal	116,384	4,540
Depreciation	26,925	25,636
Marketing	13,085	495
Office and other occupancy costs	19,154	11,601
Insurance	33,770	6,191
Other	450	2,250
	\$ 398,395	\$ 93,442

Research and development expenses are made up of the following items:

	March 31, 2025	March 31, 2024
Consulting	\$ 555,258	\$ 271,797
Salaries and wages	292,809	182,338
Materials	22,008	41,814
Other	20,920	16,978
	\$ 890,995	\$ 512,927

Sharp Therapeutics Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2025 and 2024
(Expressed in US dollars unless otherwise stated)

13. Income Taxes

The reconciliation of the combined US federal and state statutory income tax rate of 21% (2024 - 21%) to the effective tax rate is as follows for the three months ended March 31, 2025 and the year ended December 31, 2024:

	March 31, 2025	December 31, 2024
Loss before income taxes	\$ (3,254,555)	\$ (3,260,640)
Statutory rate	21%	21%
Expected income tax recovery	\$ (683,457)	\$ (684,734)
Tax rate changes and other adjustments	(111,827)	21,380
Permanent difference	507,695	27,475
State and local tax	(103,606)	(192,896)
Research and development credits generated	(125,632)	(125,632)
Deferred true-up	45,021	1,768
Change in net deferred income tax assets not recognized	471,806	952,639
Income tax expense (recovery)	\$ -	\$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax value and the carrying amounts of assets and liabilities. Details of deferred tax assets (liabilities) as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
Lease liabilities	283,680	277,007
Right-of-use asset	(283,680)	(277,007)
Deferred tax asset (liability)	\$ -	\$ -

The non-capital loss carry forwards expires as noted in the table below. The deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's unrecognized non-capital losses expire as follows:

2031	\$	137,861
2032		357,411
2033		302,687
2034		504,433
2035		629,319
2036		567,559
2037		739,535
2044		117,390
Indefinite		15,572,678
	\$	18,928,873

14. Commitments and Contingencies

Certain technology ("Licensed Technology") under the research and development by the Company is subject to the registered patents of CMU, pursuant to a License Agreement (the "Agreement") the Company entered into with CMU in August 2011. The term of the Agreement concludes at the end of 20 years from the agreement date or on the expiration of the last-to-expire patent, whichever comes later. The Company's revenue, if derived from selling Licensed Technology, will be subject to 2.155% royalty of the net sales when the product sold incorporates the Licensed Technology. The lead compounds that the Company is developing do not contain any Licensed Technology and are not subject to the royalty payment under the Agreement.

15. Related Party Transactions

The Company's policy is to conduct all transactions with related parties to align with market terms and conditions. Key management personnel are those persons who have the authority and the responsibility for planning, directing, and controlling the activities of the Company and/or its subsidiaries directly or indirectly, including any external director of the Company and/or its subsidiaries. Key management includes the Company's Chief Executive Officer and its external directors.

All transactions with related parties have occurred in the normal course of business operations.

Compensation of key management during the period is as follows:

	March 31, 2025	March 31, 2024
Salaries, social charges and other personnel expenses	\$ 221,069	\$ 80,680

During the three months ended March 31, 2024, in connection with the secured convertible notes financing (Note 8), the Company issued convertible notes of \$500,000 to a related company under the control of a director. On October 18, 2024, 10,989 warrants were issued to a related company under the control of a director as part of the Pre-Closing Financing. As at March 31, 2025 and December 31, 2024, 34,307 warrants to this related company are outstanding and classified as a current financial liability on the statement of financial position. The purpose of the secured convertible notes financing and the warrants issuance to the related company is to finance the Company and ensure the Company has sufficient funding to continue as a going concern.

As at March 31, 2025, additional amounts due to related parties of \$4,445 (December 31, 2024 – \$1,898) in total are included in accounts payables and accrued liabilities in the statements of financial position. The amounts are unsecured, due on demand and bear no interest. The Company also paid consulting and other fees of \$56,069 for the three months ended March 31, 2025 (March 31, 2024 - \$4,905) to related parties including directors and a family member of a director.

16. Capital Management

The Company's objective in managing capital is to ensure a sufficient liquidity to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as net equity and debt, comprised of issued common shares, preferred shares, warrants, contributed surplus and accumulated deficit, as well as loans. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its corporate and administration expenses, working capital and overall capital expenditures.

The Company plans to fund operations and growth through private placements of common shares and the exercise of warrants. The Company is not subject to externally imposed capital requirements.

17. Non-cash Working Capital

The change in non-cash working capital is comprised of the following for the three months ended:

	March 31, 2025	March 31, 2024
Prepaid expenses	\$ (98,229)	\$ (7,791)
Accounts payable and accrued liabilities	(54,328)	(28,191)
	\$ (152,557)	\$ (35,982)

18. Segment Information

The determination of the Company's operating segment is based on its organization structure and how the information is reported to the Chief Operating Decision Maker, which includes the Chief Executive Officer and the Board of Directors, on a regular basis. The Company currently operates in one single reportable operating segment, being the research and development on therapeutic treatment for genetic diseases. The Company's business operations and its assets are primarily located in the United States of America.

19. Subsequent Event

Exercise of warrants

On April 21, 2025, three of the Company's warrant holders exercised their warrants in their entirety by purchasing 1,715,349 common shares of the Company at \$1.457430 per common share (as defined in the October 18, 2024 Common Stock Purchase Agreement from the Pre-Closing Financing, adjusted for the Exchange Ratio discussed in Note 1, and the Share Consolidation discussed above) and 1,900 common shares of the Company at CAD\$1.00 per common share at a total gross proceeds amount of \$2,501,900.