HEMOSTEMIX INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2025
(EXPRESSED IN CANADIAN DOLLARS)

Introduction

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Hemostemix Inc. constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2025. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2025 and December 31, 2024, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of April 30, 2026, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Hemostemix common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from the offices of the Company or on the System for Electronic Documents Analysis and Retrieval ("SEDAR+") and is available for review under the Company's profile on the SEDAR+ website (**www.sedarplus.com**).

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's belief that its products and research and development efforts are targeting diseases and conditions with significant unmet medical treatment needs;	Financing will be available for future research and development of the Company's products; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for biotechnical projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions will be favourable to the Company.	Unforeseen changes in the legislative and operating framework for the business of the Company; unstable competitive environment; and significant events occurring outside the ordinary course of business such as a natural disaster or other calamity
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending December 31, 2026	The operating and research activities of the Company for the twelve-month period ending December 31, 2026 and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; interest rate and exchange rate fluctuations; changes in economic conditions
The Company's ability to carry out anticipated research and development on its stem cell technologies	The operating activities of the Company for the three months ended December 31, 2025, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits
Management's outlook regarding future trends	Financing will be available for the Company's manufacturing of their products and technologies will be favourable to the Company	Changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
A total of $150,000 is estimated per quarter for corporate expenses	Actual costs of the various line items of the budget are consistent with the costs that management anticipates	Costs could vary from management's expectations

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Hemostemix, located at Suite 1150, 707-7th Avenue SW, Calgary, AB T2P 3H6, is a biotechnology company developing, manufacturing, and commercializing blood-derived stem cell therapies for conditions not adequately treated by current options. Formed in 2002, and November 2014 under the Business Corporations Act (Alberta), the Company began trading on the TSX Venture Exchange on November 27, 2014, under "HEM", on the OTCQB in October 2018 under "HMTXF", and on the Frankfurt Stock Exchange in April 2021 under "2VFO".

The financial statements include Hemostemix Inc. and its wholly-owned subsidiaries: Kwalata Trading Limited, Hemostemix Ltd., PreCerv Inc., Hemostemix Quebec Inc., and Hemostemix PR Inc. Kwalata, incorporated in Cyprus, holds the Company's IP. Hemostemix Ltd., incorporated in Israel for manufacturing and R&D, ceased operations October 1, 2017. PreCerv, incorporated June 14, 2022, holds a global license for NCP-01 and ACP-01 to treat central and peripheral nervous system conditions, including neuropathic pain, traumatic spinal cord and brainstem injury, traumatic brain injury, and peripheral nerve injury. Hemostemix Quebec Inc. was incorporated August 15, 2023, and Hemostemix PR Inc. on August 22, 2024.

Business Overview

We are a clinical-stage biotechnology company with a patented stem cell platform with a goal of developing, manufacturing, and commercializing blood-derived stem cell therapies for diseases not adequately treated by current therapeutics. Our IP covers synergetic cell populations differentiated into angiogenic cell precursors ("ACPs", including ACP-01), neural cell precursors ("NCPs"), and cardiomyocyte cell precursors ("CCP").

Outlook and Economic Conditions

Outlook

The Company remains confident in its technology, as ACP-01's safety and efficacy is demonstrated in four heart studies, three CLI trials, and 11 peer reviewed publications. With no assurance of success, the Company has started a commercial sales process targeting potential treatments of ACP-01 in The Bahamas, and Florida.

Corporate, Product, Clinical Trial and Financing Update

The following items highlight the Company's activities during the years ended December 31, 2025 and any subsequent development up until the date hereof.

On January 7, 2025, the Company issued 4,085,461 shares at $0.10 per share to satisfy the interest owing from January 1, 2023 to September 30, 2024 of $408,546 on the outstanding $2,750,000 Convertible Debenture.

On January 28, 2025, 50,000 warrants at a price of $0.25 were exercised.

On January 30, 2025, 25,000 warrants at a price of $0.25 were exercised.

On January 30, 2025, 180,000 options at a price of $0.07 were exercised by a director of the Company.

On February 10, 2025, 57,140 warrants at a price of $0.20 were exercised.

On February 11, 2025, 57,140 debenture warrants at a price of $0.20 were exercised.

On February 19, 2025, the Company announced an arm's length perpetual royalty-free global license to CytoImmune's Bioreactor stem cell technologies. Subject to the TSXV Exchange acceptance, and other conditions, Hemostemix will pay CytoImmune $5,000,000 (twenty million shares) for the perpetual global royalty free license. This transaction has not closed and remains in negotiations.

On March 5, 2025, 16,000 warrants at a price of $0.05 were exercised.

On March 7, 2025, 200,000 warrants at a price of $0.12 were exercised.

On May 11, 2025, the Company announced that it had closed a non-brokered private placement of $336,500 USD, issuing 1,634,466 common shares at $0.295CAD.

On June 27, 2025, 20,980 warrants at a price of $0.12 were exercised.

On June 27, 2025, 38,400 warrants at a price of $0.12 were exercised.

On June 27, 2025, 147,200 warrants at a price of $0.05 were exercised.

On June 27, 2025, 294,400 warrants at a price of $0.05 were exercised.

On June 27, 2025, 73,600 warrants at a price of $0.05 were exercised.

On July 3 2025, the Company closed a non-brokered private placement consisting of an aggregate of 3,911,385 common shares at a price of $0.12 per common share for gross proceeds of $469,366.

On July 11, 2025, the Company closed the sale of 15 ACP-01 Therapy Convertible Debentures for proceeds of USD$517,230. Full details can be found in the annual financial statements in note 6.

On July 15, 2025, 273,600 warrants at a price of $0.05 were exercised.

On July 23, 2025, the Company closed a non-brokered private placement consisting of an aggregate of 30,000,000 units at a price of $0.10 per Unit for gross proceeds of $3,000,000. Each unit ("Unit") consisted of one common share, and one common share purchase warrant, with each full warrant entitling the holder to acquire one common share at a price of $0.15 per common share, for a period of 24 months. In connection with the private placement, the Company paid eligible finders fees of aggregate cash finder's fees of approximately $100,032 as well as granted 1,000,320 agent warrants with a fair value of $93,972 which are exercisable for a period of 24 months from closing to acquire common shares at a price of $0.15 per common shares

On September 10, 2025, the Company issued 2,000,000 common shares at a deemed unit price of $0.20 per common share to settle $400,000 of debt.

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

On November 18, 2025, the Company announced it had closed a non-brokered private placement for gross proceeds of $280,594 (the "Offering"). The Offering consisted of the issuance of an aggregate of 2,244,752 Units at a price of $0.125 per Unit.

On December 3, 2025, the Company announced it had closed a non-brokered private placement for gross proceeds of $57,210 (the "Offering"). The Offering consisted of the issuance of an aggregate of 520,090 Units at a price of $0.11 per Unit. Each Unit consists of one common share ("Common Share") in the capital of the Company and one common share purchase warrant ("Warrant"), with each full Warrant entitling the holder to acquire one Common Share at a price of $0.15 per Common Share for a period of 24 months from the closing of the offering.

On December 11, 2025, the Company granted 963,000 stock options to directors, officers, employees and consultants of the Company. All options were granted with an exercise price of $0.095 per commons hare and have an expiry date of December 11, 2030.

On December 31, 2025, the Company announced it had closed a non-brokered private placement for gross proceeds of $480,000 (the "Offering"). The Offering consisted of the issuance of an aggregate of 4,000,000 common shares of the Company at a price of $0.12 per common share.

Event subsequent to December 31, 2025

On March 19, 2026, the Company announced it had closed the final tranche of its non-brokered private placement for gross proceeds of $303,967 through the issuance of an aggregate of 2,533,065 common shares at a price of $0.12 per common share.

Overall Objective

Hemostemix's overall objective is to commercialize its patented, blood-derived stem cell therapies to address serious diseases not adequately treated by current therapeutics. Hemostemix aims to advance its therapies through clinical development, demonstrating safety, efficacy, and scalability. With strategic partners, regulatory approvals, and sustainable funding, Hemostemix intends to make its regenerative therapies widely accessible to patients with significant unmet medical needs.

Trends and Economic Conditions

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Strong equity markets are favorable conditions for completing a public merger, financing, or acquisition transaction. Apart from these and the risk factors noted under the heading "Risks and Uncertainties", and "Outlook and Economic Conditions", management is not aware of any other trends, commitments, events, or uncertainties that would have a material effect on the Company's business, financial condition, or results of operations.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

Share Capital

As at December 31, 2025, the number of issued and outstanding common shares was 195,253,367 (December 31, 2024 – 140,641,953). As at April 29, 2026, the number of common shares issued and outstanding is 197,821,441.

As at December 31, 2025, the Company had 14,266,694 share purchase options outstanding (December 31, 2024 – 12,386,694). As at April 29, 2026, the number of outstanding share purchase options outstanding is 14,266,694.

As at December 31, 2025, the Company had 106,131,263 share purchase warrants outstanding (December 31, 2024 – 78,489,650). As at April 29, 2026, the number of outstanding warrants was 106,131,263.

Product update

ACP-01 remains unchanged in its original, patented form to ensure full compliance with FDA requirements for human therapeutic use. The Company continues to maintain, document, and verify all manufacturing and quality processes to preserve this originality while supporting future regulatory submissions.

Clinical Trial Updates

Hemostemix is advancing a Phase 1 basket protocol to demonstrate that, just as ACP-01 has shown benefit in end-stage CLTI, ICM, DCM, and angina—with or without comorbidities—it may also be effective earlier in disease progression and across multiple vascular and ischemic conditions. This basket design potentially enables the Company to evaluate ACP-01 as a treatment for vascular dementia, the earliest medically detectable forms of PAD, CLTI, ICM, DCM, CHF, ischemic pain syndromes, and longevity-related vascular decline within a unified clinical framework. By studying these indications together, Hemostemix aims to validate ACP-01's broad mechanism of action and accelerate development for patients with significant unmet medical needs

Selected Annual Financial Information

	Year Ended December 31, 2025	Year Ended December 31, 2024	Year Ended February 28, 2023
Revenue	nil	nil	nil
Net loss	4,733,007	2,616,402	2,502,109
Net loss per share - basic and diluted	0.03	0.03	0.03
	As at December 31, 2025	**As at December 31, 2024**	**As at February 28, 2023**
Total assets	846,903	991,863	313,765
Total long-term liabilities	4,089,512	5,423,637	7,684,993

Summary of Quarterly Results

	Profit and Loss		
Three Months Ended	**Total ($)**	**Basic and Diluted Loss per Share[9][10] ($)**	**Total Assets ($)**
December 31, 2025	2,643,048 [1]	(0.020)	1,729,948
September 30, 2025	497,755 [2]	0.003	1,338,888
June 30, 2025	307,652 [3]	0.002	926,667
March 31, 2025	1,284,552 [4]	0.014	1,228,384
December 31, 2024	1,306,965 [5]	0.040	6,052,356
September 30, 2024	314,559 [6]	0.004	158,309
June 30, 2024	519,344 [7]	0.006	243,777
March 31, 2024	475,534 [8]	0.005	94,361

1) Net loss of $2,643,048 consisted primarily of: research and development of $2,082,346, consulting fees of $166,662; stock-based compensation of $92,924; professional fees of $340,099; and offset by marketing and office of $24,645; and finance expenses of $53,458 realized gain on debt through shares of $1,176,248. All other expenses related to general working capital purposes.
2) Net loss of $497,755 consisted primarily of: consulting fees of $151,269; stock-based compensation of $476,844; professional fees of $557,958; marketing and office of $104,176; and finance expenses of $193,394. All other expenses related to general working capital purposes.
3) Net loss of $307,652 consisted primarily of: consulting fees of $151,269; stock-based compensation of $14.858; professional fees of $259,670; marketing and office of $22,050; and finance expenses of $173.124. All other expenses related to general working capital purposes.
4) Net loss of $1,284,552 consisted primarily of: consulting fees of $186,401; stock-based compensation of $48,893; professional fees of $220,652; marketing and office of $48,893; and finance expenses of $166,177. All other expenses related to general working capital purposes.
5) Net loss of $1,306,965 consisted primarily of: consulting fees of $370,057; stock-based compensation of $318,554; professional fees of $269,405; marketing and office of $11,329; and finance expenses of $171,687. All other expenses related to general working capital purposes.
6) Net loss of $314,559 consisted primarily of: consulting fees of $210,658; stock-based compensation of $4,143; professional fees of $43,753; marketing and office of $3,431; and finance expenses of $157,387. All other expenses related to general working capital purposes.
7) Net income of $519,344 consisted primarily of: consulting fees of $245,207; stock-based compensation of $4,143; professional fees of $88,779; marketing and office of $12,006; and finance expenses of $150,533. All other expenses related to general working capital purposes.
8) Net loss of $475,534 consisted primarily of: consulting fees of $177,880; stock-based compensation of $4,143; professional fees of $53,495; marketing and office of $80,656; and finance expenses of $145,556. All other expenses related to general working capital purposes.
9) Basic and diluted.
10) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Financial Performance

Three Months Ended December 31, 2025, Compared with Three Months Ended December 31, 2024

Hemostemix's net loss totaled $2,643,048, for the three months ended December 31, 2025, with basic and diluted loss per share of $0.020. This compares with a net loss of $1,306,965 with basic and diluted loss per share of $0.013 for the three months ended December 31, 2024. The change of $1,336,083 was principally because:

- During the three months ended December 31, 2025, research and development expenses increased by $2,082,346 compared to the three months ended December 31, 2024. These were predominately related to fees paid to contract manufacturers.
- The decrease in share-based payments of $225,630 for the three months ended December 31, 2025, compared to the three months ended December 31, 2024. This was due to the grant of 963,000 share options to directors, officers and consultants to the Company in the current period, versus 3,710,000 share options in the prior. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- During the three months ended December 31, 2025, marketing and office expenses decreased by $35,974 compared to the three months ended December 31, 2024. This is primarily due to decreased marketing and travel expenditures during the period.
- During the three months ended December 31, 2025, professional fees decrease by $(368,444) compared to the three months ended December 31, 2024 due to the increased legal fees related to the closing of the private placements occurred during the three months ended December 31, 2025.
- During the three months ended December 31, 2025, realized gain on debt through shares increased by $1,492,029 compared to the three months ended December 31, 2024.

All other expenses related to general working capital purposes.

Year Ended December 31, 2025, Compared with Year Ended December 31, 2024

Hemostemix's net loss totalled $4,713,931, for the year ended December 31, 2025, with basic and diluted loss per share of $0.029. This compares with a net loss of $2,616,402 with basic and diluted loss per share of $0.028 for the year ended December 31, 2024. The change of $2,097,529 was principally because:

- During the year ended December 31, 2025, research and development expenses increased by $2,483,672 compared to the year ended December 31, 2024. These were predominately related to fees paid to contract manufacturers.
- The increase in share-based payments of $801,193 for the year ended December 31, 2025, compared to the year ended December 31, 2024. This was due to the grant of 6,918,000 share options to directors, officers and consultants to the Company in the current period, versus 3,710,000 share options in the prior. Share-based payments will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- During the year ended December 31, 2025, marketing and office expenses increased by $43,052 compared to the year ended December 31, 2024. This is primarily due to an increase marketing expenditures during the period.
- During the year ended December 31, 2025, professional fees increased by $176,972 compared to the year ended December 31, 2024 primarily due to the increased legal fees related to the closing of the private placements occurred during the year ended December 31, 2025.
- During the year ended December 31, 2025, realized gain on debt through shares increased by $1,485,729 compared to the year ended December 31, 2024.

All other expenses related to general working capital purposes.

Cash Flow

At December 31, 2025, the Company had cash of $682,117 compared to $705,700 at December 31, 2024. The decrease in cash of $23,583 was as a result of cash outflow in operating activities of $4,534,982, a cash outflow from investing activities of $145,884. and a cash inflow from financing activities of $4,657,283.

Operating activities were affected by net loss of $4,713,931, non-cash adjustments of $529,263, and non-cash working capital items of $350,314. Non-cash adjustments consisted of share-based payments of $1,132,176, amortization of $46 and finance expense of $474,897, offset by realized gain on debt through shares of $1,642,457. Non-cash working capital balances consisted of a decrease in subscriptions receivable of $170,790, a decrease in accounts payable and other liabilities of $531,248, and a decrease in prepaid expenses and other deposits of $17,397.

Cash used in investing activities of $145,884 were for the purchase of investments.

Cash provided by financing activities of $4,657,283 were from proceeds from the private placement of $5,002,486, proceeds from warrants exercised of $142,412, proceeds from stock options exercised of $12,600, net proceeds from convertible debentures of $749,785 and offset from the repayment of convertible debentures of $1,250,000.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, the functional and presentation currency of the Company and its subsidiaries. Foreign currency transactions are recorded at the exchange rate on the transaction date, with monetary items retranslated at period-end rates and related exchange differences recognized in profit or loss unless capitalized or hedge-related. Non-monetary items measured at cost use the historical transaction-date rate, while those measured at fair value use the exchange rate on the valuation date.

Liquidity and Financial Position

Hemostemix is a pre-revenue development-stage company. Proceeds from the sale of 15 TCD, could be recognized as revenue if converted by the holder into a medically approved treatment. We continue to incur negative operating cash flows, and significant additional investment is required for R&D, manufacturing, clinical testing, and regulatory submissions prior to commercialization. Since inception, we have funded operations primarily through equity and debt, and our ability to continue as a going concern depends on securing further investment.

Based on the foregoing, we will continue to pursue various funding options and opportunities; however, no assurances can be made that we will be successful in selling TCDs, or raising additional investment capital, to continue as a going concern. If we are not able to sell TCDs, or raise capital, we will have to reduce our cash requirements by eliminating or deferring spending on research, development and corporate activities.

For the years ended December 31, 2025, there was a net cash outflow from operating activities of $4,534,982 compared to a net cash outflow of $1,902,212 for the years ended December 31, 2024, an increase in outflow of $2,632,770 compared to the prior comparative period.

Commitments and contingencies

Commitments

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

Contingencies

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

Related Party Transactions

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

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

The Company recorded share-based compensation expense for the year ended December 31, 2025 of $1,063,804 (year ended December 31, 2024 - $290,954) to a consultant, current management and directors of the Company.

For the year ended December 31, 2025, the Company incurred $198,000 (year ended December 31, 2024 - $198,000) to Mr. Thomas Smeenk, CEO, for consulting services. As at December 31, 2025, Mr. Smeenk was owed $54,631 (December 31, 2024 - $292,999) and this amount was included in accounts payable and accrued liabilities.

For the year ended December 31, 2025, the Company incurred $200,000 (year ended December 31, 2024 - $262,500) to a consultant of the Company. As at December 31, 2025, they were owed $136,153 (December 31, 2024 - $273,391) and this amount was included in accounts payable and accrued liabilities.

For the year ended December 31, 2025, the Company incurred $52,227 (year ended December 31, 2024 - $47,504) to Marrelli Support Services Inc., a company which the CFO is related to. As at December 31, 2025, the Company owed $2,675 (December 31, 2024 - $nil) to Marrelli Support Services Inc. for accounting fees, and this amount was included in accounts payable and accrued liabilities.

For the year ended December 31, 2025, the Company paid consulting fess of $400,000 to Dr. Fraser Henderson as Chief Medical Officer (year ended December 31, 2024 - $nil). As at December 31, 2025, the Company owed $nil (December 31, 2024 - $nil) to Dr. Fraser Henderson.

During the year ended December 31, 2025, the company extinguished $2.5 million of convertible debentures with a carrying value of $2,114,725 for cash consideration of $1.25 million, resulting in a gain on extinguishment of $864,725.

See "Risk Factors".

Based on the Company working capital deficit of $883,083 (December 31, 2024 – working capital surplus of $1,780,598), it is anticipated the Company will have sufficient funds from potential funding alternatives to fund its current liabilities of $1,729,948.

CONSOLIDATION AND PRESENTATION

Wholly-Owned Subsidiaries
Hemostemix has five wholly-owned subsidiaries, Kwalata Trading Limited ("Kwalata"), Hemostemix Ltd. ("HEM Israel"), PreCerv Inc. ("PreCerv"), Hemostemix Quebec Inc. and Hemostemix PR Inc. All of the Company's patents and trademarks are registered in the name of Kwalata. HEM Israel was the original manufacturing company.

On June 14, 2022, the Company incorporated PreCerv to enable PreCerv to obtain from Hemostemix a global field of use license to NCP-01 and ACP-01 to treat conditions of the central and peripheral nervous system, including but not limited to the following:

1. Neuropathic pain syndromes.
2. Traumatic spinal cord injury, chronic brainstem injury, traumatic brain injury, peripheral nerve injury. Rare diseases including: syringomyelia, Charcot-Marie tooth disease, and Guillain-Barre syndrome, Amyotrophic lateral sclerosis (ALS), age-related macular degeneration (ARMD), corneal or eye diseases and retinopathies of any cause.
3. Cerebral stroke.

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

On August 22, 2024, the Company incorporated Hemostemix PR Inc. as a wholly-owned subsidiary. Hemostemix PR Inc. to facilitate our planned manufacturing build out in Puerto Rico commencing with our Puerto Rican contract manufacturer.

Functional and Presentation Currency
These financial statements are presented in Canadian dollars, the functional and presentation currency of the Company and its subsidiaries. Foreign currency transactions are recorded at the transaction-date rate; monetary items are retranslated at period-end rates with exchange differences recognized in profit or loss unless capitalized or hedge-related. Non-monetary items use the transaction-date rate when measured at cost and the valuation-date rate when measured at fair value.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors described below.

United States Tariffs and Retaliatory Tariffs
U.S. tariffs and retaliatory measures may create economic and inflationary pressures that could indirectly affect the Company. Although no direct impacts are currently identified, the Company continues to assess potential indirect risks, which could be material if not mitigated.

Lack of Product Revenues and History of Losses
To date, Hemostemix has not recorded any revenues from the sale of biopharmaceutical products or earning any licensing revenues, and, as a result, it faces a high risk of business failure. Hemostemix expects to incur additional losses during the periods of research and development, clinical testing, and application for regulatory approval of its product candidates. Hemostemix expects to incur losses unless and until such time as payments from corporate collaborations, product sales and/or royalty or license payments generate sufficient revenues to fund its continuing operations.

Ability to Continue as a Going Concern
The Company's auditors' opinion on its December 31, 2025 financial statements includes an explanatory paragraph in respect of there being doubt about the Company's ability to continue as a going concern.

Biotech Public Market Risks
Prospects for companies in the biotechnology industry generally may be regarded as uncertain given the nature of the industry and, accordingly, investments in biotechnology companies should be regarded as speculative. Biotechnology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not an exhaustive list. Additional risks and uncertainties not presently known to Hemostemix or that Hemostemix believes to be immaterial may also adversely affect Hemostemix's business. If any one or more of the following risks occur, Hemostemix business, financial condition and results of operations could be seriously harmed. Further, if Hemostemix fails to meet the expectations of the public market in any given period, the market price of Hemostemix shares could decline.

Early Stage Development and Scientific Uncertainty
Hemostemix's products are at an early stage of development. Significant additional investment in research and development, product validation, manufacturing, production scale-up, clinical testing, and regulatory submissions of such product candidates is required prior to commercialization. There can be no assurance that any such products will actually be developed. The development and regulatory processes may require access to raw materials and inputs which may not be available to Hemostemix in sufficient amounts or in a timely fashion to allow Hemostemix to complete the development or receive regulatory approval of any product or process. A commitment of substantial time and resources is required to conduct research and clinical trials if Hemostemix is to complete the development of any product. It is not known whether any of these product or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, or whether such products can be produced in commercial quantities at reasonable costs and be successfully marketed, or if Hemostemix 's investment in any such products will be recovered through sales or royalties. The Company's technology will require significant research and development and preclinical and clinical testing prior to regulatory approval, if required, being obtained in the United States or other countries. The Company may not be able to obtain regulatory approvals, if required, to complete necessary clinical trials for its cell technology, or to commercialize it. The Company's technology may prove to have undesirable and unintended side effects, or other characteristics adversely affecting its safety, efficacy or cost-effectiveness could prevent or limit its use. The Company's technology may fail to provide its intended benefit or achieve benefits equal to or better than its competitor's products at the time of testing or production and, if so, its business may fail.

Clinical Trial Risks
The Company's clinical trials may fail to produce successful results or could be suspended due to unacceptable safety risks, which could cause its business to fail. Clinical trials are subject to extensive regulatory requirements, and are very expensive, time-consuming and difficult to design and implement, in part because they may be subject to rigorous regulatory requirements. The Company's products may fail to achieve necessary safety and efficacy endpoints during clinical trials. The Company believes that its clinical trials will take a substantial period of time to complete. Furthermore, failure can occur at any stage of the trials, and the Company could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed by several factors, including: unforeseen safety issues; lack of effectiveness during clinical trials; slower than expected rates of patient recruitment; and inability to monitor patients adequately during or after treatment. In addition, the Company or regulatory officials may suspend the Company's clinical trials at any time if it appears that the Company is exposing participants to unacceptable health risks. If the Company's clinical trials fail to produce successful results, or are suspended due to unacceptable safety risks, the Company's business may fail.

Additional Financing Requirements and Access to Capital
Hemostemix will require substantial additional funds for further research and development, planned clinical testing, regulatory approvals, establishment of manufacturing capabilities and the marketing and sale of its products. Hemostemix may attempt to raise additional funds for these purposes through public or private equity or debt financing, collaborations with other biopharmaceutical companies and/or from other sources. There can be no assurance that additional funding or partnership will be available on terms acceptable to Hemostemix and which would foster successful commercialization of Hemostemix products.

Government Regulations

Biotechnology and pharmaceutical companies operate in a high-risk regulatory environment. The manufacture and sale of human diagnostic and therapeutic products is governed by numerous statutes and regulations in the United States, Canada, and other countries where Hemostemix intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, preclinical and clinical data prior to marketing approval, as well as regulation of marketing activities, notably advertising and labelling.

The process of completing clinical trials and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to any submissions which may result in delays or failure to obtain regulatory approvals. Any delay or failure to obtain regulatory approvals could adversely affect the ability of Hemostemix to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that Hemostemix's diagnostic product candidates will achieve levels of sensitivity and specificity sufficient for regulatory approval or market acceptance, or that its therapeutic product candidates prove to be safe and effective in clinical trials or receive the requisite regulatory approval. There is no assurance that Hemostemix will be able to timely and profitably produce its products while complying with all the applicable regulatory requirements. Foreign markets, other than the United States and Canada, generally impose similar restrictions.

Hazardous Materials and Environmental Matters

Certain of Hemostemix's research and development processes may involve the controlled use of hazardous materials. Hemostemix is subject to federal, provincial, and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although management of Hemostemix believes that its procedures for handling and disposing of such materials comply with the standards prescribed, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, Hemostemix could be held liable for damages and such liability could exceed the resources of Hemostemix. Hemostemix is not specifically insured with respect to this liability. Although management of Hemostemix believes that it currently complies in all material respects with applicable environmental laws and regulations, Hemostemix may be required to incur significant costs to comply with environmental laws and regulations in the future. Furthermore, there can be no assurance that the operations, business, or assets of Hemostemix will not be materially adversely affected by current or future environmental laws or regulations.

Patents and Proprietary Technology

Hemostemix's success will depend in part on its ability to obtain, maintain, and enforce patent rights, maintain trade secret protection, and operate without infringing the proprietary rights of third parties. There can be no assurance that pending patent applications will be allowed, that Hemostemix will develop additional proprietary products that are patentable, that issued patents will provide Hemostemix with any competitive advantage or will not be challenged by any third parties, or that patents of others will not have an adverse effect on the ability of Hemostemix to do business.

Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Hemostemix products, or design around the products patented by Hemostemix. In addition, Hemostemix may be required to obtain licenses under patents or other proprietary rights of third parties. No assurance can be given that any licenses required under such patents or proprietary rights will be available on terms acceptable to Hemostemix. If Hemostemix does not obtain such licenses it could encounter delays in introducing one or more of its products to the market, while it attempts to design around such patents, or could find that the development, manufacturing or sale of products requiring such licenses could be foreclosed. In addition, Hemostemix could incur substantial costs in defending itself in suits brought against it on such patents or in suits where it attempts to enforce its own patents against other parties.

Until such time, if ever, that patent applications are filed, the ability of Hemostemix to maintain the confidentiality of its technology may be crucial to its ultimate possible commercial success. While Hemostemix has adopted procedures designed to protect the confidentiality of its technology, no assurance can be given that such arrangements will be effective, that third parties will not gain access to Hemostemix trade secrets or disclose the technology, or that Hemostemix can meaningfully protect its rights to its trade secrets.

Dependence on Collaborative Partners, Licensors and Others

Hemostemix activities will require it to enter into various arrangements with corporate and academic collaborators, licensors, licensees and others for the research, development, clinical testing, manufacturing, marketing, and commercialization of its products. Hemostemix intends to attract corporate partners and enter into additional research collaborations. There can be no assurance, however, that Hemostemix will be able to establish such additional collaborations on favourable terms, if at all, or that its current or future collaborations will be successful. Failure to attract commercial partners for its products may result in Hemostemix incurring substantial clinical testing, manufacturing, and commercialization costs prior to realizing any revenue from product sales or result in delays or program discontinuance if funds are not available in sufficient quantities. If any collaborative partner fails to develop, manufacture, or commercialize successfully any product to which it has rights, or any partner's product to which Hemostemix will have rights, Hemostemix's business may be adversely affected. Failure of a collaborative partner to continue to participate in any particular program could delay or halt the development or commercialization of products generated from such program. In addition, there can be no assurance that the collaborative partners will not pursue other technologies or develop alternative products either alone or in collaboration with others, including Hemostemix's competitors, as a means for developing treatments for the diseases targeted by Hemostemix programs.

Furthermore, Hemostemix may hold licenses for certain technologies and there can be no assurance that these licenses will not be terminated, or that they will be renewed on conditions acceptable to Hemostemix. Hemostemix may negotiate additional licenses in respect of technologies developed by other companies and academic institutions. Terms of license agreements to be negotiated may include, inter alia, a requirement to make milestone payments, which may be substantial. Hemostemix will also be obligated to make royalty payments on the sales, if any, of products resulting from licensed technology and, in some instances, may be responsible for the costs of filing and prosecuting patent applications. Should any of Hemostemix licensees breach their regulatory, clinical, operational or legal requirements this may impact Hemostemix reputation and/or ability to conduct its business or make progress as anticipated.

Rapid Technological Change

The biotechnology and pharmaceutical industries are characterized by rapid and substantial technological change. There can be no assurance that developments by others will not render Hemostemix proposed products or technologies noncompetitive, or that Hemostemix will keep pace with technological developments. Competitors have developed or are developing technologies that could be the basis for competitive products. Some of these products have an entirely different approach or means of accomplishing the desired diagnostic or therapeutic effect as compared with products to be developed by Hemostemix and could be more effective and less costly than the products to be developed by Hemostemix. In addition, alternative forms of medical treatment may be competitive with Hemostemix products.

Competition

Technological competition from pharmaceutical companies, biopharmaceutical companies and universities are intense and is expected to increase. Potential competitors of Hemostemix have or may develop product development capabilities or financial, scientific, marketing, and human resources exceeding those of Hemostemix. Competitors may develop products before Hemostemix develops its own products, obtain regulatory approval for such products more rapidly than Hemostemix, or develop products which are more effective than those which Hemostemix intends to develop. Research and development by others may render Hemostemix's proposed technology or products obsolete or non- competitive or produce treatments or cures superior to any therapy developed or to be developed by Hemostemix, or otherwise preferred to any therapy developed by Hemostemix.

Status of Healthcare Reimbursement

Hemostemix's ability to successfully market certain diagnostic or therapeutic products may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Significant uncertainty exists as to whether newly approved healthcare products will qualify for reimbursement. Furthermore, challenges to the price of medical products and services are becoming more frequent. There can be no assurance that adequate third-party coverage will be available to establish price levels, which would allow Hemostemix to realize an acceptable return on its investment in product development.

Acceptance of Technology
The Company's success depends on the acceptance of its stem cell technology by the medical community and consumers as a safe and effective solution. The success of its technology will depend on its acceptance by potential consumers and the medical community. Because its technology is new in the treatment of CLI, the long term effects of using its new technology are unknown. The results of short- term clinical trials do not necessarily predict long-term clinical benefit or reveal adverse effects. If results obtained from future commercial experience indicate that its technology is not as safe or effective as other treatments, adoption of this technology by consumers and the medical community may suffer and its business will be harmed.

Potential Product Liability
Pharmaceutical products involve an inherent risk of product liability claims and associated adverse publicity. Product liability insurance is costly, and availability is limited and may not be available on terms which would be acceptable to Hemostemix, if at all. An inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Hemostemix's products. A product liability claim brought against Hemostemix, or withdrawal of a product from the market, could have a material adverse effect upon Hemostemix and its financial condition.

Manufacturing
Hemostemix product manufacturing is planned to initially use two independent contract manufacturers, thus providing a secondary backup. Hemostemix's ability to manufacture and conduct its clinical trial may depend on its ability to manufacture and ship product in and out of a third-party manufacturing facilities.

Reliance on Key Personnel
Hemostemix is dependent on certain members of its management and scientific staff as well as consultants and contractors, the loss of services of one or more of whom could adversely affect Hemostemix. In addition, Hemostemix's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees. There can be no assurance that Hemostemix will be able to successfully attract and retain skilled and experienced personnel.

Volatility of Share Price, Absence of Dividends and Fluctuation of Operating Results
Market prices for the securities of biotechnology companies, including Hemostemix, have historically been highly volatile. Factors such as fluctuation of Hemostemix operating results, announcements of technological innovations, patents or new commercial products by Hemostemix or competitors, results of clinical testing, regulatory actions, or public concern over the safety of biopharmaceutical products and other factors could have a significant effect on the share price or trading volumes for the common shares. Hemostemix's shares, may be subject to significant price and volume fluctuations and may continue to be subject to significant price and volume fluctuations in the future. Hemostemix has not paid dividends to date and does not expect to pay dividends in the foreseeable future.

Conflict of Interest
Certain of the directors and senior officers of Hemostemix may, from time to time, be employed by or affiliated with organizations which have entered into agreements with Hemostemix. As disputes may arise between these organizations and Hemostemix, or certain of these organizations may undertake or have undertaken research with competitors of Hemostemix, there exists the possibility for such persons to be in a position of conflict. Any decision or recommendation made by these persons involving Hemostemix will be made in accordance with his or her duties and obligations to deal fairly and in good faith with Hemostemix and such other organizations. In addition, as applicable, such directors and officers will refrain from voting on any matter in which they have a conflict of interest.

No Key Management Insurance
The Company does not currently have key management insurance in place in respect of any of its senior officers or personnel.

No Anticipated Dividends
The Company does not intend to pay dividends on any investment in the shares of stock of the Company. The Company has never paid any cash dividends and currently do not intend to pay any dividends for the foreseeable future. To the extent that the Company requires additional funding currently not provided for in its financing plan, its funding sources may prohibit the payment of a dividend. Because the Company does not intend to declare dividends, any gain on an investment in the Company will need to come through an increase in the stock's price. This may never happen, and investors may lose all of their investment in the Company.

Market Disruption Risks
Geopolitical risks such as war and occupation, terrorism, tariffs and trade wars may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events could also have an acute effect on individual company's or related groups of companies. These risks could also adversely affect securities markets, inflation and other factors from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the Company.

Disclosure of Internal Controls

Management maintains disclosure controls and internal controls over financial reporting to ensure material information is communicated for timely disclosure. As of December 31, 2025, the CEO and CFO evaluated these controls and concluded they are effective under MI 52-109, except as noted below.

Typical of small, growing companies, weaknesses exist, including limited segregation of duties and specialized disclosure expertise, partially mitigated through senior management oversight by an independent board of directors, an audit committee, adhoc committees of the independent directors when required, and external consultation when needed.

Management continues to improve these controls, though no specific changes were made during the period, the independent directors were consulted regularly and management remains committed to ongoing enhancements.

Additional Disclosure For Venture Issuers Without Significant Revenues

The Company's main focus is to develop, blood-derived cell therapies primarily for the treatment of severe medical conditions not adequately addressed by current treatments.

To achieve commercialization of its products, the Company must obtain regulatory approval in each respective jurisdiction it intends to market its products. Management of Hemostemix believes it may be possible to achieve this in certain jurisdictions on the basis of positive Phase 2 clinical trial data, but in most jurisdictions additional clinical data from larger clinical trials will be required to obtain such approval.

Hemostemix is selling TCDs to investors who potentially want to be treated in a jurisdiction that allows autologous stem cell therapy law or exemption. To date 15 TCDs have been issued. Future revenues may be generated from the potential conversion of the TCD to a medically approved ACP-01 therapy treatment.

Additional information concerning the Company is available on Sedar+ at **www.sedarplus.com**.