MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended March 31, 2026

APPILI THERAPEUTICS INC.

The following Management's Discussion and Analysis ("**MD&A**") of Appili Therapeutics Inc. ("**Appili**", the "**Company**", "**we**", "**us**" or "**our**") is prepared as of June 26, 2026, and provides information concerning the Company's financial condition and results of operations. This MD&A should be read in conjunction with our audited annual consolidated financial statements for the fiscal years ended March 31, 2026 and 2025, including the related notes thereto. The preparation of financial information included in the MD&A has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"), unless otherwise noted. Unless stated otherwise, all references to "$" are to Canadian dollars ("**CAD**").

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements or forward-looking information (collectively, "**forward-looking statements**") under applicable Canadian securities legislation including, without limitation, statements containing the words "believe," "may," "plan," "will," "estimate," "continue," "anticipate," "intend," "expect," "predict," "project," "potential," "continue," "ongoing" or the negative or grammatical variations of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us based on our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- our ability to continue as a going concern;
- our ability to maintain the listing of the Company's Class A common shares (the "**Common Shares**") on the Toronto Stock Exchange (the "**TSX**");
- our strategy;
- the sufficiency of our financial resources to support our activities;
- potential sources of funding;
- our deployment of resources;
- our ability to obtain necessary funding on favourable terms or at all;
- our expected expenditures and accumulated deficit level;
- the ability of our partner, Saptalis (as defined herein), to successfully utilize a commercial partner to support the sales and distribution of LIKMEZ;
- our ability to successfully defend any and all cases of patent infringement relating to our active patents;
- our outcomes from ongoing and future research and research collaborations;
- our exploration of opportunities through collaborations, strategic partnerships, and other transactions with third parties;
- our plans for the research and development ("**R&D**") of certain product candidates;
- the continued existence of priority review voucher ("**PRV**") programs and the eligibility of certain of our programs for a PRV;
- our ability to obtain funding and collect such funding from the National Institute of Allergy and Infectious Diseases ("**NIAID**"), US Department of Defense (**"USDOD"**), and U.S. Air Force Academy ("**USAFA**"), or other potential sources of non-dilutive funding at all or in a timely manner;
- our intention to secure certain regulatory designations, such as Fast-Track status, for our development programs;
- expectations relating to the timing of future milestone payments from Saptalis;
- our strategy for protecting our intellectual property;
- our ability to identify licensable products or research suitable for licensing and commercialization;
- our ability to obtain licenses on commercially reasonable terms;
- our plans for generating revenue;
- our plans for future clinical trials;
- our ability to hire and retain skilled staff; and
- our intention with respect to updating any forward-looking statements after the date on which such statement is made or to reflect the occurrence of unanticipated events.

Such statements reflect our current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Appili as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to (i) our ability to continue to partner with the NIAID, USDOD and USAFA (ii) the availability of financing on reasonable terms; (iii) the Company's ability to initiate and complete its proposed clinical trials in a timely manner; (iv) the Company's ability to enter into the requisite clinical trial agreements relating to any proposed clinical trials; (v) obtaining positive results of clinical trials; (vi) obtaining regulatory approvals; (vii) general business and economic conditions; (viii) the Company's ability to successfully out-license or sell its current products and in-license and develop new products; (ix) the Company's ability to attract and retain skilled staff; (x) market competition; (xi) the products and technology offered by the Company's competitors; (xii) the Company's ability to protect patents and proprietary rights; and (xiii) the Company's ability to secure the requisite level of patient and site enrollment.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including risks related to:

- working capital and capital resources, including the Company's ability to secure funding from NIAID for VXV-01;
- the Company's ability to identify and source additional non-dilutive funding opportunities;
- the ability of the Company to complete all tranches of the Private Placement (as defined herein);
- limited operating history and early stage of development;
- identifying, developing, licensing and commercializing product candidates;
- regulatory risks;
- market competition;
- the Company's dependence on third parties;
- clinical trial risks;
- third party manufacturing and supplier risks;
- the Company's potential redeployment of resources;
- the ownership and protection of intellectual property;
- litigation and product liability risks;
- the Company's ability to meet certain debt obligation covenants;
- employee matters and managing growth;
- ownership of the Company's securities;
- the possibility of the US government permanently or temporarily suspending payments for existing funding contracts as the Department of Government Efficiency and the US government considers changes to spending priorities;
- ability to attract and retain key personnel;
- the Company's existing credit facility with Long Zone Holdings ("**LZH**");
- the ability of the Company to receive the Termination Fees (as defined herein) from Aditxt, Inc. ("**Aditxt**")
- implementation and development delays;
- product deficiencies;
- volatility of share price; and
- the other risks discussed under the heading "*Risk Factors*" in the Company's annual information form dated June 26, 2026.

Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

MARKET DATA

Certain market and industry data (including study results) used in this MD&A were obtained from market research, publicly available information and industry publications. Appili believes that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. Appili has not independently verified this information and does not make any representation or warranty as to the accuracy of this information.

BUSINESS OVERVIEW

Appili is a pharmaceutical company focused on the acquisition and development of novel treatments targeting unmet needs in infectious disease. Since Appili's in 2015, the Company has been focused on building and advancing a diverse portfolio of anti-infective programs. Key activities have included the acquisition and development of novel technologies, the development of strategic partnerships, targeted hiring and building out drug development capabilities, securing intellectual property, and raising funds through equity capital raises and non-dilutive funding mechanisms.

The Company's anti-infective product development portfolio currently includes three programs, LIKMEZ® (ATI-1501), ATI-1701, and ATI-1801, and one collaboration program, VXV-01, as described below.

Subject to the renewal of certain legislation, Appili expects that two of its programs (ATI-1801 and ATI-1701) may be eligible for a PRV if approved by the United States Food and Drug Administration ("**FDA**"). The PRV program was developed to incentivize drug development in US government priority areas including tropical diseases . Once issued, a PRV can be used by its holder to accelerate the review of a subsequent drug or biologic license application. PRVs are transferrable and the secondary market for PRVs is well established with over 50 transactions reported publicly with recent transactions exceeding US$200 million.

ATI-1801

Appili licensed the exclusive worldwide rights to topical antiparasitic product ATI-1801 from the US Army Medical Materiel Development Activity ("**USAMMDA**") in August 2019.

ATI-1801 is a novel topical formulation of paromomycin (15% w/w) under advanced clinical development for the treatment of cutaneous leishmaniasis, a disfiguring infection of the skin that affects hundreds of thousands of people around the world annually. The condition is characterized by the formation of lesions and ulcers that often lead to scarring, disfigurement, disability, and stigmatization of the infected individual (CDC 2020. WHO 2022, Okwor 2016). The disease is a serious impediment to socioeconomic development, especially for women, and is a priority for governments and non-governmental organizations (**"NGOs"**) around the world (NIAID 2021, DNDi 2021). Current treatments are often invasive, toxic and/or require hospitalization, limiting access. (Aronson 2016, DNDi 2018).

ATI-1801 has the potential to significantly reduce the burden of the disease by providing patients with a safe and effective therapy that can be used at home. ATI-1801's active ingredient, paromomycin, disrupts protein synthesis within *Leishmania* parasites, effectively stopping their growth and multiplication. Appili licensed the full clinical dossier for ATI-1801 from USAMMDA, including the results of a randomized, vehicle-controlled Phase 3 study which evaluated the safety and efficacy of ATI-1801 for the treatment of cutaneous leishmaniasis in Tunisia. The study met its primary endpoint, with ATI-1801 administered topically once daily for 20 days demonstrating a significant improvement in the rate of clinical cure of the index lesion compared to vehicle at 6 months (82% vs 58%; p-value < 0.0001).

In response to Appili's recent Type B meeting request, the FDA agreed with the Company's proposed strategy to establish a scientific bridge between previous clinical trial material and new drug product batches. This approach includes developing an appropriately validated in-vitro release test ("**IVRT**") method and manufacturing a new reference standard to use in IVRT studies to support the scientific bridge to products used in prior studies. This will allow completion and submission of a New Drug Application with the FDA much sooner than if additional clinical data were required.

Appili expects to pursue non-dilutive funding and partnership opportunities with NGOs and government agencies which share the Company's focus on tropical diseases to implement the agreed-upon strategy and complete remaining development work.

ATI-1801 has received an Orphan Drug Designation ("**ODD**") from the FDA for the treatment of certain forms of cutaneous leishmaniasis.

Due to the nature of the Company's business and stage of operations, there is no assurance that ATI-1801 will successfully complete the remaining development activities, achieve regulatory approval, or qualify for a PRV, and there can be no assurance with respect to the time or resources that may be required. Please refer to the *"Risks and Uncertainties*" for further information.

LIKMEZ® (ATI- 1501)

LIKMEZ® (ATI-1501) is Appili's most advanced commercial stage asset, a liquid oral taste-masked reformulation of the antibiotic metronidazole, which has been licensed to Saptalis Pharmaceuticals LLC ("**Saptalis**") for commercialization in the US, and other selected territories.

Patients who have difficulty swallowing, including pediatric and elderly populations, often resort to crushing tablets, which can negatively impact palatability due to metronidazole's strong bitter and metallic taste and may reduce treatment adherence. LIKMEZ is the first and only FDA-approved ready-to-use oral suspension of metronidazole, designed to improve ease of administration, support patient adherence, and enhance treatment outcomes.

Metronidazole is a front-line antibiotic for the treatment of anaerobic bacterial and parasitic infections (Quintiles 2016, Solomkin 2010, Flagyl® FDA Label 2018). In many jurisdictions, including the United States and Canada, approved oral metronidazole products are limited to solid dose formats. Patients who have difficulty swallowing, including the elderly and pediatric populations often resort to crushing tablets, which can negatively impact palatability due to metronidazole's strong bitter and metallic taste and may reduce treatment adherence.

In December 2019, Appili entered into a development and commercialization agreement with Saptalis for the manufacturing, development, and commercialization of LIKMEZ. Under the terms of the agreement, Appili is eligible to receive multiple milestone and royalty payments on the development and sale of LIKMEZ in the United States. In February 2022, Appili announced an amendment to its licence with Saptalis to expand the territories in which Saptalis will commercialize LIKMEZ to include Europe and Latin America. Under the terms of the amended agreement, Saptalis assumes all responsibilities related to the development and commercialization of LIKMEZ for European and Latin American markets and Appili is eligible to receive royalties on sales for a specified term.

In May 2023, the United States Patent and Trademark Office published patent claims for ATI-1501 under the US Application No. 18/072,154 filed on November 30, 2022, and titled "*Oral Formulations of Metronidazole and Methods of Treating an Infection Using Same*". Subsequently, in April 2025, additional patents were published in the US and Mexico, further strengthening the composition and preparation methods for the LIKMEZ through 2039. The U.S. patent has been listed in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book), providing comprehensive protection for LIKMEZ's unique taste-masked composition and therapeutic applications.

In September 2023, Saptalis received approval from the FDA for Metronidazole Oral Suspension 500mg/5mL (ATI-1501) in the United States. The FDA also approved LIKMEZ as the brand name for ATI-1501. In November 2023, Saptalis launched LIKMEZ to patients and doctors in the United States. Appili is entitled to receive additional sales-based milestone payments and royalties from Saptalis based on sale of the product. Saptalis continues to commercialize LIKMEZ, the first and only FDA-approved liquid oral formulation of metronidazole. Since the re-launch in May 2025, LIKMEZ has demonstrated sales growth, reflecting clinician and patient interest in the product.

Due to the nature of the Company's business and stage of operations, there is no assurance that LIKMEZ commercial sales targets will grow as anticipated or that expected milestone and royalty payments will be received. Please refer to the *"Risks and Uncertainties"* section for more information.

ATI-1701

Appili licensed the exclusive worldwide rights to biodefense vaccine candidate ATI-1701 from the National Research Council of Canada (**"NRC"**) in December 2017.

ATI-1701 is a novel, live-attenuated vaccine for *Francisella tularensis* ("***F. tularensis***"). F. tularensis is classified as a Category A pathogen by the U.S. National Institutes of Health ("**NIH**") due to its high infectivity, potential for aerosolization, and significant risk to national security and public health. There is currently no approved vaccine for tularemia in the U.S. or other major global markets.

Preliminary studies in mice conducted by the NRC and colleagues have demonstrated 100% survival of ATI-1701-immunized mice compared to no survival in unvaccinated mice after lethal challenge with *F. tularensis* (Conlan 2010, Shen 2010). Vaccine manufacturing activities have been initiated and animal work commenced in 2019. A non-human primate ("**NHP**") study showed that vaccination with ATI-1701 provided >88% survival protection when animals were challenged with a lethal dose of *F. tularensis* at either 28 or 90 days after vaccination. Some of the NHP data have been replicated by a second laboratory, with 87.5% of NHPs surviving a lethal dose of *F. tularensis* 28 days after vaccination. The Company disclosed results from the last cohort of animals challenged 365 days after vaccination, with survival rates of 29% (n = 2/7) reported in the ATI-1701 vaccinated cohort, compared to 0% (n = 0/5) in mock vaccinated controls. Ongoing potency assay development studies have found that as few as 6 colony forming units of ATI-1701 can provide 100% protection against intradermal challenge in mice.

The conventional path for drug development often involves human efficacy studies, which can be impractical for rare diseases like tularemia. The FDA has provided guidance known as the "Animal Rule" (21 CFR 601.90-95) which offers a clear path to approval by relying on well-designed animal studies, potentially expediting the development and availability of this important vaccine. The Animal Rule is an alternative product development path for certain rare diseases like tularemia. According to regulatory guidance from October 2015 titled "Product Development Under the Animal Rule," the FDA may grant marketing approval based on adequate and well-controlled animal efficacy studies for drugs designed to mitigate or prevent serious or life-threatening conditions caused by exposure to toxic substances. This route becomes applicable when human efficacy studies are neither ethical nor feasible, and field trials are impractical. Under the Animal Rule, drugs must still undergo safety evaluation as per existing requirements for establishing the safety of new drugs.

Appili is currently executing the development plan for ATI-1701 under the FDA Animal Rule. This assessment involves developing appropriate experimental models to demonstrate the efficacy of ATI-1701. Appili has had interactions with the FDA in the form of a pre-IND meeting, confirming the development pathway for our early-phase efforts and is incorporating suggested changes in the development plan. Appili aims to complete the necessary preclinical and clinical testing required under the Animal Rule. The objective is to evaluate the immunogenicity, efficacy, and safety of the ATI-1701 vaccine and ultimately submit a Biological License Application to the FDA.

In December 2023, Appili announced the issuance of a US patent for ATI-1701 to protect against tularemia. This patent covers the composition and preparation methods for ATI-1701 through 2039.

Appili's development activities for ATI-1701 have been funded through its current resources and support from the U.S. Department of Defense ("**USDOD**"). In May 2023, the Company entered into a cooperative agreement with the USAFA, in collaboration with the Defense Threat Reduction Agency ("**DTRA**") (the "**USAFA Cooperative Agreement**").

Under the USAFA Cooperative Agreement, ATI-1701 has been awarded approximately US$14 million, of which only US$11.7 million has been allotted to pay for services under the USAFA Cooperative Agreement. USAFA has advised that additional funds will not be allocated to this program at the current time. During the fiscal year ended March 31, 2026, Appili received reimbursements for eligible costs, including internal labor, subcontractors, and other direct and indirect expenses. The period of performance under the USAFA Cooperative Agreement has been extended to August 31, 2026.

The Company does not expect to be in a position to submit an Investigational New Drug (IND) application for ATI-1701 without additional funding.

In May 2025, Appili Director of Non-Clinical Research, Dr. Carl Gelhaus, Ph.D., together with researchers from the USAFA, and other U.S. based researchers published the manuscript, "*The Immune Response to Francisella tularensis*". The review consolidates recent findings on the immune system response to F. tularensis infections and suggests various means by which infections can be controlled. By examining diverse *F. tularensis* strains and animal models, the authors outline promising pathways for effective tularemia vaccine development.

In August 2025, Dr. Carl Gelhaus and researchers from leading biodefense institutions in the U.S., Canada, and Sweden, published a manuscript in the journal "*Vaccine*", highlighting key findings from multiple preclinical studies. The manuscript, titled, "*Vaccination with a novel live attenuated strain of Francisella tularensis subsp. tularensis protects cynomolgus macaques against aerosol F. tularensis infection*," details studies showing robust and durable protection from lethal tularemia exposure in both rat and non-human primate models.

In September 2025, Dr. Carl Gelhaus presented at the NATO Chemical, Biological, Radiological and Nuclear Conference, in Switzerland. The presentation included updates on Appili's biodefense vaccine program, highlighting ATI-1701, a potential first-in-class tularemia vaccine, and underscored its potential to address a critical gap in global biodefense preparedness. In April 2026, Dr. Carl Gelhaus presented at the U.S. Medical CBRN Defense Consortium ("**MCDC**") Annual Membership Meeting. As a member of the MCDC (with over US$7B in awarded project funding to date), Appili can actively engage with government stakeholders, collaborate with industry partners and continue to pursue new funding opportunities aligned with DOD objectives.

Appili achieved a key operational milestone with the successful GMP manufacture of ATI-1701 drug substance and drug product at the Walter Reed Army Institute of Research. The GMP drug substance and GMP drug product met all release specifications, and the finished drug product may be formally dispositioned for use in future clinical studies, supporting the planned Phase 1 clinical trial.

Due to the nature of the Company's business and stage of operations, there is no guarantee that ATI-1701 will successfully complete the remaining nonclinical and clinical development required under the FDA's Animal Rule, achieve regulatory approval, or qualify for a PRV, and uncertainties remain regarding the required time and resources. Please refer to the "*Risks and Uncertainties*" section for further information.

VXV-01

Appili, in collaboration with Vitalex Biosciences, is advancing VXV-01, a novel, dual-antigen vaccine targeting invasive *Candida* infections, which if approved would be the first vaccine available to prevent fungal infections. A vaccine to prevent *Candida* infections remains a significant unmet medical need due to an increase in cases of resistance to antifungal drugs, and the burden that hospitals face in having to treat such patients. VXV-01 combines the *Candida albicans* surface proteins Als3 and Hyr1 with a proprietary adjuvant to provide broad-spectrum protection against both *Candida albicans* and *C. auris*, both of which are commonly found to be resistant to antifungals.

Recent nonclinical studies demonstrate that immunization with VXV-01 protects against lethal and mucosal *Candida* infections, building upon the safety and efficacy shown for Vitalex's single component Als3-based NDV-3A vaccine in prior clinical trials. The innovative design of VXV-01, targeting antigens present on multiple pathogenic fungi, is intended to provide robust immunity and represents a substantial advancement in the prevention of serious fungal diseases.

In September 2025, Appili was awarded a contract by NIAID, part of the National Institutes of Health, valued at up to US$40 million. The contract is structured as a five-year program with an initial US$3.6 million base period and additional options to support development through IND submission and Phase 1 clinical trials. Appili serves as the prime contractor, overseeing program execution, compliance, and reporting, while Vitalex, in its role as a subcontractor, contributes asset development and scientific expertise. NIAID has initiated a temporary Stop Work Order and is conducting a review of certain contract activities, supporting documentation, associated costs, and related invoices. This has delayed reimbursement of certain contractual services provided by the Company. The Company is working with NIAID to facilitate NIAID's ongoing review and assessment.

VXV-01 may join Appili's portfolio through a future licensing agreement, enabling pipeline growth with minimal upfront investment (the "**Vitalex Agreement**"). Appili currently holds an exclusive option to acquire full rights to VXV-01. If this option is successfully exercised, Appili will secure exclusive worldwide rights to the asset. This contractual framework positions Appili to potentially transition from development lead to asset ownership, subject to achievement of key development milestones.

Global estimates indicate nearly 6.5 million people annually are affected by invasive fungal infections, causing approximately 3.8 million deaths. Despite this significant health burden, there are currently no fungal vaccines approved for use in humans. VXV-01 aims to address this global burden by providing a first-in-class vaccine solution for high-risk, immunocompromised

or otherwise vulnerable populations, helping to prevent severe fungal infections, improve patient outcomes and strengthen healthcare preparedness.

Due to the nature of the Company's business and stage of operations, there is no guarantee that these objectives will be achieved, and uncertainties remain regarding the required time and resources and full access to awarded funds. Please refer to the "*Risks and Uncertainties*" section for further information.

Our Business Strategy

The Company was founded to acquire, develop and commercialize novel therapeutics in the area of infectious disease. The strategic decision to focus on infectious disease was driven by the large unmet clinical need in the therapeutic area, as well as the increasing number of regulatory and financial incentives available to support anti-infective R&D. The Company has recruited a team of experienced drug development, government contracting and commercialization professionals to, among other things: (i) identify high value commercial and R&D anti-infective assets, including those aligned with government priority areas, (ii) teaming with other biotech companies who have assets and/or complementary capabilities to position products for funding opportunities, (iii) leverage available incentive programs to accelerate development, and (iv) maximize market access, reimbursement, and partnerships and alliances to realize stakeholder value. The Appili team has built a portfolio of anti-infective assets through internal innovation and acquisition from partners and is constantly searching for additional antiviral, antibacterial, antifungal, antiparasitic and vaccine assets for acquisition or partnership.

Appili has successfully raised approximately US$66 million in prior government funding awards, showcasing its ability to develop compelling research proposals for groundbreaking technologies and form strategic partnerships to compete for government funding.

RECENT DEVELOPMENTS

Overall Performance

The Company has no direct sales, though Appili is entitled to royalties and milestone payments from Saptalis for LIKMEZ sales. Accordingly, its ability to ensure continuing operations is dependent on obtaining the necessary financing to complete the development or commercial support of the Company's product portfolio, which includes three active programs (LIKMEZ (ATI-1501), ATI-1701, and ATI-1801) and one collaborated product, VXV-01.

The Company had the following recent key developments and achievements since April 2025:

- On April 2, 2025 the Company, Aditxt, and Adivir agreed, among other things, to waive the outside date under the Arrangement Agreement (as defined herein) from March 31, 2025 to April 30, 2025 to allow Aditxt to satisfy its obligation to complete a financing prior to such date. In connection with such waiver, Aditxt agreed to pay the Company the amount of US$250,000 in April 2025, such amount, once received by Appili, will be deducted against any Termination Fee owing to the Company. This waiver fee has yet to be received by the Company.

- On April 28, 2025 the Company announced the United States Patent and Trademark Office and the Mexican Patent Office granted new patent claims protecting its oral formulation of metronidazole, LIKMEZ®™.

- On April 30, 2025 the Company, Aditxt, and Adivir agreed, among other things, to waive the outside date under the Arrangement Agreement from April 30, 2025 to May 31, 2025 to allow Aditxt to satisfy its obligation to complete a financing prior to such date. In connection with such waiver, Aditxt agreed to pay the Company the amount of US$250,000 in May 2025, such amount, once received by Appili, will be deducted against any Termination Fee owing to the Company. This waiver fee has yet to be received by the Company.

- On May 1, 2025 the Company announced Dr. Carl Gelhaus, Ph.D., Director of Non-Clinical Research at Appili, together with researchers from USAFA, and other U.S. based researchers published the manuscript, "*The Immune Response to Francisella tularensis"* in the journal *Frontiers in Bacteriology*

- On May 19, 2025 Aditxt provided notice to Appili purporting to terminate the Arrangement Agreement, effective as of May 31, 2025.

- On May 30, 2025, Appili delivered its formal termination notice to Aditxt under the Arrangement Agreement. Under the Arrangement Agreement, the Company is entitled to a termination fee (the "**Termination Fee**") in the amount of US$1,250,000 payable by Aditxt upon termination of the Arrangement Agreement in certain circumstances. This Termination Fee is to be reduced by certain amounts previously paid to the Company by Aditxt to extend the outside date under the Arrangement Agreement. As of the date hereof, the amount of US$1,000,000 would be payable to Appili on account of the Termination Fee. In connection with the termination of the Arrangement Agreement, Appili has secured 3-month extensions to the amounts due under each of: (a) Amended Loan Agreement (as defined below); and (b) the Bridge Loan (as defined below). Pursuant to the terms of such extensions, all amounts owing under the Amended Loan Agreement and the Bridge Loan, together with all accrued and unpaid interest, will be due on August 31, 2025.

- On August 6, 2025, the Company announced Dr. Carl Gelhaus, Ph.D., Director of Non-Clinical Research at Appili, together with researchers from leading biodefense institutions in the U.S., Canada, and Sweden, published the manuscript "Vaccination with a novel live attenuated strain of *Francisella tularensis* subsp. tularensis protects cynomolgus macaques against aerosol *F. tularensis* infection," in the journal "*Vaccine*".

- On September 9, 2025, the Company announced that Dr. Carl Gelhaus, will present at the NATO Chemical, Biological, Radiological and Nuclear Conference, taking place September 8–10, 2025, in Switzerland.

- On October 1, 2025, the Company and its partner Vitalex Biosciences announced that the NIAID, part of the National Institutes of Health, has awarded up to US$40 million in funding to support the development of VXV-01, a vaccine aimed at protecting against invasive fungal infections.

- On November 5, 2025, the Company announced a non-brokered private placement of up to approximately 30,000,000 units of the Company ("**Units**") at a price of $0.025 per Unit for aggregate gross proceeds of up to approximately $750,000 (the "**Private Placement**"). Each Unit consists of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "**Warrant**"). Subject to receipt of shareholder approval, each Warrant entitles the holder to acquire one Common Share at a price of $0.05 per Common Share for 36 months from the closing date of the Private Placement (the "**Closing Date**"). Pursuant to the requirements of the TSX, the Warrants will not be exercisable until such time as the Company obtains requisite shareholder approval (which excludes the votes of holders of Warrants), such approval to be sought no later than the next annual general meeting of the Company's shareholders.

- On December 17, 2025, the Company closed the first tranche of the Private Placement, issuing an aggregate of 7,100,000 Units for gross proceeds of $177,500. In connection with the closing of the first tranche, the Company paid certain finders an aggregate fee of $14,200 and issued an aggregate of 568,000 broker warrants to purchase Common Shares (the "**Broker Warrants**"). Subject to receipt of shareholder approval, each Broker Warrant entitles the holder to acquire one Common Share at a price of not less than C$0.02834 per Common Share until the date that is two years from the Closing Date. Pursuant to the requirements of the TSX, the Broker Warrants will not be exercisable until such time as the Company obtains requisite shareholder approval (which excludes the votes of holders of Broker Warrants), such approval to be sought no later than the next annual general meeting of the Company's shareholders.

- On February 18, 2026, the Company closed the second tranche of the Private Placement, issuing an aggregate of 4,000,000 Units for gross proceeds of $100,000. In connection with the closing of the first tranche, the Company paid certain finders an aggregate fee of $8,000 and issued an aggregate of 320,000 Broker Warrants. Subject to receipt of shareholder approval, each Broker Warrant entitles the holder to acquire one Common Share at a price of not less than C$0.02834 per Common Share for 24 months from the Closing Date. Pursuant to the requirements of the TSX, the Broker Warrants will not be exercisable until such time as the Company obtains requisite shareholder approval (which excludes the votes of holders of Broker Warrants), such approval to be sought no later than the next annual general meeting of the Company's shareholders.

- On March 30, 2026, the Company announced that President and Chief Executive Officer Dr. Don Cilla, and Chief Development Officer, Dr. Gary Nabors will exhibit at the World Vaccine Congress Washington 2026.

SELECTED FINANCIAL INFORMATION

		Year ended Mar 31, 2026 ($)	Year ended March 31, 2025 ($)	Year ended March 31, 2024 ($)
Net loss and comprehensive loss for the period		(4,240,740)	(2,624,692)	(3,780,910)
Basic and diluted loss per share		(0.03)	(0.02)	(0.03)
Cash and short-term investments		40,003	1,228,244	94,493
Total assets		1,973,419	3,032,674	1,490,403
Long-term Debt		12,936,265	12,294,417	8,184,857

RESULTS FOR YEAR ENDED MARCH 31, 2026 ("Q4 2026"), COMPARED TO YEAR ENDED MARCH 31, 2025 ("Q4 2025")

	Year ended March 31, 2026 $	Year ended March 31, 2025 $
Income		
Revenue	244,179	100,443
Interest income	-	36
	244,179	100,479
Expenses		
Research and development costs ("**R&D**")	4,288,755	7,324,458
General and administrative ("**G&A**")	2,474,750	2,853,211
Business development ("**BD**")	5,519	7,833
Financing costs	1,013,008	3,500,882
Government assistance	(2,703,703)	(9,894,220)
Other Income	(485,655)	(1,414,977)
Exchange (gain)/loss	(213,108)	329,154
	4,379,567	2,706,342
Loss before Income taxes	(4,135,388)	(2,605,862)
Income tax expense	105,352	18,830
Net loss and comprehensive loss for the period	(4,240,740)	(2,624,692)

Income

i. Revenue

Revenue income increased by $143,736 to $244,179 in FY 2026 compared to $100,443 in FY 2025 due to increase of royalty revenue in this financial year.

ii. Interest income

Interest income earned during in FY 2026 was Nil compared to $36 in FY 2025. The decrease in interest income was due to lower cash balances during FY 2026.

Operating expenses

Overall operating expenses increased by $1,673,225 to $4,379,567 during FY 2026 as compared to $2,706,342 in FY 2025, due mainly to (i) a decrease of $7,190,517 in Government assistance which offset prior year operating expenses. This increase in operating expense is related to reimbursements stemming from the contract with USAFA to support the ATI-1701 program

drawing closer to the end of the contract performance period (ii) decrease in other income by $929,322 attributable to the conclusion of the agreement relating to waiver fees from Aditxt, (iii) a decrease of $2,314 in business development, (iv) a decrease of $378,461 in G&A, (v) a decrease of $3,035,703 in R&D costs mainly due to decreased R&D consultant costs, (vi) a decrease of $2,487,874 in financing costs mainly due to revised terms and fair value adjustments relating to the new LZH loans, and (vii) an increase of $542,262 in foreign exchange loss. Explanations of the nature of costs incurred, along with explanations for those changes in costs are discussed below.

i. R&D expenses

The Company's R&D expenses have related primarily to costs incurred in performing research and development activities that include non-clinical, clinical manufacturing, regulatory and clinical trial expenses of its product candidates. The R&D expenses for the period relate to costs incurred for the development of the following product candidates, ATI-1701, LIKMEZ (ATI-1501), ATI-2403, NIAID and general R&D.

R&D expenses consist of the following:

	Year ended March 31, 2026 ($)	Year ended March 31, 2025 ($)
ATI-2403T expenses	35,184	-
NIAID expenses	1,192,850	-
ATI-1701 expenses	587,915	4,617,012
ATI-1501 expenses	14,206	63,292
General R&D expenses	18,722	132,963
Amortization of property and equipment	5,090	5,723
Salaries and benefits	2,406,738	2,479,473
Stock-based compensation	28,050	25,995
Total	**$4,288,755**	**$7,324,458**

The decrease in R&D expenses of $3,035,703 from $7,324,458 in FY 2025 to $4,288,755 in FY 2026 is mainly attributable to (i) a decrease of $4,029,097 in ATI-1701 program expense, (ii) a decrease of $72,735 in salaries and benefits, (iii) a decrease of $49,086 in ATI-1501, (iv) a decrease of $114,436 in the General R&D expenses, (v) a decrease of $633 in Amortization of property and equipment. These decreases were offset by (i) $2,055 increase in the Stock-based compensation, (ii) $1,192,850 in NIAID expenses and (iii) $35,184 increase in ATI-2403 expenses.

ATI-2403T

The increase in ATI-2403T program expenses is due to increased activity in consultant expenses for the FY 2026.

NIAID

The increase in NIAID program expenses is due to increased activity in expenses, to support the planned activity under the NIAID agreement, for the FY 2026. Part of these expenses are being reimbursed by NIAID as part of the agreement and recorded as government assistance.

ATI-1701

The decrease in ATI-1701 program expenses is due to decreased activity in expenses, to support the planned activity under the USAFA Cooperative Agreement, for the FY 2026 in comparison to FY 2025. These are primarily being reimbursed by USAFA as part of the agreement and recorded as government assistance.

LIKMEZ (ATI-1501)

During FY 2026, the regulatory expenses related to the program were lower compared to FY 2025.

General R&D Expenses

The decrease in expenses related to general R&D expenses is due to decreased R&D consultant, R&D rent and employee benefits in FY 2026 as compared to FY 2025.

Salaries and Benefits and Stock-based compensation

The decrease in salaries and benefits is primarily due to the Company dedicating less time to specific programs, mainly ATI-1701, compared to FY 2025. The increase in stock-based compensation is largely attributed to additional stocks granted in FY 2026.

ii. G&A expenses

The Company's G&A expenses include salaries and benefits of the senior executive team and the finance and administrative staff, stock-based compensation expenses, professional fees including legal, auditing and tax, costs associated with the public listing on the TSX, regulatory, investor relations and public relations costs, travel expenses, office rent, operating and information technology costs, director compensation, and directors' and officers' insurance premiums.

G&A expenses consist of the following:

	Year ended March 31, 2026 ($)	Year ended March 31, 2025 ($)
G&A expenses, excluding salaries	2,264,452	2,571,579
Salaries and benefits	183,964	182,088
Stock-based compensation	23,341	91,806
Amortization of property and equipment	2,993	7,738
Total	**2,474,750**	**2,853,211**

G&A expenses decreased by $378,461 from $2,853,211 in FY 2025 to $2,474,750 in FY 2026 due to (i) a decrease of $68,465 in stock-based compensation given the reduction in the value of stock options granted, (ii) a decrease of $307,127 in G&A expenses, excluding salaries, and (iii) a decrease of $4,745 in amortization of property and equipment offset by an increase of $307,127 in salaries and benefits.

G&A expenses, excluding salaries

G&A expenses, excluding salaries, for FY 2026 decreased mainly due to (i) a decrease in insurance D&O, regulatory fees,(ii) a decrease in business advisory fees, (iii) a decrease in travel related charges, (iv) a decrease in IR conferences. These decreases are offset by (i) an increase in legal fees, (ii) an increase in subscription fees, (iii) an increase in audit fees and (iv) an increase in interest and bank charges (v) a increase in waiver cost for LZH.

Salaries and Benefits and Stock based compensation

Salaries and benefits and stock-based compensation decreased in FY 2026 mainly due to decrease in the value of stock options granted.

iii. BD Expenses

BD expenses consist of new program acquisition research costs and business development office rent. BD expenses decreased by $2,314 in FY 2026 from FY 2025, due to decreased travelling and related expenses.

iv. Financing costs

Financing costs relate to the valuation of zero interest bearing government loans, LZH secured loans and bridge loans from Bloom Burton & Co. ("**Bloom Burton**").

Under IFRS Accounting Standards, the zero-interest bearing government loans from the Atlantic Canada Opportunities Agency ("**ACOA**") must be initially valued at fair value and the difference between the fair value of the loans and the contribution received must be treated as government assistance. These loans are then accreted to their original value over time. For the loan repayable on a percentage of future gross revenue from ATI-1501, management is required to revise the estimated cash flows whenever new information related to ATI-1501 and its potential market, including time of entry, market size, etc., is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate and any adjustments are recognized in the statements of loss and comprehensive loss as accreted interest after initial recognition.

The decrease of financing costs by $2,487,874 in FY 2026 as compared to FY 2025, is mainly due to revised terms and fair value adjustments relating to the LZH loans, the accrued interest on Bloom Burton bridge loans and fair value change in ACOA loans.

v. Government assistance

Government assistance consists of investment tax credits, conditionally repayable government loans, repayable government loans and government grants.

Government assistance decreased by $7,190,517 in FY 2026 as compared to FY 2025, mainly due to the cost reimbursement from the USAFA Cooperative Agreement to support the development of ATI-1701, the contract performance period ends on August 31, 2026, however there were fewer reimbursements received during the year due to full grant already received. New NIAID agreement resulted in slight increase in government assistance during FY 2026.

vi. Other income

Other income consists of waiver fees in connection with termination of the Arrangement Agreement with Aditxt. The waiver fees were originally written off during Q1 of FY 2026. However, US$35,000 was recovered and represented as other income (bad debt recovery).

vii. Income tax expense

Income tax expense is due on profits recognized in the US subsidiary.

SUMMARY OF QUARTERLY RESULTS

Quarterly Ended In		Total Income ($)	Total Expenses ($)	(Loss) /Profit ($)	Basic and Diluted Loss Per Share ($)
Q4 - March 31, 2026		41,997	1,044,304	(1,002,307)	(0.01)
Q3 - December 31, 2025		98,246	954,267	(856,021)	(0.01)
Q2 - September 30, 2025		103,935	979,930	(875,995)	(0.01)
Q1 - June 30, 2025		-	1,506,419	(1,506,419)	(0.01)
Q4 - March 31, 2025		(4,546)	(240,695)	236,149	(0.00)
Q3 - December 31, 2024		108,395	632,732	(524,337)	(0.00)
Q2 -September 30, 2024		4,690.00	748,184.00	(743,494.00)	(0.01)
Q1 - June 30, 2024		-	1,548,911	(1,548,911)	(0.01)
Q4 - March 31, 2024		12,258	1,115,717	(1,103,459)	(0.01)
Q3 - December 31, 2023		483,975	636,311	(152,336)	(0.01)
Q2 - September 30, 2023		339,658	1,316,213	(976,555)	(0.01)
Q1 - June 30, 2023		8,327	1,556,886	(1,548,559)	(0.01)
Q4 - March 31, 2023		340,784	2,498,821	(2,158,037)	(0.02)
Q3 - December 31, 2022		9,349	2,628,742	(2,619,393)	(0.02)
Q2 - September 30, 2022		9,085	1,647,301	(1,638,216)	(0.01)
Q1 - June 30, 2022		4,841	2,329,601	(2,324,760)	(0.03)

RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2026 ("Q4 2026"), COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2025 ("Q4 2025")

	Three Months March 31, 2026 $	Three Months March 31, 2025 $
Income		
Revenue	41,997	(4,547)
	41,997	(4,547)
Expenses and other		
R&D	1,885,347	1,528,200
General and Administrative **("G&A")**	611,426	991,765
Business Development **("BD")**	-	1,385
Financing costs	367,189	1,217,426
Government assistance	(1,939,362)	(2,472,153)
Other Income	(56,513)	(1,414,977)
Foreign exchange loss/(gain)	177,244	(119,976)
	1,045,331	(268,330)
Loss before Income taxes	(1,003,334)	263,783
Income tax expense	40,970	27,634
Net loss and comprehensive loss for the period	(1,044,304)	236,149

Income

i. Revenue

Revenue increased by $46,544 to $41,997 during the three months ended March 31, 2026 from Q4 2026 royalties. In a prior year, credit notes were issued to Saptalis for reduction in royalty revenue of the previous quarters leading to negative revenue recorded for quarter ending March 31, 2025.

Operating expenses

Overall operating expenses increased by $1,313,661 to $1,045,331 during the three months ended 31 March, 2026 as compared to an operating income of $268,330 in the Q4 2025, due mainly to (i) a decrease of $532,795 in government assistance stemming from the contract with USAFA to support the ATI-1701 program, which offset prior year operating expenses, (ii) a decrease of $1,358,464 in other income received from Aditxt as waiver fees, (iii) an increase of $297,220 in foreign exchange loss and (iv) an increase of 357,147 in R&D expenses. These increases were offset by (i) a decrease of $380,339 in G&A costs, and (ii) a decrease of $850,237 in financing costs mainly due to fair value adjustments relating to the LZH loans. Explanations of the nature of costs incurred, along with explanations for those changes in costs are discussed below.

ii. R&D expenses

The Company's R&D expenses have related primarily to costs incurred in performing research and development activities that include non-clinical, clinical manufacturing, regulatory and clinical trial expenses of its product candidates. The R&D expenses for the period relate to costs incurred for the development of the of the following product candidates, ATI-1701, LIKMEZ (ATI-1501), ATI-2403, NIAID and general R&D.

R&D expenses consist of the following:

	Three Months Ended March 31, 2026 ($)	Three Months Ended March 31, 2025 ($)
ATI-2403T expenses	6,106	-
NIAID expenses	1,158,585	-
ATI-1701 expenses	56,658	938,303
ATI-1501 expenses	(8,033)	13,089
General R&D expenses	3,023	16,435
Amortization of property and equipment	1,245	1,410
Salaries and benefits	660,637	552,510
Stock-based compensation	7,126	6,453
Total	**1,885,347**	**1,528,200**

The increase in R&D expenses of $357,147 from $1,528,200 during three months ended March 31, 2025 to $1,885,347 during three months ended March 31, 2026 is mainly attributable to (i) $1,158,585 increase in NIAID related expenses, (ii) $6,106 increase in ATI-2403 expenses and (iii) an increase of $108,127 in salaries and benefits and a small increase in stock based compensation expenses of $673. These increases were offset by (i) $13,412 decrease in General R&D expenses, (ii) a decrease of $21,122 in ATI-1501 program expenses, (iii) $881,645 decrease in the ATI-1701 program expenses, and (iv) a decrease of $165 in amortization of property and equipment.

ATI-2403T

The increase in ATI-2403T program expenses is due to increased activity in consultant expenses for FY 2026.

NIAID

The increase in NIAID program expenses is due to increased activity in expenses, to support the planned activity under the NIAID agreement, for FY 2026. Some of these expenses are being reimbursed by NIAID under the agreement and recorded as government assistance.

ATI-1701

The decrease in ATI-1701 program expenses is due to decrease in program expenses, to support the reduced planned activity under the USAFA agreement, for the three months ended March 31, 2026 in comparison to three months ended March 31, 2025. These are primarily being reimbursed by USAFA as part of the agreement and recorded as government assistance.

LIKMEZ (ATI-1501)

During three months ended March 31, 2026, the company had regulatory expenses related to the program which decreased compared to three months ended March 31, 2025. The negative amount represents IP fees reimbursement.

General R&D Expenses

The decrease in expenses related to general R&D expenses is due to decreased R&D consultant costs, R&D rent and employee benefits in FY 2026 as compared to FY 2025.

Salaries and Benefits and Stock-based compensation

The increase in salaries and benefits is primarily due to the Company dedicating more time to new programs in Q4, mainly NIAID compared to FY 2025. The increase in stock-based compensation is largely attributed to additional stocks granted in FY 2026.

v. G&A expenses

The Company's G&A expenses include salaries and benefits of the senior executive team and the finance and administrative staff, stock-based compensation expenses, professional fees including legal, auditing and tax, costs associated with the public listing on the TSX, regulatory, investor relations and public relations costs, travel expenses, office rent, operating and information technology costs, director compensation, and directors' and officers' insurance premiums.

G&A expenses consist of the following:

	Three Months Ended March 31, 2026 ($)	Three Months Ended March 31, 2025 ($)
G&A expenses, excluding salaries	558,039	929,559
Salaries and benefits	49,786	56,173
Stock-based compensation	3,495	4,235
Amortization of property and equipment	106	1,798
Total	**611,426**	**991,765**

G&A expenses decreased by $380,339, from $991,765 during three months ended March 31, 2025 to $611,426 during the three months ended March 31, 2026 due to (i) a decrease of $740 in stock-based compensation, (ii) a decrease of $1,692 in Amortization of PPE due to aged assets that have approached the end of their useful life, (iii) a decrease of $371,520 in G&A expenses, excluding salaries. and (iv) a decrease of $6,387 in salaries and benefits from FY2025 expense.

G&A expenses, excluding salaries

G&A expenses, excluding salaries, for the three months ended March 31, 2026 decreased mainly due to (i) a decrease in legal fees, (ii) a decrease in IR Firm fees, (iii) a decrease in memberships and subscriptions, (iv) a decrease in transaction cost as a result of the termination of the Arrangement Agreement with Aditxt and a decrease in waiver feeswith LZH. These decreases were offset by (i) an increase in interest and bank charges, (ii) an increase in audit and tax fees, and (iii) an increase in regulatory fees.

Salaries and Benefits and Stock based compensation

Salaries and benefits and stock-based compensation decreased mainly due to FX and stock value changes.

vi. Financing costs

Financing costs relate to the valuation of zero interest bearing government loans, LZH secured loans and bridge loans from Bloom Burton.

Under IFRS Accounting Standards, the zero-interest bearing government loans from the Atlantic Canada Opportunities Agency ("**ACOA**") must be initially valued at fair value and the difference between the fair value of the loans and the contribution received must be treated as government assistance. These loans are then accreted to their original value over time. For the loan repayable on a percentage of future gross revenue from LIKMEZ, management is required to revise the estimated cash flows whenever new information related to LIKMEZ and its potential market, including time of entry, market size, etc., is made available. Management recalculates the carrying amount by computing the present value of the estimated future cash flows at the original effective interest rate and any adjustments are recognized in the statements of loss and comprehensive loss as accreted interest after initial recognition.

The decrease of financing costs by $850,237 during the three months ended March 31, 2026 in comparison to three months ended March 31, 2025, is mainly due to revised terms and fair value adjustments relating to the LZH loans, and the reduction in fair value of ACOA loans.

vii. Government assistance

Government assistance consists of investment tax credits, conditionally repayable government loans, repayable government loans and government grants.

Government assistance decreased by $532,791 during the three months ended March 31, 2026 in comparison to three months ended March 31, 2025, mainly due to the reduction in cost reimbursement from the USAFA Cooperative Agreement to support the development of ATI-1701offset by an increase in government assistance from NIAID contract.

viii. Other income

Other income consists of waiver fees in connection with the Arrangement Agreement with Aditxt.

ix. Income tax expense

Income tax expense is due on profits recognized in the US subsidiary.

CASH FLOWS

As at March 31, 2026, the Company had cash of $40,003 and negative working capital of $16,670,948 compared to a cash balance of $1,228,244 and negative working capital of $12,680,283, as at March 31, 2025.

To date, operations have been financed through the issuance of equity securities, debt, interest income on funds available for investment, government loans and assistance, waiver fees in connection with Arrangement Agreement with Aditxt and tax credits.

Operating activities

During the year ended March 31, 2026, $1,337,412 was used in operating activities, including a reported net loss of $(4,240,740) prior to being adjusted for add-backs of $960,984 (non-cash finance costs), $51,390 (stock-based compensation), $8,084 (amortization of property equipment), $1,976 (unrealized loss from changes in foreign currency) and $(215,083) (unrealized foreign exchange translation on LZH loan) resulting in a net decrease of $2,095,976 in cash as a result of changes in working capital.

Financing activities

During the year ended March 31, 2026, the Company received $277,500 as proceeds from the issuance of shares and warrants, and this was offset by the related share and warrants issuance costs of $22,300 and the repayment of long-term debt of $104,051.

Investing activities

During the year ended March 31, 2026, there were no cashflows from investing activities.

LIQUIDITY AND CAPITAL RESOURCES

The Company prepares and updates the cash flow forecasts on a regular basis to manage the Company's liquidity, ensuring that the Company has sufficient cash to meet operational needs.

The Company aims to maintain adequate cash and cash resources to support planned activities which include: supportive activities for pre-IND and IND-enabling activity costs for ATI-1701 including regulatory, manufacturing and non-clinical activities; other early-stage R&D activities on other exploratory programs; business development costs incurred relating to assessing and evaluating new drug product candidates that fit within the Company's strategic focus; administration costs, and intellectual property maintenance and expansion.

It is common for early-stage biotechnology companies to require additional funding to further develop product candidates until successful commercialization of at least one product candidate. Appili's product candidates are still in the development stage of the product cycle and therefore are not generating revenue to fund operations. The Company continuously monitors its liquidity position, the status of its development programs, including those of its partners, cash forecasts for completing various stages of development, the potential to license or co-develop each product candidate, and continues to actively pursue alternatives to raise capital, including the sale of its equity securities, debt and non-dilutive funding.

At March 31, 2026, the Company had approximately $1.8 million of existing and identified potential sources of cash including:

- cash of $40 thousand; and
- amounts receivable and investment tax credits receivable of $1.8 million.

During the fiscal year ended March 31, 2026, Appili received reimbursements for eligible costs, including internal labor, subcontractors, and other direct and indirect expenses. The period of performance under the USAFA Contribution Agreement has been extended to August 31, 2026. For the year ended March 31, 2026, the Company recognized the reimbursement of costs of $869,646 (2025 - $9,878,583), as government assistance.

In September 2025, Appili was awarded a contract by NIAID, part of the National Institutes of Health, valued at up to US$40 million. The contract is structured as a five-year program with an initial US$3.6 million base period and additional options to support development through IND submission and Phase 1 clinical trials. Appili serves as the prime contractor, overseeing program execution, compliance, and reporting, while Vitalex, in its role as a subcontractor, contributes asset development and

scientific expertise. NIAID has delayed reimbursing the Company for certain contractual services. The Company is working with NIAID to resolve this issue.

Going Concern

While the Company has potential sources of cash of approximately $1.8 million as at March 31, 2026, as well as potential access to the NIAID funding, management does not believe these resources will be sufficient to fund operations and current working capital requirements, for the next twelve months, unless further financing is obtained in the near term.

For the year-ended March 31, 2026, the Company reported a loss of $4,240,740 (March 31, 2025 - $2,624,692) and an accumulated deficit of $75,958,548 (March 31, 2025 - $71,717,808). In addition to repaying or refinancing the Company's debt facilities that mature in the next twelve months and funding its ongoing working capital requirements, the Company must secure sufficient funding through financing activities to cover research and development expenditures to advance the programs in its pipeline that are planned for the next twelve months. These circumstances lend significant doubt as to the ability of the Company to fund planned expenditures and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The ability of the Company to repay or refinance its debt facilities and fund working capital requirements to advance its programs in its pipeline is dependent on successfully raising additional financing through equity and/or non-dilutive funding and/or partnerships. There can be no assurance that additional financing will be available on acceptable terms or at all. If the Company is unable to obtain additional financing when required, Appili may have to substantially reduce or eliminate planned expenditures. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful.

Any failure on Appili's part to raise additional funds on terms favourable or at all may require the Company to significantly change or curtail the current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in the Company not taking advantage of business opportunities, the termination or delay of clinical trials for our products, curtailment of product development programs. Such adjustments or delays could be material.

RELATED PARTY TRANSACTIONS

During the year ended March 31, 2026, the Company incurred $354,263 (2025 - $386,161) of directors' fees earned by the independent members of the Board of Directors who are not employees, officers or are greater than 10% shareholders of the Company. As at March 31, 2026, $177,500 (2025 - $88,750) was due to those individuals. These costs are included in accounts payable and accrued liabilities in the consolidated statements of financial position.

The Company's Chair of the Board of Directors (formerly Chief Executive Officer) is a partner of Bloom Burton, which is a principal shareholder of the Company. As at March 31, 2026, $85,487 (2025 - $85,487) is included in accounts payable and accrued liabilities owing to the former Chief Executive Officer in accordance with his employment contract, which was terminated on November 12, 2022 due to his change in role and as Chair of the Board of Directors. The Company has granted 100,000 (2024– 200,000) to the former Chief Executive Officer during the year ended March 31, 2026.

For the year ended March 31, 2026, there were no additions to the unsecured bridge loan from Bloom Burton (2025 - $400,000 (see note 8)). As at March 31, 2026, the principal and interest outstanding under the original bridge loan and the secured bridge loan was $799,451 (March 31, 2025 - $747,427) and the fair value of the bridge loans were determined to be $700,000 (March 31, 2025- $700,000), included in long-term debt.

CONTRACTUAL OBLIGATIONS

On April 1, 2024, the Company and the lender, LZH, entered into a consent and waiver agreement (as amended July 17, 2024, and as further amended on September 30, 2024, December 15, 2024, January 31, 2025, February 28, 2025, April 2, 2025, and April 30, 2025) which restructured the terms of the two loan arrangements:

- The first tranche of the loan, including all fees and accrued interest thereon, will be repayable in two lump sum payments:
    - A payment of US$2,100,132 was due on the closing of the transaction with Aditxt if the transaction is closed by June 30, 2024. In the event the transaction closes after that date the payment will increase by a late payment fee of US$1,553 per day until the payment is made.

    - A payment of US$2,047,216 was due on December 31, 2024 if the transaction is closed by June 30, 2024.

- Second tranche of the loan, including all fees and accrued interest thereon, will be repayable in two lump sum payments:
    - A payment of $1,454,121 was due on the closing of the transaction with Aditxt if the transaction closed by June 30, 2024. In the event the transaction closes after that date, the payment will increase by a late payment fee of $1,062 per day until the payment is made.
    - A payment of $1,383,116 was due on was due on December 31, 2024 if the transaction closed by June 30, 2024.

The Company has accounted for this arrangement as an extinguishment of the initial two tranches. The Company has elected to account for the new tranches at fair-value through profit and loss ("**FVTPL**") at inception and has valued the instruments based on the new terms under the consent and waiver agreement. The instruments will subsequently be measured at fair value at each balance sheet date, with changes in value being recognized in net income (loss). A discount rate of 24% was applied to the estimated cashflows in determining the fair value.

On May 19, 2025, Appili announced that Aditxtterminated the arrangement agreement dated April 1, 2024 between the Company, Aditxt, and its wholly-owned subsidiary, Adivir, Inc. ("**Adivir**") (as amended on July 1, 2024 and further amended on July 17, 2024 and as further amended on August 20, 2024, the "Arrangement Agreement"), such termination was to be effective as of May 31, 2025. In connection with the termination of the Arrangement Agreement, and subsequent to the end of the year, Appili secured a 3-month extension to the amounts due under each of (1) the amended and restated secured loan agreement with Long Zone Holdings Inc. (the "**LZH Loan**"), and (2) the unsecured promissory notes with Bloom Burton. Pursuant to the terms of such extensions, all amounts owing under the LZH Loan and the Bloom Burton Loan, together with all accrued and unpaid interest, was to be due on August 31, 2025. The Company secured several additional waivers during the year from its lenders. Most recently, on March 31, 2026 Bloom Burton agreed to extend the Company's obligation to pay all amounts owing under the Bloom Burton Loan, together with all accrued and unpaid interest, to June 30, 2026. Subsequent to year-end, on May 31, 2026, LZH agreed to extend the outstanding obligation for the LZH loans to June 30, 2026 unless Appili completes an equity financing with minimum gross proceeds of at least $350,000 by June 30, 2026, in which case the extension will continue in full force until July 31, 2026. In connection with such extension, the Company agreed to pay LZH certain waiver fees.

OFF-BALANCE SHEET ARRANGEMENTS

The Company was not party to any off-balance sheet arrangements as of March 31, 2026.

OUTSTANDING SECURITIES

As of June 26, 2026, the Company has 132,366,120 issued and outstanding Common Shares, 11,910,281 stock options and 41,368,000 warrants outstanding.

RISKS AND UNCERTAINTIES

The Company is a clinical-stage company that operates in an industry that is dependent on a number of factors that include the capacity to raise additional capital on reasonable terms, obtain positive results of clinical trials without serious adverse or inappropriate side effects, and obtain market acceptance of its product by physicians, patients, healthcare payers and others in the medical community for commercial success, etc. An investment in the Common Shares is subject to a number of risks and uncertainties. In addition to the risks set out herein, an investor should carefully consider the risks described under the heading "Risk Factors" in the Company's annual information form dated June 26, 2026, filed in respect of the fiscal year ended March 31, 2026. If any of such described risks occur, or if others occur, the Company's business, operating results and financial

condition could be seriously harmed, and investors may lose a significant proportion of their investment. There are important risks which management believes could impact the Company's business.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures ("**DC&P**") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure and internal controls over financial reporting ("**ICFR**") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

The Company maintains DC&P designed to ensure that information required to be disclosed in reports filed under applicable securities laws, is recorded, processed, summarized and reported within the appropriate time periods and that such information is accumulated and communicated to the Company's management, including the CEO and CFO, to allow for timely decisions regarding required disclosure.

The CEO and the CFO of the Company are responsible for establishing and maintaining the Company's disclosure controls and procedures, including adherence to the Disclosure Policy adopted by the Company. The CEO and CFO have evaluated whether there were changes to the disclosure controls and procedures during the period ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, the disclosure controls and procedures. No such changes were identified through their evaluation.

In designing and evaluating the DC&P, the Company recognizes that any disclosure controls and procedures, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met, and management is required to exercise its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Internal Control over Financial Reporting

The Company's management, including the CEO and the CFO, are responsible for establishing and maintaining adequate ICFR. The control framework used by the CEO and CFO of the Company to design the Company's ICFR is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The CEO and CFO have evaluated whether there were changes to ICFR during the period ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, ICFR. No such changes were identified through their evaluation. There have been no significant changes in the Company's internal controls during the period ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, ICFR.

The Company's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the IFRS Accounting standards. The accounting policies, methods of computation and presentation applied in the consolidated financial statements are consistent with those of previous financial years. The Company's significant accounting policies are detailed in the notes to the audited consolidated financial statements for March 31, 2026.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires

the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates. Critical judgements in applying the Company's accounting policies are detailed in note 3 of the Company's annual audited consolidated financial statements for the year ended March 31, 2026.

FINANCIAL INSTRUMENTS

Financial instruments are defined as a contractual right or obligation to receive or deliver cash on another financial asset. The following table sets out the approximate fair values of financial instruments as at the statement of financial position date with relevant comparatives:

	March 31, 2026		March 31, 2025	
	Carrying Value $	**Fair Value $**	**Carrying Value $**	**Fair Value $**
Cash	40,003	40,003	1,228,244	1,228,244
Amounts Receivable	1,749,423	1,749,423	1,599,333	1,599,333
Accounts Payable and accrued liabilities	6,303,901	6,303,901	4,106,126	4,106,126
Long-term debt	12,936,265	12,936,265	12,294,417	12,294,417

Assets and liabilities, such as commodity taxes, that are not contractual and arise as a result of statutory requirements imposed by governments, do not meet the definition of financial assets or financial liabilities and are, therefore, excluded from amounts receivable and accounts payable and accrued liabilities in this table.

Fair value of items, which are short-term in nature, have been deemed to approximate their carrying value. The above noted fair values, presented for information only, reflect conditions that existed only at March 31, 2026, and do not necessarily reflect future value or amounts, which the Company might receive if it were to sell some or all of its assets to a willing buyer in a free and open market.

Risk management

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk; market risk; and liquidity risk. Management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk on its cash and short-term investment balances. The Company's cash management policies include ensuring that the cash is deposited in Canadian chartered banks.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, including interest rate risk and foreign currency risk.

Interest rate price risk

The Company has limited exposure to interest rate risk on its lending and borrowing activities. The Company has interest-free debt that is either repayable over 84 months or 120 months or becomes repayable when revenue is earned.

Foreign currency risk

Foreign currency risk occurs as a result of foreign exchange rate fluctuations between the time a transaction is recorded and the time it is settled.

The Company does not enter into derivative financial instruments to reduce exposure to foreign currency risk.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

The Company controls liquidity risk through management of working capital, cash flows and the availability and sourcing of financing. As described in note 1 of the audited consolidated financial statements as at March 31, 2026, the Company's ability to accomplish all of its future strategic plans is dependent on obtaining additional financing or executing other strategic options; however, there is no assurance that the Company will achieve these objectives.

The following table outlines the contractual repayments for long-term debt, which includes loans with a set repayment schedule, as well as loans that are repayable based on a percentage of revenues, for the Company's financial liabilities. The long-term debt is comprised of the contributions received described in note 6 of the unaudited interim condensed consolidated financial statements as at March 31, 2026:

	Total	**Year 1**	**Years 2 to 3**	**Years 4 to 5**	**After 5 Years**
	$	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	6,303,901	6,303,901	-	-	-
Long-term debt	15,519,801	12,496,530	232,379	126,902	2,663,990
	21,823,702	18,800,431	232,379	126,902	2,663,990

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's annual information form dated June 26, 2026, filed in respect of the fiscal year ended March 31, 2026, is available under the Company's profile on SEDAR at www.sedarplus.ca.