FORWARD-LOOKING INFORMATION AND MATERIAL ASSUMPTIONS

This report on results for the year ended June 30, 2025 contains forward-looking information, including forward-looking information about Defence Therapeutic Inc.'s (the "Company" or "Defence") operations, estimates, and research and development.

Forward-looking information is generally signified by words such as "forecast", "projected", "expect", "anticipate", "believe", "will", "should" and similar expressions. This forward-looking information is based on assumptions that the Company believes were reasonable at the time such information was prepared, but assurance cannot be given that these assumptions will prove to be correct, and the forward-looking information in this report should not be unduly relied upon. The forward-looking information and the Company's assumptions are subject to uncertainties and risks and are based on a number of assumptions made by the Company, any of which may prove to be incorrect.

GENERAL

This Management Discussion and Analysis ("MD&A") of the financial condition, results of operations and cash flows of the Company for the year ended June 30, 2025 should be read in conjunction with the audited consolidated financial statements as at June 30, 2025 and for the year then ended. This MD&A is effective October 28, 2025. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

The Company has prepared its consolidated financial statements as at June 30, 2025 and for the year ended then ended in Canadian dollars and in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board.

DESCRIPTION OF BUSINESS

The Company was incorporated as Accum Therapeutics Inc. on July 18, 2017, under the laws of the province of Québec. The Company changed its name to Defence Therapeutics Inc. on March 26, 2020 and was continued into British Columbia on July 10, 2020. Its principal business activity is the development of a biological drug enhancer platform that improves the efficacy and safety of a multitude of biological-/biosimilar-based pharmaceuticals used in the treatment of cancer and infectious diseases. The Company's head office address and registered and records office is 7171 Rue Frederick Banting, Montreal, Quebec, H4S 1Z9.

On April 30, 2021, the Company became a reporting issuer, and on May 7, 2021, the Company's Common Shares were listed on the Canadian Securities Exchange and began trading under the symbol "DTC".

BUSINESS OF THE COMPANY

On May 12, 2017, prior to the incorporation of the Company, a precursor entity to the Company and a former principal of the Company entered into an Intellectual Property Assignment and Royalty Agreement (the "Original IP Assignment and Royalty Agreement") with TransferTech Sherbrooke, a limited liability partnership ("TTS"), and Jeffrey Victor Leyton ("Leyton"), a professor at the Université de Sherbrooke. The Original IP Assignment and Royalty Agreement assigns Leyton's invention known as "Novel Immunoconjugates with cholic acid nuclear localization sequence peptide and uses thereof" (the "Accum Invention" or "Accum™") and any related intellectual property to the Company.

On May 20, 2020, the Company and TTS entered into an amended and restated Intellectual Property Assignment and Royalty Agreement (the "Amended IP Assignment and Royalty Agreement"), which amends and restates the Original IP Assignment and Royalty Agreement, assigning the Accum Invention and any related intellectual property to the Company in exchange for consideration as follows:

- $25,000 upon completion of the agreement (paid); and
- The issuance of 2,085,714 Common Shares of the Company (issued and valued at $312,857).

The Company must also make milestone payments related to the Accum Invention and any related or derivative inventions as follows:

- $10,000 within 30 days of the completion of the first non-rodent positive toxicology study;
- $25,000 within 30 days of the recruitment of the first phase 1 patient;
- $50,000 within 30 days of the recruitment of the first phase 2 patient;
- $100,000 within 30 days of the recruitment of the first phase 3 patient; and
- $250,000 within 30 days of the first regulatory approval from a relevant registration authority.

As of June 30, 2025 and the date of this MD&A, the Company has not met any of these milestones as they pertain to the Accum Invention in the Original IP Assignment and Royalty Agreement.

In addition, the Company must pay a royalty of 3% calculated on the net revenues and all commercial activities involving the Accum Invention, and 4% calculated on the net revenues and all commercial activities involving any related or derivative inventions.

The Company was also required to enter into a research contract for a minimum of $45,000 (completed). During the year ended June 30, 2022, the research contract was terminated and the $45,000 was refunded to the Company.

The Company has determined that the cash and share consideration paid for the Amended IP Assignment and Royalty Agreement, along with the costs of the research contract, do not qualify as development costs. Accordingly, the amounts have been expensed to research and lab fees.

On April 7, 2022, the Company was granted US patent number US 11,291,717 covering its vaccine platform technology that utilizes components of Defence's proprietary Accum™ technology attached to various tumor, viral or bacterial antigens to enhance both humoral and cellular immunity. The Company was also granted Canadian patent number 3,201,103 on December 12, 2023 and Australian patent number AU 2021402007 on March 14, 2024.

On June 7, 2022, the Company was granted US patent number US 11,352,437 covering its conjugated compounds permitting delivery of antibodies to the nucleus through Defence's proprietary Accum™ technology. The Company was also granted corresponding Israeli patent number IL 261765 on December 1, 2022, corresponding Japanese patent number JP 7126956 on August 29, 2022 and corresponding Australian patent number AU 2017233725 on February 1, 2024.

On March 28, 2023, the Company was granted US patent number US 11,612,651 covering its Accum™-based vaccine enhancer technology platform as a powerful "drop-in" ingredient to boost immunogenicity and performance of virtually any cell-based or protein subunit vaccine, including both prophylactic and therapeutic vaccines in the fields of cancer and infectious diseases.

On February 6, 2024, the Company was granted US patent number US 11,890,350 covering its breakthrough AccuTOX® technology. The patent includes valuable composition-of-matter claims covering a portfolio of therapeutically-active molecules making up the AccuTOX® platform.

On July 8, 2025, the Company was granted US patent number US 12,350,346 covering its Accum™-ADC technology. The patent includes valuable composition-of-matter claims broadly covering therapeutically active ADCs -- not limited to individual diseases or therapeutic targets -- as well as claims covering the use of ADCs for treating or diagnosing diseases such as cancer.

The Company is currently focused on research, development and advancement of the following main products using its proprietary Accum® technology:

- Antibody Drug Conjugates ("ADC") targeting various cancers
- Anti-cancer AccuTOX® program
- Radiopharmceuticals program
- Mesenchymal stromal cell-based vaccine ("ARM-X") targeting cancer

Antibody Drug Conjugates

Defence has demonstrated that the Accum® technology enhances the ability of the ADC Kadcyla ("T-DM1") to specifically target and kill breast cancer cells. Defence completed the synthesis of 18 different Accum variants conjugated to T-DM1 at 10X ratio. A toxicity screening will be performed in the near future on the selected breast cancer cell line to identify additional leads.

Additional studies were completed by Defence's partners in Europe to identify a lead ADC. Not only was a lead identified, but the newly engineered ADC was therapeutically enhanced by 60X.

Defence is building a tox studies packages to present to potential partners using its Accum with commercialized and in development ADCs.

The AccuTOX program

A novel anti-cancer function was discovered for "free" Accum®. More specifically, when directly delivered without direct linking onto protein, the Accum® moiety behaves as a toxic "bullet" to cancer cells. So far, the Defence team has engineered a large library of Accum® variants (over 50) screened for their therapeutic efficacy against breast, colon, melanoma and lymphoma cancers. Preclinical studies have been completed against solid T-cell lymphoma, breast cancer and melanoma. Besides obtaining a clearance by the FDA (December 2023) to initiate a Phase I trial, Defence obtained a letter of no-objection from Health Canada to initiate a Phase I trial by the beginning of 2025, subject to financing.

Radiophamaceuticals program

Defence is currently testing the use of the Accum® technology developing the next generation of Radio Immuno Conjugates using Indium111, which most of the studies are ongoing at the Canadian Nuclear Laboratories ("CNL"). Defence is also planning studies to be performed at CNL to develop targeted radiopharmaceuticals therapy using the Accum® and AccuTOX® with Actinium225 to increase the nuclear accumulation and the efficacy of the therapy.

ARM-X vaccine program

Defence has engineered a mesenchymal stem cell ("MSC") -based vaccine using the Accum variant AccuTOX®. Treatment of MSCs with the AccuTOX® compounds converts MSCs into potent antigen-presenting cells (ARM-X) capable of mounting a potent anti-tumoral response. Defence is looking for partners to advance this program into Phase I.

Other products

Other products the company has worked on include:

- Dendritic Cell ("DC") cancer vaccines using Accum (Accuvac™)
- A new protein-based vaccine formulation against COVID and infectious diseases
- Cervical cancer vaccine
- mRNA vaccination program

Accuvac™: for DC cancer vaccines

Defence has optimized the chemical manufacturing of its experimental antigens to efficiently link the Accum® moiety. When used to pulse DCs, these modified antigens were shown to breakdown endosomal membranes leading to efficient processing, presentation and activation of responding T-cells. The prophylactic vaccination led to 100% protection against cancer growth. This process was rechallenged three times and led to a continued 100% protection against cancerous tumor growth.

Therapeutic vaccination of animals with pre-established tumors triggered a substantial delay in tumor growth as a stand-alone therapy. Combination of Accuvac™ to the immune-checkpoint inhibitor anti-PD-1 cured 70% of treated animals.

To build upon this success, Defence is developing second and third generation Accum moieties to further enhance the potency and efficacy of Accuvac™. Defence has engineered two Accum variants with direct anti-tumoral effects. The results of the Accum variants displayed efficiency at killing melanoma, lymphoma, colon and breast cancer cells in vitro. In vivo studies are currently ongoing to test the intratumoral delivery of these variants as a means to induce regression of established tumors. That being said, Defence will no longer continue the development of DC vaccines as its main focus is on the use of the Accum technology as anti-cancer therapeutics and payloads for antibody-drug conjugates.

A COVID vaccine

Defence is using the Accum® technology to develop a distinct COVID-19 protein-based vaccine. So far, the vaccine is highly immunogenic as tests with rodent animals showed that high antibody titers lasted for more than 16 weeks. In addition, the generated antibodies "neutralized" the ability of pseudo-typed viruses (an artificial virus with COVID-19 S proteins) from infecting cells. Also, a non-GLP study on rabbits was recently completed demonstrating no toxicity signs, along with a strong humoral response.

Additionally, Defence successfully tested a new formulation to deliver its protein-based COVID vaccine via the intranasal cavity. Two GLP studies have been completed on hamsters and have shown potent protective effects. Since the pandemic is not currently an international health threat, these proof-of-concept studies will serve as examples in case a vaccine is needed for ongoing or future emerging pandemics.

Cervical cancer vaccine

Defence has engineered a protein based anti-cervical cancer vaccine. In a nutshell, Accum is attached to the E7 protein. When tested prophylactically and therapeutically, the vaccine was effective at protecting and controlling cervical cancer growth, respectively. In addition, a good antibody titer was obtained. A GLP study was completed at a local contract research organization (CRO). Defence is currently working on finding a partner to initiate a Phase I trial.

mRNA vaccination program

Defence did preliminary studies testing the use of the Accum® technology on mRNA vaccine. A proof-of-concept studies may be conducted using an mRNA encoding for the OVA (ovalbumin) antigen. Once confirmed, Defence may test various mRNA vaccines targeting different cancer and infectious disease indications, depending on discussion with collaborators.

Accum™ Platform and Core Technology

Defence Therapeutics continues to advance its proprietary Accum™ drug-enhancer platform, designed to improve the efficacy and safety of biological and biosimilar-based pharmaceuticals used in the treatment of cancer and infectious diseases. The technology enables targeted intracellular delivery of payloads—ranging from antigens to chemotherapeutic agents—by promoting endosomal escape and enhancing intracellular bioavailability. This platform forms the backbone for the Company's vaccine and antibody-drug conjugate (ADC) programs, supporting both in-house and potential partnered applications

Research and Development Activities

During fiscal 2025, the Company focused on:

- Studies advancement related to Accum™ with radio-immuno-conjugates to develop the next generation of targeted radiopharmaceuticals therapies.
- ADC formulation studies, demonstrating improved stability and cytotoxic efficiency using Accum™-linked payloads.

- Scale-up and process development within its Montreal laboratory, including validation of new analytical procedures and expanded lab-equipment infrastructure under its current lease agreement.

- Research and laboratory expenditures amounted to $802,193 (2024 – $3,861,452), with a portion offset by Scientific Research and Experimental Development (SR&ED) tax credits totaling $268,995, recorded as a reduction of research expenses. The reduction in total spend reflects the transition from broad exploratory research to focused pre-clinical validation and assay refinement.

Intellectual Property and Scientific Validation

The Company continued to strengthen its patent portfolio surrounding the Accum™ technology with patents covering:

- Modified Accum™ analogues for enhanced intracellular trafficking;

- Accum™-ADC linker chemistry for targeted cytotoxic delivery; and

- Vaccine formulations integrating Accum™ with specific cancer antigens.

Defence maintained collaborations with academic and contract-research partners to evaluate the platform in animal models for oncology. These collaborations provided key data supporting the mechanism of action and potential commercial viability of Accum™-based therapeutics.

Government Support and Tax Incentives

In addition to SR&ED credits, Defence leverages federal and provincial research incentive programs to defray eligible development expenditures. All such credits are recognized under IAS 20 using the cost-reduction approach, consistent with IFRS. The amounts claimed remain subject to review by the Canada Revenue Agency and Revenu Québec.

Future Technical Outlook

Looking forward, the Company intends to:

- Advance AccuTOX® to Phase I clinical trial;

- Develop the Accum™-radiopharmaceuticals program, including in vivo studies;

- Expand ADC conjugation partnerships to validate Accum™ across multiple payload classes;

- Pursue regulatory and manufacturing readiness for upcoming translational studies.

Technical Highlight Summary:

Category	Highlights for Fiscal 2025	Comparative / Prior Year Context (2024)	Outlook and Next Steps
Core Platform	Continued optimization of the Accum™ biological drug-enhancer platform, enabling targeted intracellular delivery for vaccines and antibody-drug conjugates (ADCs).	Extensive pre-clinical validation of Accum™-based payload delivery and endosomal-escape mechanisms.	Advance into GLP-grade studies and expand external co-development partnerships for oncology and infectious-disease applications.
Vaccine Programs	Refined Accum™-based therapeutic cancer vaccine constructs, achieving enhanced antigen-specific immune responses in animal models.	Broad early-stage proof-of-concept work across multiple tumor antigens.	Prepare IND-enabling pre-clinical packages and initiate toxicology validation.
ADC Development	Developed and tested new Accum™ linker chemistry, improving payload stability and cytotoxic efficiency versus standard ADC formats.	Initial linker design and feasibility screening.	Pursue licensing or joint-venture partnerships with established ADC developers.
Laboratory Operations	Expanded Montreal R&D facility; upgraded analytical and cell-based assay capacity under existing two-year lab lease.	Lab commissioning and initial infrastructure setup.	Maintain capacity for scaled in-vitro / in-vivo testing; evaluate additional laboratory space post-FY 2026.
Research & Lab Expenditures	$802,193 incurred (2024 – $3,861,452); reflects cost optimization and shift to focused validation studies.	Peak development spend tied to multiple simultaneous proof-of-concept projects.	Continue disciplined cost control while allocating incremental funds to GLP studies and IP expansion.
SR&ED Tax Credits	$268,995 recognized under the Scientific Research & Experimental Development (SR&ED) program as a reduction of R&D costs.	No SR&ED credits recorded in FY 2024.	Maintain eligibility and compliance; expand claims to cover new research domains.
Intellectual Property	New filings for modified Accum™ analogues, ADC linker chemistry, and vaccine formulations.	Strengthened protection of core Accum™ patent families.	Broaden IP coverage internationally and pursue strategic patent licensing opportunities.
Collaborations	Sustained academic and CRO partnerships for pre-clinical validation in oncology and infectious-disease models.	Early mechanistic studies with institutional partners.	Extend collaborations to translational studies and manufacturing partners.
Technical Staffing & Governance	Maintained specialized scientific team; implemented quality oversight under new Head of Quality and Operations (appointed Oct 2025).	Focus on laboratory staffing and external consultants.	Expand internal QA/QC systems for regulatory readiness.
Strategic Objective	Consolidate pre-clinical evidence to support upcoming IND submission and partnership-driven advancement of Accum™-based therapeutics.	Technology validation and market positioning.	Transition from research to clinical translation by FY 2026.

SELECTED ANNUAL INFORMATION

	June 30, 2025 $	June 30, 2024 $	June 30, 2023 $
Revenue	-	-	-
Net loss for the year	(3,522,072)	(13,193,045)	(6,762,783)
Basic and diluted loss per Common Share	(0.07)	(0.30)	(0.17)
Total assets	1,651,515	477,747	3,532,709
Long-term debt	-	7,871	1,746,069
Dividends	-	-	-

In 2024, the Company raised $1,450,500 in private placements in order to continue to advance the Accum™ technology. In 2025 the Company raised $5,015,000 for the same purpose. Year-to-year variances were not the result of any discontinued operations, changes in accounting policies or significant dispositions.

SELECTED QUARTERLY INFORMATION

Results for the eight most recently completed quarters are summarized below.

For the Quarter Periods Ended	June 30, 2025 $	March 31, 2025 $	December 31, 2024 $	September 30, 2024 $
Total revenue	-	-	-	-
Net loss for the period	(1,158,485)	(951,888)	(804,837)	(606,862)
Basic and diluted loss per share	(0.02)	(0.02)	(0.02)	(0.01)
Total assets	1,651,515	2,363,585	403,028	424,674
Total non-current liabilities	-	-	-	-
Dividends	-	-	-	-

For the Quarter Periods Ended	June 30, 2024 $	March 31, 2024 $	December 31, 2023 $	September 30, 2023 $
Total revenue	-	-	-	-
Net loss for the period	(1,348,232)	(1,327,758)	(8,319,900)	(2,197,155)
Basic and diluted loss per share	(0.03)	(0.03)	(0.19)	(0.05)
Total assets	477,747	968,280	668,846	1,587,842
Total non-current liabilities	7,871	15,399	22,597	1,637,910
Dividends	-	-	-	-

There is minimal seasonality in the Company's business. A discussion of the factors that have caused variations over the quarters is as follows:

- The quarter periods ended June 30, 2023 and September 30, 2023 were comparable to recent quarters.
- The quarter period ended December 31, 2023 was comparable to recent quarters when normalizing for a stock option grant to directors and officers resulting in share-based compensation of $5,836,658.
- The quarter periods ended March 31, 2024 and June 30, 2024 were comparable to recent quarters.
- During the quarter period ended September 30, 2024, the Company's net loss decrease is primarily due to a reduction in investor relations and shareholder communication costs as well as research and lab fees.
- During the quarter ended December 31, 2024, the Company's net loss increase is primarily due to the increase in share based compensation during the period and the higher incident of Laboratory fees.
- During the quarter ended March 31, 2025, the Company's net loss increase is primarily due to the increase in share based compensation during the period.
- During the quarter ended June 30, 2025, the Company's net loss increase is primarily due to the increase in research and lab fees during the period.

OPERATIONS

Three months ended June 30, 2025

During the three months ended June 30, 2025, the Company recorded a net loss of $1,158,485 (2024 – $1,348,232). The improvement in the loss position of approximately $191,000 was primarily driven by reduced research and development spending, lower interest accretion on convertible debentures, and a significant decrease in consulting fees. These positive impacts were partially offset by increased accounting and legal expenses and higher share-based compensation.

Significant expense variances for the quarter are summarized below:

• Share-based compensation was $143,047 (2024 – $nil), reflecting new equity incentive grants issued in the current period.

• Research and lab fees decreased to $335,227 (2024 – $596,695), as the prior period included higher levels of development and testing activities that were not repeated in the current quarter.

• Investor relations and shareholder communication expenses were $201,729 (2024 – $136,916), reflecting increased engagement with capital markets and investor outreach initiatives.

• Management fees were $60,000 (2024 – $95,500), decreasing due to compensation adjustments made in the second half of fiscal 2024.

• Interest accretion decreased significantly to $21,684 (2024 – $148,963), due to the extinguishment and settlement of convertible debentures and lower amortization of remaining debt balances.

• Consulting fees were $33,966 (2024 – $150,540), as the prior year included short-term advisory engagements associated with development and financing work.

• Accounting and legal fees increased to $259,825 (2024 – $90,787), driven by higher audit, regulatory, and transaction-related legal costs as the Company continued advancing its corporate initiatives.

• Office and general expenses decreased to $41,553 (2024 – $54,799), primarily reflecting lower travel and administrative costs.

• Transfer agent and filing fees were $10,005 (2024 – $14,885), decreasing due to reduced regulatory filings compared to the prior year.

• Depreciation of equipment and right-of-use assets was $19,210 (2024 – $13,431), reflecting additions to equipment in late 2025.

• The Company recognized a foreign-exchange gain of $42,738 (2024 – loss of $10,866), primarily related to remeasurement of U.S.-dollar-denominated liabilities.

Other Items

• A non-cash gain on extinguishment of debentures of $74,978 was recognized in the current period (2024 – $Nil).
• No interest income was recognized in the current period (2024 – $356).

Year ended June 30, 2025

For the year ended June 30, 2025, the Company incurred a net loss of $3,522,072 (2024 – $13,193,045). The significant reduction in loss of approximately $9.7 million was mainly due to a substantial decline in share-based compensation and research and development costs compared to the prior year.

Key year-over-year variances were as follows:

- Share-based compensation decreased sharply to $794,727 (2024 – $5,836,658) as there were fewer stock-based awards granted and vested during the current year.
- Research and lab fees totaled $802,193 (2024 – $3,861,452), reflecting reduced prototype development activity and tighter cost control measures.
- Investor relations and shareholder communication decreased to $527,214 (2024 – $1,710,061) due to scaled-down marketing and investor engagement campaigns.
- Management fees were $371,000 (2024 – $357,000), relatively consistent with the prior year.
- Interest accretion decreased to $322,517 (2024 – $397,854) primarily as a result of partial settlement of outstanding debentures.
- Consulting fees declined to $139,679 (2024 – $443,962) due to fewer external engagements.
- Accounting and legal expenses increased to $352,463 (2024 – $262,688), reflecting additional legal costs associated with financing transactions and ongoing corporate restructuring.
- Office and general expenses were $130,088 (2024 – $183,981), with the decrease attributable to cost-saving initiatives and reduced administrative overhead.
- Transfer agent and filing fees of $79,170 (2024 – $75,154) remained broadly consistent with the prior period.
- Depreciation of equipment and right-of-use assets increased to $72,338 (2024 – $52,148) due to the addition of new laboratory equipment.
- Foreign-exchange loss amounted to $9,588 (2024 – gain of $4,803), driven by fluctuations in exchange rates during the year.
- Depreciation of intangible assets was $Nil (2024 – $38,776) as all intangible assets were fully amortized in the prior year.
- Other income for the year included interest income of $63 (2024 – $21,886), and a gain on extinguishment of debentures of $78,842 (2024 – $Nil).

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2025, the Company had cash of $1,232,427 (June 30, 2024 – $56,547) and a working capital deficiency of $1,443,495 (June 30, 2024 – deficit $3,839,952). The improvement in cash and working capital during the year was primarily due to the completion of private placements and the refinancing of convertible debentures.

During the year ended June 30, 2025, the Company undertook several financing activities:

- In November 2024, the Company completed a non-brokered private placement of 1.6 million units at a price of $0.50 per unit for aggregate gross proceeds of $800,000. Each unit comprised one common share and one-half of one common share purchase warrant, exercisable at $1.00 per share for 24 months. Finder's fees of $14,000 were paid, and 28,000 finder's warrants were issued
- In January 2025, the Company closed a private placement of 7,025,000 units at $0.60 per unit for gross proceeds of $4,215,000. Each unit comprised one common share and one common share purchase warrant exercisable at $0.75 for 24 months. Cash finder's fees of $247,200 and 412,000 finder's warrants (valued at $100,632) were issued in connection with the financing
- As part of a debenture refinancing completed in November 2024, the Company repaid $94,000 of principal, converted $251,200 of accrued interest into 440,697 shares, and issued new convertible debentures totaling $1,476,000 in principal amount, resulting in a gain on extinguishment of $142,802
- The Company also issued 123,000 common shares as finders' compensation in relation to the debenture refinancing, with related costs of $63,960 recognized in profit and loss netted with the gain on extinguishment.
- In total, gross proceeds of $5,015,000 were raised through equity financings during the fiscal year, offset by share issuance costs of $275,726, including cash commissions, finders' warrants, and other transaction expenses
- Operating activities utilized $3,400,218 in cash (2024 – $4,288,380), mainly attributable to research and development costs, general operating expenses, and the settlement of accounts payable

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation are included in the amounts shown on the statements of comprehensive loss:

	Year Ended June 30, 2025	Year Ended June 30, 2024
Consulting fees, including termination fees	$ 58,500	$ 102,000
Management fees, including termination fees	371,000	357,000
Research and lab fees, including termination fees	287,618	285,096
Accounting and Legal	71,000	-
Share-based compensation	634,018	5,836,658
	$ 1,422,136	$ 6,580,754

During the year ended June 30, 2021, the Company entered into various consulting agreements that included key management. The agreements were terminated during the year ended June 30, 2025.

During the year ended June 30, 2025, the Company incurred termination fees of $171,000 and milestone bonus of $65,000 which are included in the consulting fees, management fees and research and lab fees.

As at June 30, 2025, the Company had accounts payable of $71,195 (June 30, 2024 - $224,841) with companies controlled by the current and former officers and directors. The balances owing are unsecured, non-interest-bearing and have no specific terms of repayment.

On June 5, 2024, the Company entered into a loan agreement with a relative of an officer and director. Under the terms of the agreement, the Company borrowed $50,000. The loan is unsecured and bears interest at 10% per annum payable on maturity. The maturity date of the loan is the earlier of December 5, 2024 and the day the Company closes a financing resulting in gross proceeds equal to or greater than $2,000,000. The Company accrued an interest of $1,777 (year ended June 30, 2024 - $342) of interest and repaid $50,000 (year ended June 30, 2024 - $Nil). During the year ended June 30, 2025, the Company repaid the loan including a cumulative interest accrued balance of $2,120.

On August 1, 2024, the Company entered into a loan agreement with a relative of an officer and director. Under the terms of the agreement, the Company borrowed $15,000. The loan is unsecured and bears interest at 10% per annum payable on maturity. The maturity date of the loan is the earlier of February 1, 2025 and the day the Company closes a financing resulting in gross proceeds equal to or greater than $2,000,000. During the Year Ended June 30, 2025, the Company repaid this loan including an accrued interest of $846.

At June 30, 2025, the Company had accounts receivable of $Nil (2024 - $108) from a company with a common officer for expense reimbursement.

COMMITMENTS

The consulting agreements signed with certain consultants have indefinite terms and monthly fees totaling $30,000. In the event the agreements are terminated by the Company or the consultants as a result of a change in control, the Company would be required to pay a total of $180,000 to the consultants. The consulting agreement with the chief executive officer contains bonus payments upon reaching certain milestones related to clinical trials and license agreements. During the year ended June 30, 2025, bonuses of $65,000 (2024 - $75,000) were paid or accrued to the chief executive officer.

On May 9, 2023, the Company entered into a lease agreement for lab space commencing October 1, 2023 for a period of two years. Basic rent per fiscal year is approximately as follows:

Fiscal 2026	$	8,000

EVENTS OCCURRING AFTER THE REPORTING DATE

In September 2025, the Company completed a non-brokered private placement of debenture units (the "Units") at a price of $1,000 per Unit for aggregate gross proceeds of $2,000,000 (the "Offering"). Each Unit consists of (i) one $1,000 principal amount of 8.0% convertible debenture (a "Debenture"), and (ii) 1,666 common share purchase warrants (the "Warrants"). The Debentures will bear interest at 8.0% per annum and will mature two years following the issue date. The Debentures are unsecured and will rank pari passu in right of payment of principal and interest with all the existing and future unsecured indebtedness of the Company. The principal amount of each Debenture will be convertible at the option of the holder into common shares in the capital of the Company (a "Common Share") at the conversion price of $0.60 per Common Share (the "Conversion Price"). The accrued interest of the Debentures will be paid annually in Shares at the Conversion Price or in cash at the Company's election. Each Warrant will be exercisable to acquire one Common Share (a "Warrant Share") at an exercise price of $0.75 per Warrant Share for a period of two years from the issue date.

In September 2025, the Company granted 100,000 incentive stock options to a member of the Board of Directors in accordance with the terms and conditions of Defence's Omnibus Incentive Plan. The stock options are vested immediately and exercisable at a price of $0.75 per share for a period of three years from the date of grant.

In October 2025, the Company granted 100,000 incentive stock options to the Head of Quality and Operations (the "Options"), in accordance with the terms and conditions of Defence's Omnibus Incentive Plan. The Options are vested immediately and exercisable at a price of $0.80 per share for a period of three years from the date of grant.

CAPITAL DISCLOSURES

The Company considers its capital to be comprised of shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended June 30, 2025. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS AND RISKS

As at June 30, 2025, the Company's financial instruments consist of cash, accounts payable and accrued liabilities, lease obligation, loan payable and convertible debentures. The carrying values of these financial instruments approximate their fair values.

Fair value

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
Level 3 - Inputs that are not based on observable market data.

The following table sets forth the Company's financial asset measured at fair value by level within the fair value hierarchy:

June 30, 2025	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,232,427	$ -	$ -	$ 1,232,427

June 30, 2024	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 56,547	$ -	$ -	$ 56,547

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. The Company has minimal credit risk. Of the $198,052 (2024 - $96,523) receivables balance, $198,052 (2024 - $96,416) is owing from the Canada Revenue Agency and Revenu Québec.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of June 30, 2025 equal $2,916,016 (2024 - $4,061,975). The face value of the convertible debenture is $1,476,000 and matures on November 16, 2025. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

i) *Currency risk* – The Company has minimal funds held in a foreign currency and holds a material amount of accounts payable and accrued liabilities in United States dollars. A fluctuation in the exchange rates between the Canadian and United States dollars of 10% would result in a $87,000 change in the Company's accounts payable and accrued liabilities. The Company does not use any techniques to mitigate currency risk.

ii) *Interest rate risk* – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates. The Company currently has no debt subject to variable interest rates. Accordingly, the Company does not consider interest rate risk to be significant.

iii) *Other price risk* – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying value is dependent upon its ability to generate positive cash flows and/or obtain additional financing sufficient to fund its development and operating costs. The Company may be able to generate working capital to fund its operations by raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. Based on its current plans, budgeted expenditures and cash requirements, the Company does not have sufficient cash to finance its current plans for at least twelve months from the date the consolidated financial statements are issued. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

Convertible debentures and lease obligation

The debt component of the convertible debentures and lease obligation are calculated using a discounted cash flow method, which requires management to make an estimate of an appropriate discount rate. Changes in the discount rate can materially affect the calculation of the debt component of the convertible debenture and the lease obligation.

NEW ACCOUNTING STANDARDS ADOPTED DURING THE YEAR

Classification of liabilities as current or non-current (amendments to IAS 1)

IAS 1 has been amended to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

These amendments to IAS 1 were effective for years beginning on or after January 1, 2024. These amendments had no impact for the Company.

NEW ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding:

	October 28, 2025	June 30, 2025
Common Shares	54,725,370	54,725,370
Warrants	14,405,807	10,807,140
Stock options	2,725,000	2,525,000
Convertible debentures	5,793,333	2,460,000
Fully diluted shares	77,649,510	70,517,510

RISKS AND UNCERTAINTIES

Limited operating history

The Company has a very limited history of operations and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization; cash shortages; limitations with respect to personnel, financial and other resources; and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment, and the likelihood of the Company's success must be considered in light of its early stage of operations.

The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest

The Company may be subject to various potential conflicts of interest, as some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may become involved in other transactions that conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

The Company's intellectual property and licenses thereto

The Company's success will depend in part on its ability to protect and maintain its intellectual property rights and its licenses. No assurance can be given that the license or rights used by the Company will not be challenged, invalidated, infringed or circumvented, nor that the rights granted thereunder will provide competitive advantages to the Company. It is not clear whether the pending patent applications will result in the issuance of patents. There is no assurance that the Company will be able to enter into licensing arrangements, develop or obtain alternative technology in respect of patents issued to third parties that incidentally cover its production processes. Moreover, the Company could potentially incur substantial legal costs in defending legal actions that allege patent infringement or by instituting patent infringement suits against others. The

Company's commercial success also depends on the Company not infringing patents or proprietary rights of others and not breaching the exclusive license granted to the Company. There can be no assurance that the Company will be able to maintain such licenses that it may require to conduct its business or that such licenses have been obtained at a reasonable cost. Furthermore, there can be no assurance that the Company will be able to remain in compliance with its licenses. Consequently, there may be a risk that such licenses may be withdrawn with no compensation or penalties to the Company.

If patent laws or the interpretation of patent laws change, the Company's competitors may be able to develop and commercialize its discoveries

Important legal issues remain to be resolved as to the extent and scope of available patent protection for biopharmaceutical products and processes in Canada, and other important markets outside Canada, such as Europe or the United States. As such, litigation or administrative proceedings may be necessary to determine the validity, scope and ownership of certain of the Company's and others' proprietary rights. Any such litigation or proceeding may result in a significant commitment of resources in the future and could force the Company to do one or more of the following: cease selling or using any of its future products that incorporate a challenged intellectual property, which would adversely affect its revenue; obtain a license or other rights from the holder of the intellectual property rights alleged to have been infringed or otherwise violated, which license may not be available on reasonable terms, if at all; and redesign its future products to avoid infringing or violating the intellectual property rights of third parties, which may be time-consuming or impossible to do. In addition, changes in patent laws in Canada and other countries may result in allowing others to use its discoveries or develop and commercialize its products. The Company cannot provide assurance that the patents it obtains will afford it significant commercial protection.

The Company may not be able to enforce its intellectual property rights throughout the world. This risk is exacerbated, as it expects that one or more of its product candidates will be manufactured and used in a number of foreign countries

The laws of foreign countries may not protect intellectual property rights to the same extent as the laws of Canada. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. This risk is exacerbated for the Company, as it expects that future product candidates could be manufactured and used in a number of foreign countries.

The legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to life sciences. This could make it difficult to stop the infringement or other misappropriation of the Company's intellectual property rights. For example, several foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, some countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents and trade secrets may provide limited or no benefit.

Most jurisdictions in which the Company intends to apply for patents have patent protection laws similar to those of Canada, but some of them do not. For example, the Company may do business in the future in countries that may not provide the same or similar protection as that provided in Canada. Additionally, due to uncertainty in patent protection law, the Company has not filed applications in many countries where significant markets exist.

Proceedings to enforce patent rights in foreign jurisdictions could result in substantial costs and divert the Company's efforts and attention from other aspects of its business. Accordingly, efforts to protect intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in Canada, the US and foreign countries may affect the Company's ability to obtain adequate protection for the Company's technology and the enforcement of its intellectual property.

Preclinical studies, clinical trials, licensing, regulations and products

The Company is also exposed to risks related to preclinical studies, clinical trials, licensing, regulations and products as follows:

- The Company may not be successful in its efforts to identify, license or discover additional product candidates;

- The Company faces product liability exposure, which, if not covered by insurance, could result in significant financial liability;
- If the Company is unable to advance product candidates through clinical development, obtain regulatory approval and ultimately commercialize product candidates, or if the Company experiences significant delays in doing so, business will be materially harmed;
- The Company's business is highly dependent on its lead product candidate, Accum™, and it must complete preclinical studies and clinical testing before it can seek regulatory approval and begin commercialization of any of its other product candidates. If the Company is unable to obtain regulatory approval for and successfully commercialize Accum™, its business may be materially harmed and such failure may affect the viability of its other product candidates;
- Any product candidates that the Company successfully develops and commercializes will have to compete with existing therapies and new therapies that may become available in the future;
- Clinical development involves a lengthy and expensive process with uncertain outcomes, and results of earlier studies and trials may not be predictive of future clinical trial results. If preclinical studies and clinical trials are not sufficient to support regulatory approval of any of the Company's product candidates, it may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development of such product candidate;
- The Company expects to develop Accum™, and potentially future product candidates, in combination with other therapies, which exposes it to additional risks;
- The Company's preclinical studies and clinical trial may fail to adequately demonstrate the safety, potency and purity of any of its product candidates, which would prevent or delay development, regulatory approval and commercialization;
- The results of preclinical studies and early-stage clinical trials may not be predictive of future results. Initial success in the Company's ongoing clinical trials may not be indicative of results obtained when these trials are completed or in later-stage trials;
- Interim, "top-line" and preliminary data from clinical trials that the Company announces or publishes from time to time may change as more patient data become available, and are subject to audit and verification procedures that could result in material changes in the final data; and
- Disruptions at Health Canada and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products and services from being developed, approved or commercialized in a timely manner, which could negatively impact the Company's business.

Geopolitical risks

Recent geopolitical events and potential economic global challenges, such as the risk of higher inflation, tariffs and the energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.