

VAXIL BIO LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the three month period ended March 31, 2025

The following Management's Discussion and Analysis ("MD&A") for Vaxil Bio Ltd. ("Vaxil") (with its subsidiaries, the "Company") has been prepared as of May 27, 2025 and relates to the financial condition and results of operations for the three months ended March 31, 2025. Past performance may not be indicative of future performance. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2024 and the condensed interim consolidated financial statements of the Company for the three months ended March 31, 2025 which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All monetary amounts are reported in Canadian dollars unless otherwise noted.

Forward-Looking Statements

This MD&A (including, without limitation, the sections discussing the Company's Financial Conditions and Results of Operations) contains certain forward-looking statements. All statements other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including the considerations discussed herein and in other documents filed from time to time by the Company with Canadian security regulatory authorities and to general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies, changes in laws or regulations and other factors, many of which are beyond the Company's control. These factors may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on the Company. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements. The Company expressly disclaims any obligation to update or revise any such forward-looking statements.

Business overview and Significant Developments

Corporate Structure

Name and Incorporation

The Company is currently listed on the TSX Venture Exchange under the symbol “VXL”. The Company's head office is located at 559 Briar Hill Avenue, Toronto, ON M5N 1N1, Canada.

Significant developments during the period

On January 16, 2025, the Company and Green Data Center Real Estate Inc. (“Green Data Centers”) entered into an agreement to terminate their definitive amalgamation agreement that was signed on August 20, 2024.

Pursuant to the termination agreement, Green Data Centers will repay loans and interest owed to the Company, by July 9, 2025. The loans comprises a \$25 thousand unsecured loan and a \$225 thousand secured loan.

As consideration for the covenants and agreements of the Company, Green Data Centers shall issue to the Company, shares of Green Data Centers having an aggregate value of US\$50,000 at an issue price equal to US\$15.00 per Green Data Centers share.

On April 3, 2025, the Company announced that in order to preserve its cash resources, the Company will close its Israeli subsidiaries and cease to renew core patents. On May 15, 2025, the Company sold one of its Israeli subsidiaries for \$8 and the second subsidiary is in the process of being deregistered.

The Company continues to actively explore other strategic options for maximizing shareholder value.

On April 3, 2025 the Company announced that the TSXV has placed the Company on a 90-day notice to transfer to the NEX board of the TSX Venture Exchange.

On April 10, 2025, the Company’s Board of Directors (the “Board”) approved a 1-for-50 reverse split of its issued and outstanding common shares, effective as of May 15, 2025, pursuant to which holders of the Company’s common shares received 0.02 of a common share for every one common share. All share amounts have been retroactively restated in this MD&A.

On May 15, 2025, the Company sold one of its Israeli subsidiaries for \$8 and it’s second subsidiary is in the process of being deregistered.

Capital Expenditures and Divestitures

During the three months ended March 31, 2025, the Company incurred \$Nil (2024 - \$Nil) of capital expenditures. The Company estimates that there will be no capital expenditure in the next twelve months.

Additional Disclosure for Venture Issuers without Significant Revenues (in Thousands of CAD):

	Three months ended March 31,	
	2025	2024
General and administration costs	\$ 70	\$ 35
Research and development costs	4	20
	<u>\$ 74</u>	<u>\$ 55</u>

Discussion of Operations (In thousands of CAD):

The following is a discussion of the results of operations which have been derived from the condensed interim consolidated financial statements of the Company for the three month period ended March 31, 2025

	Three months ended March 31,	
	2025	2024
Expenses:		
General and administration costs	\$ 70	\$ 35
Research and development costs	4	20
Share based compensation	-	3
Total Expenses	<u>74</u>	<u>58</u>
Operating Loss	(74)	(58)
Interest income	<u>4</u>	<u>-</u>
Net loss for the period	(70)	(58)
Other Comprehensive Loss		
Foreign currency translation adjustment	<u>(2)</u>	<u>(1)</u>
Net loss and comprehensive loss for the period	\$ (72)	\$ (59)

Three-month period ended March 31, 2025, compared to the three-month period ended March 31, 2024**Research and development costs**

For the three-month period ended March 31, 2025, research and development expenses were \$4 thousand as compared to \$20 thousand for the three-month period ended March 31, 2024. Research and development expenses remain low, as the Company's research programs have been suspended.

General and administration expenses

For the three -month period ended March 31, 2025, general and administrative expenses amounted to \$70 thousand as compared to \$35 thousand for the three -month period ended March 31, 2024. General and administration costs increased in 2025 due to an increase in professional fees. The primary reason for the increase in general and administration costs relates to audit expenses and legal fees.

Net losses

The Company reported a net loss for the three -month period ended March 31, 2025 of \$72 thousand as compared to a net loss of \$59 thousand for the three -month period ended March 31, 2024.

Inflation

During the three -month period ended March 31, 2025 and 2024, inflation has not had a material impact on our operations.

Summary of Quarterly Results (in Thousands of Canadian Dollars):

	Quarter ended			
	31-Mar-25	31-Dec-24	30-Sept-24	30-Jun-24
	Canadians dollars in thousands, except per share data			
Net loss	\$ (70)	\$ (22)	\$ (49)	\$ (49)
Net loss and comprehensive loss	\$ (72)	\$ (21)	\$ (50)	\$ (50)
Net loss per share	\$ (0.03)	\$ (0.01)	(0.02)	(0.02)

	Quarter ended			
	31-Mar-24	31-Dec-23	30-Sept-23	30-Jun-23
	Canadians dollars in thousands, except per share data			
Net profit (loss)	\$ (58)	\$ 26	\$ (28)	\$ (127)
Net profit (loss) and comprehensive profit (loss)	\$ (59)	\$ 25	\$ (35)	\$ (126)
Net profit (loss) per share	\$ (0.02)	0.01	(0.01)	(0.05)

The loss per quarter and related net loss per share is a function of the level of activity that took place during that quarter. During the last five quarters, expenses remain low since the Company suspended its research and development program. In 2023, the losses per quarter included work performed on the Company's research and development program.

Liquidity

Liquidity is a measure of a company's ability to meet potential cash requirements. The Company has historically met its capital requirements through the issuance of common shares.

The Company had an accumulated deficit of \$19,605 thousand as of March 31, 2025 (\$19,535 thousand as of December 31, 2024), the Company had negative cash flows from operations of \$47 thousand for the three -month period ended March 31, 2025 (negative cash flows of \$20 thousand during the three -month period ended March 31, 2024). The Company is an early-stage company and has not earned any revenues to date. The ability of the Company to continue as a going concern depends upon the ability of the Company to obtain financing to seek alternate business activities.

Three -month period ended March 31, 2025 compared to the three -month period March 31, 2024

During the three -month period ended March 31, 2025, the Company's overall position of cash decreased by \$45 thousand. This decrease in cash can be attributed to the following activities:

The Company's net cash used in operating activities during the three -month period ended March 31, 2025 was \$47 thousand as compared to \$20 thousand for the three-month period ended March 31, 2024.

Capital Resources

As of December 31, 2024, the Company's cash balance was \$403 thousand (December 31, 2024- \$448 thousand). The majority of this balance is held in CAD Dollars.

As at March 31, 2025, the Company had short term notes receivable of \$266 thousand.

The Company's working capital at March 31, 2025 was \$644 thousand as compared to \$716 thousand at December 31, 2024.

Commitments

The Company has no commitments to disclose.

Disclosure of Outstanding Share Data

As of the date of this report, the Company has 2,739,579 ordinary shares outstanding and 36,000 options granted. Each option entitles the right of the holder thereof to acquire one ordinary share.

Management of Capital

The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal and is not subject to any externally imposed capital requirements.

The Company defines its capital as share capital plus warrants. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget to manage its costs and commitments.

The Company's capital management objective is to maximize investment returns to its equity-linked stakeholders within the context of relevant opportunities and risks associated with the Company's operations. Achieving this objective requires management to consider the underlying nature of research and development activities, the availability of capital, the cost of various capital alternatives and other factors. Establishing and adjusting capital requirements is a continuous management process.

In order to carry out its originally planned activities and pay for administrative costs, the Company recognized that it would need to raise additional funds. As the Company has not been able to achieve this, the Company is accordingly seeking alternate business activities.

Off-Balance Sheet arrangements

The Company has no Off-Balance Sheet arrangements.

Transactions with Related Parties

The following are the expenses incurred with related parties for the three-month ended March 31, 2025 and 2024 and the balances owing as of March 31, 2025 and 2024:

For the period ended March 31, 2025 (in thousands of CAD)

	Directors Fees	Consulting Fees, professional fees and laboratory experiments	Share based awards	Total	Amounts owing at March 31, 2025
Gadi Levin, Director and CEO	\$ -	\$ 9	\$ -	\$ 9	\$ 3
Alan Rootenberg, CFO	-	5	-	5	2
Daniel Bloch, Director	-	-	-	-	-
Ari Kellen, Director	-	-	-	-	-
Shawn Langer, Director	-	-	-	-	-
Total	\$ -	\$ 14	\$ -	\$ 14	\$ 5

For the period ended March 31, 2024 (in thousands of CAD)

	Directors Fees	Consulting Fees, professional fees and laboratory experiments	Share based awards	Total	Amounts owing at March 31, 2024
Gadi Levin, Director and CFO	\$ -	\$ 9	\$ 1	\$ 10	\$ 3
Alan Rootenberg, CFO	-	5	1	6	4
Daniel Bloch, Director	-	4	1	5	-
Ari Kellen, Director	-	-	-	-	-
Shawn Langer, Director	-	-	-	-	-
Total	\$ -	\$ 18	\$ 3	\$ 21	\$ 7

Critical Accounting Policies and Estimates

Our results of operation and financial condition are based on our consolidated financial statements, which are presented in accordance with IFRS. Certain accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at that time. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments or assumptions and actual results, our financial statements will be affected.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are:

- Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.
- Management assesses the fair value of options and warrants granted in accordance with the accounting policy disclosed in share-based payments. The fair value of stock options granted is measured using the Black-Scholes option valuation model, which was created for use in estimating the fair value of freely tradable and fully transferable options. The same model is used by the Company in order to arrive at a fair value for the issuance of warrants.
- Management expenses the costs directly associated with research and development. Indirect costs are estimated using management's calculation of the amount of the activity that is deemed to be associated with research and development.
- In order to assess whether it is appropriate for the company to continue as a going concern, management is required to apply judgment and make estimates with respect to future cash flow projections. In arriving at this judgment, there were a number of assumptions and estimates involved in calculating these future cash flow projections. This includes making estimates regarding the timing and amounts of future expenditures and the ability and timing to raising additional financing.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

There were no changes to the Company's internal controls over financial reporting during the three-month period ended March 31, 2025, which have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

As of March 31, 2025, the Company evaluated its disclosure controls and procedures and internal control over financial reporting, as defined by the Canadian Securities Administrators. These evaluations were carried out under the supervision of and with the participation of management, including the Company's chief financial officer. Based on these evaluations, management concluded that the design of these disclosure controls and procedures and internal control over financial reporting were effective.

Financial Instruments and Other Instruments

The following table shows the classification of financial instruments under IFRS 9:

Financial asset/liability	Classification under IFRS 9
Cash	Amortized cost
Amounts receivable	Amortized cost
Secured and unsecured Notes	Amortized cost
Other accounts payable and accrued liabilities	Amortized cost

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit and loss ("FVTPL"). For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at fair value through other comprehensive income ("FVTOCI").

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Risks and Uncertainties

The following are the risks and uncertainties that the Company has faced since incorporation and will face going forward.

Credit risk

The Company manages credit risk, in respect of cash and cash equivalents, by holding them at major Canadian and Israeli financial institutions in accordance with the Company's investment policy. Concentration of credit risk exists with respect to the Company's cash and cash equivalents, secured and unsecured promissory notes and other receivables and prepaid expenses. The Company's exposure as of March 31, 2025 and December 31, 2024 was \$684 thousand and \$733 thousand, respectively, which consisted of \$403 thousand (December 31, 2024 - \$448 thousand) in cash held in bank accounts, \$15 thousand (December 31, 2024 - \$19 thousand) in amounts receivable and prepaid expenses and \$266 thousand (December 31, 2024 - \$266 thousand) in secured and unsecured promissory notes. None of the Company's amounts receivable are overdue as of March 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet current obligations and future commitments. The Company's approach to managing liquidity risk is to forecast cash requirements to provide reasonable assurance that it will have sufficient funds to meet its liabilities when due. As of March 31, 2025, the Company had cash of \$403 thousand (December 31, 2024 - \$448 thousand), amounts receivable and prepaid expenses of \$15 thousand (December 31, 2024 - \$19 thousand) and \$266 thousand (December 31, 2024 - \$266 thousand) in secured and unsecured promissory notes to settle current liabilities in the amount of \$40 thousand (December 31, 2024 - \$17 thousand).

Market risk

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

(i) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its cash equivalents. The fixed interest on the secured and unsecured loans are not material to the Company's operations.

(ii) Foreign exchange risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has limited operations in Israel with such operations incurred in NIS, and the balance of operations being incurred in Canadian dollars. The Company has not hedged its exposure to currency fluctuations. An increase or decrease of 5% of the NIS relative to the Canadian dollar would not have a significant effect on the Company's results.

Development Stage Company

As indicated above, as a result of the Company's inability to raise the necessary funds to continue as a biotechnology entity, the directors and management of the Company are of the opinion that the optimal benefit to the Company's shareholders would not be a continuation of the business in its current form and are focused on a merger, reverse takeover or restructuring of the Company.

Future Capital Needs

The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favorable or reasonable commercial terms or that it will not result in substantial dilution to its shareholders. If additional funds are raised through the issuance of equity or equity-linked debt securities, the percentage ownership in the Company of the shareholders will be reduced, and such securities may have rights, preferences, or privileges senior to or equal to those of the Company's shares held by the current shareholders, or any other securities outstanding on the date hereof.

If adequate funds are not available to satisfy ongoing capital requirements, the Company may be required to curtail its operations significantly or to obtain funds, if available, through arrangements with strategic partners or others that may require the Company to relinquish material rights to certain technologies or potential markets. There is no certainty that financing will be available in amounts or on acceptable terms, if at all.

Any failure to raise additional funds on favorable terms is likely to have a material adverse effect on the Company's liquidity and financial condition.

Change in Business Activities

While the management and directors of the Company endeavour to maximize shareholder value from the Company's assets and are focused on a merger, reverse takeover or restructuring of the Company, there is no indication of the length of time within which a suitable transaction can be concluded and the terms of such transaction.

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