

Neural Therapeutics Inc.

Unaudited Interim Condensed Financial Statements

Three and Six Months Ended January 31, 2025

(Expressed in Canadian Dollars, unless otherwise noted)

Notice To Reader

The accompanying unaudited interim condensed financial statements of Neural Therapeutics Inc. (the "**Company**") have been prepared by and are the responsibility of management. The unaudited interim condensed financial statements have not been reviewed by the Company's auditors.

Neural Therapeutics Inc.
Unaudited Interim Condensed Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	January 31, 2025	July 31, 2024
ASSETS			
Cash		\$ 546,318	\$ 66,789
Harmonized sales tax receivable		10,813	27,686
Other asset		1,565	1,565
Total Assets		\$ 558,696	\$ 96,040
LIABILITIES			
Current Liabilities			
Accounts payable	3	\$ 66,931	\$ 87,114
Accrued liabilities	3	211,916	207,857
Promissory note	4	11,885	11,238
Total current liabilities		290,732	306,209
Long-Term Liabilities			
Due to related parties	8	706,670	373,539
Due to other party	8	-	100,000
Total Long-Term liabilities		706,670	473,539
Total Liabilities		\$ 997,402	\$ 779,748
Shareholder's Deficit			
Share capital	5	\$ 2,956,113	\$ 2,913,463
Shares to be issued	6	520,661	101,865
Reserve for warrants	7	437,706	437,706
Deficit		(4,353,186)	(4,136,742)
Total Deficit		(438,706)	(683,708)
Total Liabilities and Deficit		\$ 558,696	\$ 96,040

Approved on behalf of the Board:

"Ian Campbell", Director
(signed)

"John Durfy", Director
(signed)

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

Neural Therapeutics Inc.
Unaudited Interim Condensed Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	January 31, 2025	January 31, 2024	January 31, 2025	January 31, 2024
Operating Expenses				
Salaries, wages and benefits	\$ 3,571	11,063	\$ 12,995	20,731
Consulting fees	62,750	44,684	85,250	78,144
Research expenses	12,202	83,994	61,413	190,161
Professional fees	26,836	26,405	41,951	39,751
General and administrative	13,896	8,742	18,197	17,683
Bank fees	57	1,053	114	1,726
	119,312	175,941	219,920	348,196
SR&ED income	(1,089)	-	(1,089)	(14,700)
Foreign exchange (gain) loss	(2,383)	527	(2,387)	831
Net loss	(115,840)	(176,468)	(216,444)	(334,327)
Weighted average number of common shares outstanding -Basic and diluted	66,528,907	54,068,101	66,152,379	59,919,908
Loss per share - Basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)

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

Neural Therapeutics Inc.
Unaudited Interim Condensed Statements of Cashflows
(Expressed in Canadian Dollars)

	<u>Six Months Ended January 31,</u>	
	2025	2024
Operating activities		
Net loss for the period	\$ (216,444)	(334,327)
Items not affecting cash:		
Shares issued for debt settlement	-	31,880
Interest expenses	358	-
	<u>(216,086)</u>	<u>(302,447)</u>
Changes in non-cash working capital:		
Harmonized sales tax receivable	16,873	51,612
Accounts payable and accrued liabilities	(116,124)	(7,718)
Prepaid expense	-	8,000
Other asset	-	-
Due to related parties	-	-
Reclassification of certain payables as long-term liabilities	306,881	-
Net cash used in operating activities	<u>(8,456)</u>	<u>(250,553)</u>
Financing activities		
Proceeds from issuance of shares	-	60,000
Private placement subscriptions	461,446	-
Promissory note	289	-
Share issue costs	-	(12,586)
Cash flows provided by financing activities	<u>461,735</u>	<u>47,414</u>
Cash at the beginning of period	<u>66,789</u>	<u>273,323</u>
Cash at the end of period	<u>520,068</u>	<u>70,184</u>

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

Neural Therapeutics Inc.
Unaudited Interim Condensed Statements of Changes in Shareholders' Deficit
(Expressed in Canadian Dollars)

	Number of Common shares #	Share capital \$	Reserve for warrants \$	Shares to be issued \$	Deficit \$	Total shareholders' deficit \$
Balance as at July 31, 2023	45,065,322	2,314,719	427,845	466,010	(3,470,712)	(262,138)
Shares issued for private placement	10,928,183	327,845	-	(232,664)	-	95,181
Shares issued for debt settlement	9,778,209	293,346	-	(233,346)	-	60,000
Shares issuance costs	-	(22,447)	9,861	-	-	(12,586)
Shares to be issued	-	-	-	31,880	-	31,880
Net loss for the period	-	-	-	-	(334,327)	(334,327)
Balance as at January 31, 2024	65,771,714	2,913,463	437,706	31,880	(3,805,039)	(421,990)
Balance as at July 31, 2024	65,771,714	2,913,463	437,706	101,865	(4,136,742)	(683,708)
Shares issued for debt settlement	1,421,668	42,650	-	-	-	42,650
Shares to be issued	-	-	-	418,796	-	418,796
Net loss for the period	-	-	-	-	(216,444)	(216,444)
Balance as at January 31, 2025	67,193,382	2,956,113	437,706	520,661	(4,353,186)	(438,706)

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

Neural Therapeutics Inc.
Notes to the Unaudited Condensed Interim the Financial Statements
For the Three and Six Months Ended January 31, 2025
(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Neural Therapeutics Inc. ("**Neural**" or the "**Company**") is a private company incorporated in the Province of Ontario on June 2, 2020 under the Ontario Business Corporations Act. Neural is an ethnobotanical drug-discovery/development company focused on developing products and conducting research with psychoactive plants. The Company is domiciled in Canada and its registered and records office is located at 3002-130 Adelaide Street West, Toronto, ON M5H 3P5.

The initial focus of the Company will be the San Pedro (*Echinopsis pachanoi* or *Trichocereus pachanoi*), a cactus containing *mescaline*. The Company is working to identify where plant-based traditional-medicine has proven to be effective and capitalize on the development of a path to market in both pharmaceutical (use of mescaline) and nutraceutical (where mescaline is absent).

On May 23, 2023 the Company became an unlisted reporting issuer in the Provinces of British Columbia, Alberta and Quebec, pursuant to a plan of arrangement (the "**Plan of Arrangement**") between the Company and Vertical Peak Holdings Inc. ("**Vertical Peak**"), more particularly described in the management information circular of Vertical Peak available on Neural's profile on www.sedarplus.ca.

As at January 31, 2025, the Company had working capital of \$267,964 (July 31, 2024 – working capital deficiency of \$210,169), had accumulated losses of \$4,353,186 (July 31, 2024 - \$4,136,742), and expects to incur further losses in the development of its business, all of which describe the material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on its ability to obtain further funding, manage cash flows, and restructure borrowings. There is a significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the unaudited interim condensed financial statements. These unaudited interim condensed financial statements do not include adjustments relating to the recoverability and classification of recorded assets or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern which could be material.

These unaudited interim condensed financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable commercial operations and/or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these unaudited interim condensed financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net and comprehensive loss, and statements of financial position classifications used. Such adjustments could be material.

2. Basis of preparation

2.1 Statement of compliance

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The unaudited interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

These unaudited interim condensed financial statements were reviewed, approved and authorized for issuance by the Company's Board of Directors on March 31, 2025.

2.2 Basis of measurement

These unaudited interim condensed financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets and services. In addition, these unaudited interim condensed financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Neural Therapeutics Inc.
Notes to the Unaudited Condensed Interim the Financial Statements
For the Three and Six Months Ended January 31, 2025
(Expressed in Canadian Dollars)

3. Accounts payable and accrued liabilities

The breakdown of the accounts payable and accrued liabilities is as follows:

	January 31, 2025	July 31, 2024
Accounts payable (i)	\$ 66,931	\$ 87,114
Accrued wages (ii)	-	39,263
Accrued liabilities (iii)(iv)	211,916	168,594
Total	\$ 278,847	\$ 294,971

- (i) Included in accounts payable are the following: \$880 due to FMI Capital Advisory Inc. ("FMICA"), a company which Alex Storcheus, a director of the Company, is a director of, (see Note 8); and \$26,424 to Marrelli Support Services Inc. ("MSSI"), a private company that employs Omar Gonzalez, the Company's Chief Financial Officer.
- (ii) Accrued wages related to management compensation to Ian Campbell, CEO of the Company, which have been reclassified as long-term liabilities, as further discussed in Note 8.
- (iii) Included in accrued consulting are the following fees: \$5,000 is owed to Ian Campbell, CEO of the Company; and \$26,332 is owed to Alex Storcheus, a director of the Company for cash advanced to the Company to cover certain operating expenses and filing fees.
- (iv) The Company determined that approximately \$55,000 included in accrued liabilities (the "**Statute-Barred Claims**") were statute-barred under the Limitations Act (*Ontario*) ("**Limitations Act**"). For accounting purposes under IFRS, a debt can only be removed from the Company's financial statements when it is extinguished, meaning only when the contract is discharged, canceled, or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation, but it does not formally extinguish the debt for accounting purposes. The Statute-Barred Claims are required to be reflected on the Company's financial statements as a result of the current interpretation of IFRS, but the Company has no intention to pay this Statute-Barred Claims and the creditors cannot enforce their payment.

4. Promissory note

As at January 31, 2025, the Company has a promissory note of \$11,885 (July 31, 2024 - \$11,238) provided by Northern Star Capital Inc. ("NSCI"), a company that is 100% owned by Alex Storcheus, a director of the Company. The outstanding balance is secured, bears an annual interest rate of 13% and due on the earliest of refund of the harmonized sales tax (HST) or February 28, 2024. The promissory note included principal amounts of \$11,000 (July 31, 2024 - \$11,000) and interest accrued of \$885 (July 31, 2024 - \$238). The promissory note was repaid by the Company subsequent to January 31, 2025.

5. Share capital

The Company is authorized to issue an unlimited number of common shares without par value. As at January 31, 2025, the Company has 67,193,381 (July 31, 2024 – 65,771,712) shares issued and outstanding.

	Shares Issued	\$
Balance, July 31, 2023	45,065,322	2,314,719
Shares Issued for Financing (i)	9,778,209	\$ 293,346
Shares Issued for service (ii)	10,928,183	\$ 327,845
Share issuance cost		(22,447)
Balance, January 31, 2024 and July 31, 2024	65,771,714	2,913,463
Shares issued for debt settlement (iii)	1,421,668	42,650
Balance, January 31, 2025	67,193,382	2,956,113

Neural Therapeutics Inc.
Notes to the Unaudited Condensed Interim the Financial Statements
For the Three and Six Months Ended January 31, 2025
(Expressed in Canadian Dollars)

5. Share Capital (continued)

- (i) On September 21, 2023, Neural closed the first tranche of the private placement ("**September 2023 Private Placement**") for gross proceeds of \$293,346 through the issuance of 9,778,209 Neural Shares at a price of \$0.03 per Neural Share. The Company paid cash finders' fees of \$12,586 and issued 419,564 finders' warrants ("**Finders' Warrants**") each Finders' Warrant is exercisable into one Neural Share at a price of \$0.05 per Neural Share until September 21, 2025.
- (ii) On September 21, 2023, Neural settled \$327,845 of indebtedness ("**September 2023 Debt Settlement**") owed through the issuance of 10,928,181 Neural Shares at a price of \$0.03, which included settlement of \$67,500 of indebtedness to John Durfy, Chairman of Neural and \$16,219 of indebtedness to a company controlled by Robert Wilson, former Chief Financial Officer of Neural.
- (iii) On December 13, 2024, Neural settled \$42,650 of indebtedness ("**December 2024 Debt Settlement**") owed through the issuance of 1,421,668 Neural Shares at a price of \$0.03, which included a settlement of \$52,650 of indebtedness with vendors.

6. Shares to be issued

As of July 31, 2024, the Company has recorded \$46,880 in shares to be issued for consultant services to be settled in Neural Shares, including \$17,150 to Dr. Kelly Narine, a former director of the Company and \$4,730 to MSSI.

As of January 31, 2025, the Company has received an aggregate \$518,500 (July 31, 2024 - \$54,985) for the ongoing private placement of Neural Shares, which were recorded it in shares to be issued.

7. Reserve for Warrants

	Warrants Issued	\$
Balance, July 31, 2023	8,143,267	427,845
Warrants issued in exchange for broker services (i)	419,564	9,861
Balance, January 31, 2024, July 31, 2024 and January 31, 2025	8,562,831	437,706

- (i) As part of the September 2023 Private Placement, 419,564 Finders' Warrants were issued (see Note 5(v)). The value of the Finders' Warrants for \$9,861 was calculated using the Black-Scholes pricing model and the assumptions at grant date were as follows: expected dividend yield of 0%; expected volatility of 191%; a risk-free interest rate of 4.95% and an expected life of 2 years. Volatility was based on comparable companies.

As at January 31, 2025, the following warrants and broker warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants Outstanding and Exercisable
February 3, 2026	\$ 0.100	4,999,993
February 3, 2026	\$ 0.075	575,800
August 3, 2025	\$ 0.100	546,667
August 3, 2025	\$ 0.075	20,800
May 23, 2026	\$ 1.000	2,000,000
September 21, 2025	\$ 0.050	419,564
		8,562,824

As at January 31, 2025, the weighted average exercise price of the warrants was \$0.31 (July 31, 2024 – \$0.31) and the weighted average remaining contractual life of the warrants was 1.03 years (July 31, 2024 – 0.87).

Neural Therapeutics Inc.
Notes to the Unaudited Condensed Interim the Financial Statements
For the Three and Six Months Ended January 31, 2025
(Expressed in Canadian Dollars)

7. Reserve for Warrants (continued)

On November 15, 2024 Neural agreed to issue 21,467,163 common share purchase warrants (each a "Warrant"), as follows: (a) 1,381,426 Warrants to Ian Campbell in connection with the execution of the Campbell Consulting Agreement; (b) 6,606,750 Warrants to John Durfy, in connection with the execution of the HCA Termination Agreement; (c) 4,206,667 to FMICA in consideration for the amendment of the FMICA Agreement; (d) 4,249,769 to settle a debt with an unrelated arm's length party; and (e) 4,913,334 pursuant to consulting agreements with unrelated arm's length parties. Each Warrant will be exercisable into one common share in the capital of Neural ("Neural Shares") at a price of \$0.05 per Neural Share for a period of three years from the date of issuance, subject to acceleration by the Company giving at least 30 days' notice if the Neural Shares trade at a volume-weighted average price of \$0.15 or higher for a period of at least 10 consecutive trading days. These Warrants were issued on March 7, 2025.

Warrant Extension

Neural Board approved an amendment of the expiry date of 4,999,993 common share purchase warrants ("Neural Seed Warrants") and 575,800 broker warrants ("Neural Seed Broker Warrants") from February 3, 2025 to February 3, 2026. Neural Seed Warrants and Neural Seed Broker Warrants were issued to subscribers in the first tranche of the Neural Seed Financing, which closed on February 3, 2022. All other terms of the Neural Seed Warrants and Neural Seed Broker Warrants will remain unchanged.

8. Related parties' transactions

a. Key management compensation

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly.

On March 31, 2024, Ian Campbell - Chief Executive Officer and Director of Neural, John Durfy – Chairman of Neural, and FMICA each entered into a waiver and deferral agreements with Neural ("**Amended Deferral Agreements**"), pursuant to which each party agreed to defer the respective amounts outstanding to them as follows: \$283,510 (being the amount outstanding due to Mr. Campbell as of March 31, 2024), \$67,800 (being the amount outstanding due to Mr. Durfy as of March 31, 2024) and \$60,000 (being the amount outstanding due to FMICA as of March 31, 2024), until the earlier of: a) May 31, 2025; and b) Neural completing a financing for gross proceeds of no less than \$400,000 following Listing, excluding Series A Financing ("**Deferral Trigger Date**").

As at January 31, 2025 and July 31, 2024, the balance outstanding with them has been reclassified from current liabilities into long-term liabilities pursuant to the deferral agreements entered into on November 15, 2025, pursuant to which the Deferral Trigger Date until the earlier of: a) March 31, 2026; and b) Neural completing financing for gross proceeds of no less than \$400,000 following Listing, excluding Series A Financing ("**Amended Deferral Trigger Date**").

The following is a summary of the key management compensation for the three and six months ended January 31, 2025 and 2024:

	Three Months Ended		Six Months Ended	
	January 31,		January 31,	
	2025	2024	2025	2024
Director fees (i)	3,750	22,500	26,250	45,000
Salaries (ii)	7,853	48,032	54,968	95,282
Professional fees (ii)	65,000	-	65,000	-
Marrelli Support Services Inc. (iii)	4,635	21,405	11,895	33,895
Total	81,238	91,937	158,113	174,177

- (i) During the three and six months ended January 31, 2025, the Company incurred \$63,750 and \$86,250 (three and six months ended January 31, 2024 - \$22,500 and \$45,000), respectively, of consulting fees paid to a company 100% owned by John Durfy, Chairman of the Company. As at January 31, 2025, \$nil (July 31, 2024 - \$115,725) was outstanding, as the amount has been assigned to NSCI, as the balance has been assigned to NSCI and included in long-term liabilities.
- (ii) During the three and six months ended January 31, 2025, the Company incurred \$12,853 and \$53,032 (three and six months ended January 31, 2024 - \$48,032 and \$95,282), respectively, in salaries, consulting fees, vacation accrual, and bonus expenses to Ian Campbell, CEO of the Company. As at January 31, 2025, \$5,000 (July 31, 2024 - \$338,477) was outstanding, of which \$5,000 (July 31, 2024 - \$299,214) was included in accrued liabilities, as the balance has been assigned to NSCI and included in long-term liabilities.

Neural Therapeutics Inc.
Notes to the Unaudited Condensed Interim the Financial Statements
For the Three and Six Months Ended January 31, 2025
(Expressed in Canadian Dollars)

8. Related parties' transactions (continued)

- (iii) During the three and six months ended January 31, 2025, the Company incurred \$4,635 and \$11,895 (three and six months ended January 31, 2024 - \$21,405 and \$33,895), respectively, for accounting and CFO services to Marrelli Support Services Inc. As at January 31, 2025, \$26,424 (July 31, 2024 - \$26,371) was included in accounts payable.

b. Deferral Agreements, Consultant Agreements and HCA Termination Agreements, and NSCI Assignment Agreement

On November 15, 2024, Neural entered into waiver and payment deferral agreements ("**Deferral Agreements**") with Ian Campbell, CEO of Neural, Humber Capital Advisors Inc. ("**HCA**"), a company that is owned by John Durfy, Chairman of Neural and certain arm's length parties (collectively "**Creditors**"), which resulted in a deferral of certain accounts payable and accrued liabilities of an aggregate of \$691,318 ("**Deferred Amount**"). Pursuant to the terms of the Deferral Agreements, the Deferred Amount was deferred until the date ("**Deferral Trigger Date**") that is the earlier of: (a) January 15, 2026; and (b) the Company completing a financing for gross proceeds of no less than \$400,000 following a successful listing on a recognized stock exchange in Canada ("**Listing**"), which for greater clarity, excludes the financing that is expected to be completed in connection with or immediately prior to such Listing. Following entry into the Deferral Agreements, the Creditors entered into agreements ("**NSCI Assignment Agreements**") to assign approximately \$551,318 of the Deferred Amount to NSCI, which further agreed to defer the amount until the Amended Deferral Trigger Date, which was the total Deferred Amount owing to NSCI as at January 31, 2025 (July 31, 2024 – Nil).

On November 15, 2024, the Company entered into an agreement to replace the employment agreement with Ian Campbell, CEO of Neural with a consulting agreement ("**Campbell Consulting Agreement**"), which provides for payment of a fee of \$2,000 per month on a go forward basis. Pursuant to the Campbell Consulting Agreement, Ian Campbell will continue to serve as the Chief Executive Officer, Secretary and Director of the Neural.

On November 15, 2024, the Company agreed to terminate the consulting agreement with HCA ("**HCA Termination Agreement**"). John Durfy will continue to serve as a Chairman of the Board of Neural.

9. Management of capital

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and six months ended January 31, 2025 and 2024. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity surplus/(deficiency), which is comprised of share capital, shares to be issued, reserve for warrants and deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning, and to obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numerical target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements, initial public offering, issuance of convertible debentures, debt, and sale leaseback transactions. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Neural Therapeutics Inc.
Notes to the Unaudited Condensed Interim the Financial Statements
For the Three and Six Months Ended January 31, 2025
(Expressed in Canadian Dollars)

10. Financial instruments

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to trade receivable. The Company has no other significant concentration of credit risk arising from operations. Cash are held with a reputable credit union which is closely monitored by management. Amounts receivable consists of trade amounts receivable, harmonized sales tax due from the Canadian government, promissory note receivable and other receivable from third parties.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The ability of the Company to continue as a going concern is dependent on its ability to obtain funding, manage cash flows, restructure borrowings, and recover funds loaned to borrowers that have currently been provided against or recover collateral that secured those loans. There is significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will continue its normal business activities and realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the unaudited interim condensed financial statements. These unaudited interim condensed financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

In the short term, the continued operations of the Company may be dependent upon its ability to obtain additional financing. Without this additional financing, the Company may be unable to meet its obligations as they come due. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost.

Foreign currency exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company enters into foreign currency purchase transactions and has assets and liabilities that are denominated in foreign currencies and thus is exposed to the financial risk fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk.

An increase (decrease) of 10% in the currency exchange rate of the Canadian dollar versus the US dollar would have impacted the Company's net loss by \$3,111 (July 31, 2024 - \$nil) as a result of the Company's exposure to currency exchange rate fluctuations.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. The Company manages interest rate risk by monitoring market conditions and the impact of interest rate fluctuations on its debt. The Company does not have any interest-bearing financial liabilities.

11. Commitments and other contingencies

In accordance with the terms of an advisory agreement with FMICA dated December 17, 2021, subject to the completion of a listing of its common shares on a recognized Canadian exchange and concurrent financing, the Company is obliged to issue a fee payable in a form of Neural Shares (plus HST in cash) equal representing up to 5% of the issued and outstanding capital of the Company after completion of Listing, which was satisfied through the issuance of 4,223,834 Neural Shares to FMICA on March 7, 2025.

In accordance with the terms of an advisory agreement with a private company controlled by Robert Wilson, former Chief Financial Officer of Neural, the Company committed to issue 366,667 Neural Shares, which remains to be issued.

Neural Therapeutics Inc.
Notes to the Unaudited Condensed Interim the Financial Statements
For the Three and Six Months Ended January 31, 2025
(Expressed in Canadian Dollars)

12. Letter of intent with CWE European Holdings Inc.

CWE European Holdings Inc., ("CWE" or "HANF") is a prominent hemp-based product retailer in Germany. CWE owns and operates both physical and online stores, with 12 locations in the State of Bavaria in Germany under the brand name "HANF". Notably, CWE's private label products account for 50% of its offline retail sales.

Under the terms of the LOI, Neural and CWE intend to enter into an agreement or series of agreements ("**Definitive Agreement**") that will give Neural an option to acquire an interest in CWE as follows:

- **Series A Option** - Neural will have the option to acquire approximately 36% equity interest in CWE by issuing an aggregate of 80,000,000 common shares in the capital of Neural ("**Neural Shares**"), determined using an exchange ratio ("**Exchange Ratio**") of four Neural Shares for each corresponding share in the capital of CWE ("**CWE Share**")
- **Series B Option** - Neural will have an option to acquire the remaining 64% equity interest in CWE, subject to the same Exchange Ratio, with the exact number of Neural securities to be determined in the Definitive Agreement.

The LOI is intended as an expression of the mutual intention of the Parties to proceed towards settling the Definitive Agreement and is not a binding contract or commitment to consummate the transactions set out in the LOI. Completion of the transactions described herein are subject to a number of conditions, including but not limited to, execution of the Definitive Agreement, completion of satisfactory due diligence, CSE acceptance and receipt of requisite regulatory approvals. Where applicable, the proposed transaction cannot close until the required shareholder approvals, and any ancillary matters thereto, are obtained. There can be no assurance that the transactions will be completed as proposed or at all.

13. Subsequent events

Closing of Series A Financing

On March 7, 2025 (the "**Closing Date**"), the Company closed the final tranche of the Series A Financing, raising \$518,500 through the issuance of 17,283,329 Neural Shares at a price of \$0.03 per Neural Share. In connection with the closing of the final tranche of the Series A Financing, Neural paid cash finder's fees of \$38,480 and issued 1,282,666 finder's warrants ("**Finder Warrants**"). Each Finders' Warrant is exercisable into Neural Shares at a price of \$0.05 per Neural Share until March 7, 2027. Securities issued in the final tranche of the Series A Financing are subject to a statutory hold period of four months plus one day from the date of issuance, in accordance with applicable securities legislation.

CSE Listing Approval and Commencement of Trading

On March 10, 2025, the Company announced that the CSE has conditionally approved the listing ("**Listing**") of Neural Shares A Form 2A Listing Statement dated March 7, 2025 (the "**Listing Statement**"), has been filed with the CSE and is available under Neural's profile on www.sedarplus.ca and on the CSE website. Neural Shares commenced trading on the CSE under the ticker symbol "**NURL**" on March 17, 2025.

Extension of Letter of Intent with "Hanf.com"

By mutual agreement, Neural and CWE (dba Hanf.com) have extended the term of their letter of intent and the deadline to enter into a definitive agreement to April 30, 2025. All other terms and conditions of the letter of intent (as further described in Neural's press release dated October 3, 2024) remain unchanged.

Issuance of Neural Share Purchase Warrants

As further described in a press release dated November 25, 2024 and in Note 7 hereto, Neural has issued 21,467,163 common share purchase warrants (each a "**Warrant**").

Stock Success Fee Issuance

On March 7, 2025, concurrently and in connection with Listing, Neural issued 4,223,835 Neural Shares at a price of \$0.03 per Neural Share to FMI Capital Advisory Inc. ("**FMICA**"), representing the stock success fee payable to FMICA under the financial advisory agreement entered into by Neural and FMICA on December 17, 2021. Neural Shares issued to FMICA in representing the stock success fee are subject to a statutory hold period of four months plus one day from the date of issuance, in accordance with applicable securities legislation.

Neural Therapeutics Inc.
Notes to the Unaudited Condensed Interim the Financial Statements
For the Three and Six Months Ended January 31, 2025
(Expressed in Canadian Dollars)

13. Subsequent Events (continued)

Share Transfers and Early Warning Disclosure

As further described in Neural's press release dated November 25, 2024 and the Listing Statement available under Neural's SEDAR+ profile, Northern Star Capital Inc. ("**NSCI**"), a company 100% owned by Alex Storcheus, a director of Neural, acquired an aggregate of 8,858,881 Neural Shares ("**Transferred Shares**") from various parties, including 2,614,050 Neural Shares from Humber Capital Advisors Inc., a company 100% owned by John Durfy, Chairman of Neural.

NSCI also participated in the Series A Financing by subscribing for 833,333 Neural Shares. As a result of these transactions, in addition to Neural Shares acquired in past financings, Alex Storcheus, a director of Neural became an indirect beneficial owner of, and exercises control or direction over, an aggregate of 12,712,950 Neural Shares, representing approximately 14.33% of the issued and outstanding Neural Shares.

Escrowed Share Transfer and Entry into Second Escrow Agreement

Included in the transfer were 8,089,321 Neural Shares ("**Transferred Escrow Shares**") were transferred to NSCI, which remained subject to escrow the provisions of an escrow agreement entered into pursuant to National Policy 46-201 - Escrow for Initial Public Offerings ("**NP46-201**") on May 23, 2023 ("**First Escrow Agreement**") entered in connection with the plan of arrangement between Neural and Vertical Peak Holdings Inc.

Effective on the Listing Date, the First Escrow Agreement was terminated and replaced by the Second Escrow Agreement, which was entered in connection with the Listing. The Second Escrow Agreement imposes more restrictive escrow provisions, aligning with Neural's obligations as a newly listed issuer. All of Neural Shares which are currently subject to escrow under the First Escrow Agreement (which was set to conclude on May 23, 2026) are now subject to the Second Escrow Agreement and will be released according to its new schedule, which concludes three years from the Listing Date. Transferred Escrow Shares which were transferred to NSCI in reliance on Section 6.3(1)(a) of NP 46-201. Please see the Listing Statement for further details.