



Financial Report

Second Quarter - Fiscal Year 2025

July 31, 2024

Management's Discussion and Analysis for the three and six-month periods ended July 31, 2024

(In thousands of Canadian dollars, except for units, share and per share amounts)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This Management's Discussion and Analysis ("MD&A") for ChitogenX Inc., (the "Corporation" or "ChitogenX") provides an overview of the Corporation's operations, performance and financial results for the second quarter and year-to-date periods of our 2025 fiscal year ended on July 31, 2024 and compares those of the same periods for the 2024 fiscal year. This MD&A is the responsibility of management and has been reviewed and approved by its Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board of Directors and is comprised of financially literate directors. This report was reviewed by the Corporation's Audit Committee and approved by ChitogenX' Board of Directors on September 27, 2024.

This document should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the second quarter of our 2025 fiscal year ended on July 31, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Further information about ChitogenX, is available online on SEDAR at www.sedar.com.

Unless otherwise noted, all amounts are presented in thousands of Canadian dollars, except for share and per share amounts.

Going concern

This MD&A has been prepared on a going-concern basis, which implies that the Corporation will continue realizing its assets and discharging liabilities in the normal course of business for the foreseeable future. As reflected in the unaudited interim condensed consolidated financial statements, the Corporation is still a clinical stage R&D company and has not yet achieved profitability. The Corporation has yet to generate revenue and has relied upon the issuance of debt and equity instruments to fund its operations. During the six-month period ended July 31, 2024, the Corporation incurred a net loss of \$490 and used cash in operations of \$98. As at July 31, 2024, the Corporation had a negative working capital balance of \$6,941.

Accordingly, the ability of the Corporation to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing and ultimately on generating future profitable operations. Management anticipates that the continued advancement of its lead Ortho-R program as well as other R&D initiatives leveraging its strong IP portfolio will facilitate securing additional funds from existing and new investors. There is no assurance that any fund-raising initiatives will be successful. Factors within and outside the Corporation's control could have a significant bearing on its ability to obtain additional financing. These unaudited interim condensed consolidated financial statements as at and for the quarter ended July 31, 2024, do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern.

Non-IFRS Financial Measures

This MD&A refers to certain non-IFRS measures. Management uses these non-IFRS financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the results of ongoing operations and in analyzing our business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use a non-IFRS measure, "EBITDA Loss", to provide supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. EBITDA Loss is defined as net loss before (i) provision for (recovery of) income taxes; (ii) interest (income) expense and other financing costs; (iii) depreciation; and (iv) amortization of intangible assets.

Cautionary note regarding forward-looking statements

This MD&A may contain some forward-looking information as defined under applicable Canadian securities laws. Forward looking information can generally be identified using forward-looking terminology such as "may", "anticipate", "expect", "intend", "estimate", "continue" or similar terminology. Forward looking information is subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Corporation to control or predict, that may cause the Corporation's actual results or performance to be materially different from actual results and are developed based on assumptions about such risks and other factors set out herein.

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GLOSSARY TERMS**Calendar & Financial**

CDU	Convertible Debenture Units
EBITDA (L)	EBITDA Loss
FVA	Fair Value Adjustment
FY	Fiscal Year
G&A	General and Administrative
IR	Investors Relations
ITC	Investment tax credits
NCDUs	Non-Convertible Debenture Units
Q2-25	Second quarter FY-25
Q1-25	First quarter FY-25
Q4-24	Fourth quarter FY-24
Q3-24	Third quarter FY-24
Q2-24	Second quarter FY-24
Q1-24	First quarter FY-24
Q4-23	Fourth quarter FY-23
Q3-23	Third quarter FY-23
SR&ED	Scientific Research and Experimental Development Expenses
R&D	Research and Development
YTD	Year to date
YE	Year-end
WA	Weighted Average
W/C	Working Capital, defined as short-term assets less short-term liabilities

Corporate & Operations

API	Active Pharmaceutical Ingredient
CHGX	ChitogenX Inc. (Previously Ortho Regenerative Technologies Inc.)
CMC	Chemistry Manufacturing and Controls
cGMP	current Good Manufacturing Practice
CMO	Contract Manufacturing Organization
CSE	Canadian Securities Exchange
FDA	US Food and Drug Administration
IND	Investigational New Drug application with the FDA
MCRA	MCRA, LLC, a US based orthopedic specialty CRO
MRI	Magnetic Resonance Imaging
MTA	Material Transfer Agreement
NSERC	Natural Sciences and Engineering Research Council of Canada
ORTHO-C	Proprietary biopolymer for Articular Cartilage repair
ORTHO-M	Proprietary biopolymer for Proprietary Biopolymer for Meniscus repair
ORTHO-R	Proprietary biopolymer for Rotator cuff repair
ORTHO-V	Proprietary biopolymer for Osteoarthritis healing
OTCQB	US over-the-counter venture trading market
Polytechnique	Ecole Polytechnique de Montreal
PRP	Platelet-rich plasma
Pre-RFD	Pre-Request for Designation

OVERVIEW OF THE BUSINESS AND BUSINESS STRATEGY

ChitogenX is a clinical stage biotech company incorporated under the Canada Business Corporations Act. The Corporation's head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada and its wholly owned US subsidiary, OR4102023 Inc. has been incorporated on April 20, 2022 and is located at 12 Penns Trail in Newtown, Pennsylvania, USA. The Corporation's shares are publicly traded on the CSE under the symbol "CHGX", as well as on the United States OTCQB market under the symbol "CHNXF".

Regenerative Medicine Overview

The concept of regenerative medicine is to provide solutions to return anatomy and physiology to a more normal appearance and behaviour. Although there are many definitions, of what constitutes regenerative medicine, the following is succinct:

Regenerative Medicine is an emerging interdisciplinary field of research and clinical applications focused on the repair, replacement or regeneration of cells, tissues or organs to restore impaired function resulting from any cause, including congenital defects, disease, trauma and aging. It uses a combination of several technological approaches that moves it beyond traditional transplantation and replacement therapies. These approaches may include, but are not limited to, the use of soluble molecules, gene therapy, stem cell transplantation, tissue engineering and the reprogramming of cell and tissue types.

Combinations of these approaches can 1) improve the natural healing process in areas of the body where it is most needed, 2) take over the function of a permanently damaged organ, 3) heal or repair a damaged organ or tissue, or 4) deliver healing "accelerators" chemicals that might inspire repair to specific damaged areas of the body.

Regenerative medicine is a relatively new and rapidly expanding field that brings together experts in biology, chemistry, materials and computer science, engineering, genetics, robotics, and other fields to find solutions to some of the most challenging medical problems faced by humankind. We believe ChitogenX is at the forefront of playing a critical role in enabling this rapidly expanding field of medicine.

The Global Regenerative Medicine Market was estimated at \$US9B market in 2021 and is projected to grow at 22.8% CAGR through 2030. It is one of the most dynamic markets in medicine today. The musculoskeletal and wound healing segment accounted for about 60% share of the regenerative medicine market in 2021. Biological, cell and pharmaceutical therapies are used in the treatment of musculoskeletal damage to cartilage, tendon, and ligaments as well as skin and organ repair disease or damage. ChitogenX is well positioned to become the preferred regenerative medicine delivery system for this rapidly growing part of the industry.¹

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Regenerative medicine is applicable in cardiovascular, oncology, dermatology, musculoskeletal, wound healing, ophthalmology, neurology, and others. The musculoskeletal and wound healing application segment accounted for over 60% share of the market in 2021 and are expected to grow at a CAGR of 30%+during the forecast period (2023-2030) and is the are of focus for ChitogenX.

¹ Source: Precedence Research, Global Industry Analysis, Size, Share, Growth, Trends, Regional Outlook, and Forecast 2022 – 2030, published Jan 2022

Problem & Solution

The delivery of a tissue scaffold, cellular or molecular therapy or any combination thereof makes a fundamental assumption; that the substance(s) will stay where they were placed and function as desired; if they wander off-target, the desired enhanced healing might not occur and furthermore, the potential exists for off-target effects.

Providing a reliable, biologically safe delivery mechanism that would allow the targeted body system to receive the regenerative material to aid in body system repair is, therefore, a mission-critical goal and a problem that requires solving for the regenerative medicine market to meet its projected growth estimates.

ChitogenX has acquired such a solution from the Polytechnique at the University of Montreal. Our patented muco-adhesive CHITOSAN based scaffold is a versatile biopolymer scaffold that can help various regenerative medicine treatments to adhere to the targeted surgical site or wound.

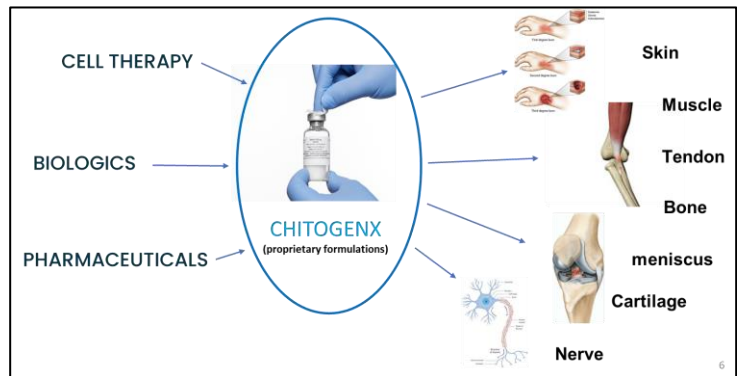
PRODUCT POSITIONING:
For the regenerative medicine market ChitogenX’s chitosan-based biopolymer is a safe and reliable regenerative medicine delivery mechanism to targeted body systems to aid in tissue and organ repair.

CHITOSAN-BASED BIOPOLYMER: Key points of differentiation

Our Chitosan-based Biopolymer is formulated and designed to be combined with products to improve the healing of body tissues.

Our Chitosan-based Biopolymer is a patent-protected freeze-dried, sticky biopolymer.

Unlike other natural biopolymer matrix such as Hyaluronic Acid (HA) or Collagen, the chitosan natural biopolymer molecules are positively charged and therefore electrostatically stick to the negatively charged soft tissues of the human body (skin, tendons, ligaments, meniscus). Our Chitosan-based Biopolymer’s muco-adhesive feature offer the unique benefit of significantly increasing the in-situ residency time of cell, pharmaceutical, or biologic implants so that they may deliver their regenerative effects.



BUSINESS STRATEGY

1. Prioritize activities to secure commercial status and partnerships

Considering the industry significant unmet needs and interest expressed by several regenerative medicine companies, we intend to prioritize activities that will lead to faster commercial status, enabling us to leverage on our ability to provide potential licensees with a reliable source of cGMP sterile Chitosan-Based Polymer.

2. Leverage non-dilutive grants secured with Polytechnique’s partnership to drive proof of concept in multiple indications for our Chitosan-Based Biopolymer

ChitogenX has and can continue to secure non-dilutive research grants through its partnership with Polytechnique.

Meniscus

A first \$0.5 million grant has been secured to test the efficacy of our Chitosan-based Biopolymer/PRP Drug-Biologic Implant formulation, for meniscus repair. In a 22 large animal study, the Corporation successfully demonstrated protection from joint degeneration post meniscal repair surgery. The results showed that the ORTHO-R treated group retained better structure and much milder form of OA and, in some cases, appeared near normal. This study provides the first evidence that treatment with ChitogenX’ proprietary chitosan-based biopolymer

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+ PRP prevents structural changes to radially incised and sutured menisci in a large animal model, and most likely contributed to protecting the joints against OA development. Further proof of concept application was also successfully completed on soft tissue where the improved adherence of PRP was demonstrated.

Tissue Healing

In February 2023, ChitogenX and its scientific partner Polytechnique secured a \$3.5 million grant (inclusive of ChitogenX' \$0.9 million contribution) from NSERC and Prima Québec. The 4-year grant will be used to advance scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Corporation's flagship CBB technology platform.

3. Leverage IP portfolio and proof of concept data to attract partnership agreements.

We intend to leverage the various positive proof of concept data generated to date to capitalize on the growth potential of the regenerative medicine market by entering into partnerships. We are currently evaluating opportunities for fast-track regulatory programs with potential 510(k) pre-market submissions in the US and commercial readiness in other jurisdictions.

We expect to soon announce our plans to take full advantage of the broad clinical and commercial opportunities available to the company.

4. Leverage safety data from the Rotator Cuff Tear Repair U.S. phase I/II clinical trial

ChitogenX concluded enrolment of its U.S. Phase I/II rotator cuff tear repair clinical trial entitled: *A Blinded, Randomized Controlled Study Investigating the Safety of Ortho-R® for Rotator Cuff Repair Compared with Standard of Care: ORT-2020-01 (Ortho-R® Study)*. Study results are expected during the fall of 2024. The Company, and its clinical and regulatory advisors believe that concluding subject enrollment 20 subjects allows for key study objectives to be met.

ORTHO-R is formulated and designed to improve the healing of body tissues beginning with sports and occupation related injuries to tendons, meniscus, and ligaments.

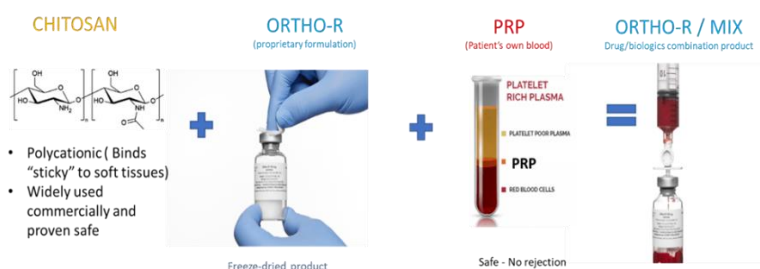
ORTHO-R is a patent-protected freeze-dried formulation of a biopolymer, a lyo-protectant and a clot activator. ORTHO-R is solubilized in platelet-rich plasma ("PRP") to form an injectable combination of the chitosan scaffold and the PRP-biologic, and an FDA designated bioactive implant that coagulate and stick to tissue after implantation.

In vitro testing has allowed the Corporation to identify specific formulations that meet the following criteria for optimal commercial products:

- (i) rapid and complete solubilization in PRP;
- (ii) biopolymer-PRP mixtures having mucoadhesive paste-like handling properties desired by surgeons;
- (iii) biopolymer-PRP mixtures that coagulate rapidly to form soft tissue-adherent Drug-Biologics hybrid implants;
- (iv) biopolymer-PRP biologics implants that are mechanically stable and resist platelet-mediated clot retraction; and
- (v) dispersion of the biopolymer in the implants that is homogenous for optimal biodegradability.

The polymer-biologics hybrid mix, designated as drug/biologic combination product by the FDA, but may be considered a medical device by other regulatory jurisdictions, can be directly applied at the site of injury by a surgeon during a routine operative procedure without significantly extending the time of surgery and without further intervention.







The use of ORTHO-R as an adjunct to standard of care anchoring/suturing techniques produced promising histological findings in small and large animal experimental models, which is hoped to translate to faster and superior rotator cuff tear repair in humans. No adverse events were found in any of the above-mentioned animal studies nor in the 20 patients of the phase I/II ongoing clinical trial, which suggests a high level of safety.



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ChitogenX Overall Value Proposition

	• Chitosan-based biopolymer compatible with cells, PRP, biologics
	• <i>In situ</i> gelling provides mechanical stability, extends residence time
	• GMP compliant manufacturing supply • Chemistry, Manufacturing and Controls (CMC) reviewed through IND
	• Low cost of goods (COGS)
	• Lyophilized, permitting room temperature storage • Shelf-stable for up to 3 years
	• Proof of concept data of improved tissue regeneration • Skin tendons meniscus cartilage



SELECTED FINANCIAL DATA

The following table sets forth financial information relating to the periods indicated and should be read in conjunction with the July 31, 2024 unaudited condensed consolidated interim financial statements.

	Q2-25	Q2-24	Change		YTD-25	YTD-24	Change	
	\$	\$	\$	%	\$	\$	\$	%
Expenses								
R&D	35	195	(160)	-82%	65	613	(548)	-89%
G&A	102	345	(243)	-70%	252	929	(677)	-73%
Share-based compensation	79	44	35	80%	(106)	100	(206)	-206%
Financial	214	124	90	73%	443	463	(20)	-4%
	430	708	(278)	-39%	654	2 105	(1 451)	-69%
FVA embedded derivative	(97)	(299)	202	-68%	(164)	(1 742)	1 578	-91%
FVA on warrants	-	-	-	0%	-	(51)	51	-100%
Net (Loss) and Comprehensive loss	(333)	(409)	76	-19%	(490)	(312)	(178)	57%
(Loss) per share								
Weighted average number of shares outstanding	83 129 520	77 090 687	6 038 833	8%	83 129 520	64 209 464	18 920 056	29%
Basic and diluted loss per share	-	-	-	0%	-	-	-	0%

1. A positive variance represents a negative impact to net loss and a negative variance represents a positive impact to net loss
2. Percentage change is presented in relative values

EBITDA(L) Reconciliation (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

The following table provides a reconciliation of net loss to EBITDA(Loss) for the Q2-25 and YTD-25 periods as compared to the prior year.

	Q2-25	Q2-24	Change		YTD-25	YTD-24	Change	
	\$	\$	\$	%	\$	\$	\$	%
Net loss	(333)	(409)	76	-19%	(490)	(312)	(178)	57%
Add (deduct)								
Financial	214	124	90	73%	443	463	(20)	-4%
FVA embedded derivative	(97)	(299)	202	-68%	(164)	(1 742)	1 578	-91%
FVA on warrants	-	-	-	0%	-	(51)	51	-100%
Depreciation – equipment	1	3	(2)	-67%	2	6	(4)	-67%
Amortization – intangible assets	8	8	-	0%	16	16	-	0%
EBITDA (L)	(207)	(573)	366	-64%	(193)	(1 620)	1 427	-88%

1. A positive variance represents a negative impact to net loss and a negative variance represents a positive impact to net loss
2. Percentage change is presented in relative values.

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Selected items	Q2-25 vs Q2-24 and YTD-25 vs YTD-24
Revenues	<ul style="list-style-type: none"> CHITOGENX is a clinical stage company. No revenues were generated during each of YTD-25 and YTD-24
R&D expenses	<ul style="list-style-type: none"> R&D expenses include internal and external expenses. Internal expenses represent mostly salaries and consulting fees for our staff. External expenses include all development costs related to work performed under our Collaborative R&D contract with Polytechnique as well as specific manufacturing activities, regulatory, pre-clinical and clinical work to advance our pipeline. R&D expenses are presented net of R&D tax credits (ITCs) recoverable from the provincial government for Scientific Research and Experimental Development (SR&ED) programs, and net of government grants. R&D expenses are also presented net of grants which are amortized over their respective term. R&D expenses for Q2-25 and YTD-25 were significantly lower than in the prior year periods. The respective decreases were 82% and 89%. R&D expenses decreased due to the timing and nature of R&D activities, the conclusion of enrolment for the Corporation's Phase I/II rotator cuff trial, as well as the use of R&D grants which serve to fund a large portion of our R&D activities since the \$3.4 million INSERC R&D grant was secured in February 2023.
G&A expenses	<ul style="list-style-type: none"> G&A expenses include salaries and consulting fees paid to non-R&D staff, professional fees, conferences, travel expenses, as well as investors relation activities. G&A spending in Q2-25 was down significantly compared to Q2-24 at \$0.1 million compared to \$0.3 million. Same as for the quarter results G&A spending for the YTD-25 period was down significantly with a 73% reduction compared to YTD-24 as management agreed to reduce its compensation to limit expenses.
Share-based compensation (SBC)	<ul style="list-style-type: none"> Represents the expense related to issuing stock options to staff, consultants and board members. Variances for the comparative quarters include non-recurrent grant to a new Board member as well contractual vesting for members of management on options already outstanding. SBC expenses in Q2-25 were up 80% compared to Q2-24. The YTD-25 SBC expenses was a recovery of \$0.1 million following the cancellation of options triggered by the departure of the prior CEO during Q1-25. SBC expenses during FY-25 were also impacted by the decrease in the Corporation's share price when compared to the strike price of options outstanding.
Financial expenses	<ul style="list-style-type: none"> Financial expenses include interest on loans, notes, non-convertible and convertible debentures, as well as effective interest on debentures as well as foreign exchange gain or loss. Financial expenses increased by 73% in Q2-25 compared to last year. The Q2-24 financial expenses were positively impacted by a favorable foreign exchange gain. The YTD-25 financial expenses were flat compared to the prior year period.
Fair Value Adjustment ("FVA") of Embedded Derivative	<ul style="list-style-type: none"> An Embedded derivative comprised of the conversion options classified as liability was created following the amendment of the CDUs to extend their maturity date. Starting Q4-23, any change in the Fair Value of the Conversion Option of the CDUs ("FVCO") have been recorded as a financial expense. During the Q2-25 and Q2-24 periods, the change in the FVCO, led to a Fair Value Adjustment ("FVA") of the conversion option representing a \$0.1 million and \$0.3 million gain. Such gain was \$0.2 million and \$1.8 million respectively for the YTD-25 and YTD-24 periods.
Fair Value Adjustment ("Fair Value Adjustment") on warrants	<ul style="list-style-type: none"> The terms of the warrants issued as part of the December 2022 Bridge financing led to the creation of a warrant liability. During each of Q2-25 and Q2-24, as well as YTD-25 and YTD-24 the revaluations of the Warrants' fair value were nil or nominal.
Net Income (Loss) for the period	<ul style="list-style-type: none"> Due to the significant reduction in expenses as well the gain on re-evaluating the Fair Value of the Conversion Option on the debentures, the Corporation net loss decreased significantly during the FY-25 periods compared to the corresponding periods in FY-24. Net loss in Q2-25 was \$0.3 million, down 19% compared to Q2-24, while net loss for the YTD-25 was down 57% compared to YTD-24.
EBITDA (L)	<ul style="list-style-type: none"> After eliminating the impact of the financial expenses, as well as depreciation and amortization, but also after eliminating the impact of the combined gain on revaluation of the CDU embedded derivative and warrant liability, our EBITDA loss during Q2-25 was \$0.2 million compared to \$0.6 million for Q2-24, representing a 64% decrease, and reflecting the overall decrease in expenses described above. The reduction in EBITDA loss for the YTD-25 period was \$1.4 million, or 88% decrease compared to YTD-24.

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SELECTED BALANCE SHEET HIGHLIGHTS

The following table sets forth the financial information related to the Corporation's statements of financial position for the periods indicated and should be read in conjunction with the unaudited condensed consolidated financial statements for period ended July 31, 2024.

As at,	July 31, 2024	January 31, 2024	Change	
	\$	\$	\$	%
Cash	12	35	-23	-66%
Prepays and deposits	65	110	-45	-41%
Intangible Assets	251	267	-16	-6%
Total assets	450	534	-84	-16%
Trade accounts payable and accrued liabilities	2 662	2 456	206	8%
Notes	510	180	330	183%
Convertible Debentures - Short term	3 503	416	3 087	742%
Convertible Debentures - Long term	-	2 909	-2 909	-100%
Total liabilities	7 224	6 712	512	8%
Common shares	14 201	14 201	0	0%
Warrants	1 705	2 325	-620	-27%
Equity Components of convertible debentures	-	-	0	0%
Contributed surplus	4 521	4 007	514	13%
Deficit	(27 201)	(26 711)	-490	2%

1. A positive variance represents a positive impact to our balance sheet and a negative variance represents a negative impact to our balance sheet.
2. Percentage change is presented in relative values

Selected items	Q2-25 vs YE-24
Cash	<ul style="list-style-type: none"> • Cash at the end of Q2-25 was \$12 compared to \$35 at the start of the fiscal year.
Total Assets	<ul style="list-style-type: none"> • Total assets were down 16% between YE-24 and Q2-25 due to a reduction of prepaids and deposits. The variation of other assets was nominal.
Trade AP and accrued liabilities	<ul style="list-style-type: none"> • Trade accounts payables and accrued liabilities increased by \$0.2 million during the first 6 months of FY-25. The main increase between the 2 periods related to an increase in amounts due to management as no salaries/fees were paid during the FY-25 period as well as some residual expenses related to the Phase I/II clinical trial.
Notes	<ul style="list-style-type: none"> • Notes were issued as part of the December 2021 bridge financing which matured in December 2023. They continue to bear interest until full repayment.
Convertible debentures	<ul style="list-style-type: none"> • All CDUs are now reported as current following their maturity. Agreement has been reached with holders of the CDUs to extend the maturity to support the Corporation in executing its strategic initiatives.
Total Liabilities	<ul style="list-style-type: none"> • Total liabilities increased 8% between YE-24 and Q2-25. The increase relates to accrued salaries to management and accrual of interest on the various debt instruments. Following conversion of debentures into the May/June 2024 Private Placements, as well as the elimination/reduction of the conversion options on the debentures. Total liabilities decreased by \$4 million during the first 6-months of FY-25.
Common Shares	<ul style="list-style-type: none"> • No change since YE-24.
Warrants	<ul style="list-style-type: none"> • Warrants decreased during the YTD-25 period due to the expiry of 16 million warrants.
Contributed Surplus	<ul style="list-style-type: none"> • The contributed surplus increased by \$0.5 million as a result of share-based compensation expense and the expiry of warrants.
Deficit	<ul style="list-style-type: none"> • The increase reflects the performance of the Corporation during FY-25. (See "Statement of Loss" commentaries)

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(In thousands of Canadian dollars, except for units, share and per share amounts)

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out the Corporation's selected unaudited quarterly financial information for the eight quarters ended July 31, 2024. This information is derived from unaudited quarterly financial statements prepared by management in accordance with IFRS. The following quarterly information is presented on the same basis as the interim unaudited financial statements and should be read in conjunction with those statements and their accompanying notes.

	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23
R&D Expenses (Net)	35	30	290	74	195	418	561	567
G&A expenses	102	150	157	254	345	584	509	523
Share-based compensation	79	(185)	290	29	44	56	92	95
Financial expenses (income)	214	229	98	257	124	339	1 070	373
FVA embedded derivative	(97)	(67)	(377)	171	(299)	(1 443)	-	277
FVA on warrants	-	-	-	(1)	-	(51)	(72)	22
Net Income (Loss)	(333)	(157)	(458)	(784)	(409)	97	(2 160)	(1 857)
EBITDA (Loss)	(207)	14	(728)	(346)	(573)	(1 047)	(1 145)	(1 171)

(See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures")

Notes	Valuable information
R&D expenses	<ul style="list-style-type: none"> R&D expenses fluctuate based on the timing of R&D activities. The reduction of R&D expenses in Q2-25 and Q1-25 compared to prior quarters show the impact of the reduction of R&D activities which followed the conclusion of enrollment into the Phase I/II rotator cuff study, as well as the use of R&D grants which serve to fund a large portion of our R&D activities.
G&A expenses	<ul style="list-style-type: none"> G&A expenses have fluctuated due to the impact of senior management changes that took place during the various periods. G&A expenses have decreased during Q2-25 due to reduction of compensation to senior management.
Share-Based Compensation	<ul style="list-style-type: none"> Share-based compensation fluctuates as a result of staff changes, and due to the timing of expense recognition associated with the vesting of the options issued. SBC expenses were negative in Q1-25 due to the cancellation of non-vested options linked to the departure of the prior CEO.
Financial expenses	<ul style="list-style-type: none"> Financial expenses have increased by \$0.7 million between Q3-23 and Q4-23 due to the non-recurrent loss on extinguishment of the NCDU debt. Interest charges have decreased in Q2-24 following conversion in May and June 2024 of a significant portion of the outstanding debentures into the Private Placements.
FVA of embedded derivative	<ul style="list-style-type: none"> The changes to the terms of the conversion price of convertible debentures as well as the variation in share price during the last quarters has led to quarterly adjustments to the FVCO of the debentures representing respective decreases (gains) or increases (losses) since the embedded derivative were created.
FVA on warrants	<ul style="list-style-type: none"> There has been nominal quarterly variations (adjustments) to the fair value of the warrants issued as part of the December 2021 bridge financing. Warrants have expired in Q1-25.
Net Income or Loss	<ul style="list-style-type: none"> Over the last 2 years, fluctuations in net income or loss have been mainly impacted by the FVA of the derivative liability related to the CDUs as well as to a lesser extent to the fluctuations of the R&D, G&A and SBC expenses. Net income in Q1-24 is due to the \$1.4 million positive FVA of the derivative liability.
EBITDA (Loss)	<ul style="list-style-type: none"> EBITDA (Loss) (See "Management's Responsibility for Financial Reporting" – "Non-IFRS Financial Measures") eliminates the impact of the FVA on the CDU, NCDU, ITC and other financings which reflect the Corporation's financing strategy adopted to attract the required capital to fund its operations. After eliminating such expenses, the EBITDA (Loss) in Q2-24 decreased by \$0.5 million from Q1-24 reflecting a decrease in overall expenses. Fluctuations over prior quarters were directly related to variations in R&D and G&A spendings described above. The positive EBITDA in Q1-25 was due to the negative SBC expenses described above.

Management's Discussion and Analysis for the three and six-month periods ended July 31, 2024

(In thousands of Canadian dollars, except for units, share and per share amounts)

LIQUIDITIES AND CAPITAL RESSOURCES

For the 6-month period ended on,	31-Jul-24	31-Jul-23	Change	
			\$	%
Operating activities:				
Net loss from operations	(490)	(312)	-178	57%
Other items not affecting cash	(74)	(1 467)	1 393	-95%
Changes in non-cash working capital	466	1 156	- 690	-60%
Cash used in operations	(98)	(623)	525	-84%
Financing activities:				
Cash provided by financing activities	75	547	-472	-86%
Cash, beginning of period	35	108	-73	-68%
(Decrease) increase in cash	(23)	(76)	53	-70%
Effect of foreign exchange on cash	-	1	-1	-100%
Cash, end of period	12	33	- 21	-64%

1. A positive variance represents a positive impact to cash flows and a negative variance represents a negative impact to cash flows
2. Percentage change is presented in relative values

Selected items	YTD-25 vs YTD-24
Cash used in operations	<ul style="list-style-type: none"> • Cash used in operations represents the cash flows from operations, excluding income and expenses not affecting cash plus changes in non-cash working capital items. • Cash used in operations was \$0.1 million for YTD-25 period as compared to \$0.6 million for YTD-24 period, representing a \$0.5 million decrease. The decrease results from the \$0.2 million increase in net loss, and a \$0.7 million increase in non-cash working capital which were offset by items not affecting cash which captured the combined \$1.8 million gains on fair value adjustments to the CDU embedded derivative and warrant liability.
Cash used in investing activities	<ul style="list-style-type: none"> • No investments during each of YTD-24 and YTD-25
Cash provided by financing activities	<ul style="list-style-type: none"> • Financing activities was \$0.1 million representing a loan from an arm's length party, compared to \$0.5 million for YTD-24 generated from funds raised as part of the May/June 2024 PIPE financing.
Cash, End of the period	<ul style="list-style-type: none"> • The Corporation ended Q2-25 with nominal cash compared to nominal cash at the end of Q2-24.

Cash, and Working Capital

As at,	2024-07-31	2024-01-31	Change	
	\$	\$	\$	%
Cash	12	35	(23)	-66%
Total current assets	168	234	(66)	-28%
Accounts payables and accrued liabilities	2 662	2 456	206	8%
Convertible debentures - Short term	3 503	416	3 087	742%
Notes	510	180	330	100%
Total current liabilities	7 109	3 269	3 840	117%
Working Capital	(6 941)	(3 035)	(3 906)	129%

1. A positive variance represents a positive impact, and a negative variance represents a negative impact
2. Percentage change is presented in relative values

Working capital deficit between YE-24 and Q2-25 has increased due to the maturity of the CDUs now reported as current. The Corporation has reached an agreement with holders of the debentures to extend maturity and accrue interest to support management executing the Corporation's strategic initiatives.

During prior periods, the Corporation has demonstrated its ability to raise the necessary capital to support its operations and achieve development milestones. However, there is no assurance that the Corporation will be able to secure the necessary financing to fund it

Management's Discussion and Analysis for the three and six-month periods ended July 31, 2024

(In thousands of Canadian dollars, except for units, share and per share amounts)

various development programs. Management has continued to implement IR and financing initiatives to attract the required capital to fund its operations and deliver R&D and corporate milestones over the next fiscal year. (See "Overview of the Business" and "Going concern").

The Corporation's use of available funds over the coming year is of utmost concern to the Board. Since the extent and timing of warrant exercise as a source of financing are uncertain, management continues to look for alternative sources of financing to secure the required capital necessary to fund its operations and development projects. Management's focus is on securing equity-based financings from Canadian and US based institutional and/or accredited investors. The Corporation is also actively promoting its technologies to strategic partners.

Discussion of operating cash requirements

All programs in the Corporation's current portfolio will require additional financial commitments to increase their market value (through, for example, clinical trials) or to attract a strategic partner. After having concluded enrolment on the Phase I/II rotator cuff program, we estimate that \$0.5 million will be required to complete the study and position ChitogenX for Phase II readiness on this program.

We wish to make best use of our financial resources and leverage out strong intellectual properties. The recent notice of allowance on new patents provides for 1) proprietary chitosan scaffold on its own and in combination with a wide variety of therapeutic agents, 2) protects for the use of ChitogenX' proprietary scaffold in combination with biologics in addition to existing PRP and blood products applications, 3) provides huge boost to the Company's attractiveness as a regenerative medicine with a proprietary scaffold, and 4) positioned the Corporation to leverage opportunities for commercial readiness and fast-tracking regulatory programs with potential 510(k) pre-market submissions in the US. We are now in a unique position to secure co-development agreements using our Ortho-R (Chitosan-PRP), as well as our new Chitosan based IP. Co-development agreements represent the best approach to create value while leveraging 3rd party funding.

In order to successfully advance its current R&D programs, ChitogenX entered into a Collaborative R&D Agreement with Polytechnique to ensure access to Polytechnique's staff, expertise, and laboratories.

In February 2023, the Corporation secured a \$3.5 million grant from NSERC and Prima Québec in partnership with Polytechnique Montréal. The 4-year grant will be used to advance the scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Company's flagship ORTHO-R technology platform.

We intend to leverage our R&D grants as well as our exclusive relationship with Poly to advance our R&D initiatives at nominal costs for the Corporation.

The Corporation's cash burn has significantly reduced over the last few quarters, as evidenced by 1) the steep reduction in overall R&D expenses following the conclusion of enrollment into the Phase I/II rotator cuff trial, 2) the securing of the \$3.5 million NSERC grant which has reduced significantly the R&D expenses for ChitogenX, 3) management's decision to significantly reduce and defer the majority of payment on its compensation, and 4) the conversion of a significant portion of the debt leading to reduced financial costs. Management is actively pursuing strategic initiatives and R&D partnering to attract/secure non-dilutive financing while continuing to seek financing via traditional financing means.

Statement of Compliance

The unaudited interim financial statements included in this MD&A for the quarter ending July 31, 2024 have been prepared in accordance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board ("IASB")* as well as with those standards and interpretations as issued by the *International Financial Reporting Interpretations Committee ("IFRIC")* issued and effective or issued and early adopted as at the time of preparing these interim financial statements.

Use of Estimates and Judgements

Reference should be made to the Corporation's 2024 annual financial statements, *note 3*, for an extended description of the information concerning the Corporation's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

ChitogenX Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

Three-month and six-month periods ended July 31, 2024 and 2023

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed interim consolidated financial statements of the Corporation have been prepared by management and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review or an audit of these condensed interim consolidated financial statements.

ChitogenX Inc.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

As at	Notes	July 31, 2024	January 31, 2024
ASSETS			
Current			
Cash		12	35
Sales tax and other receivables		16	16
Investment tax credits receivable		75	73
Prepaid expenses and deposits		65	110
Total current assets		168	234
Equipment		31	33
Intangible assets		251	267
Total assets		450	534
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Accounts payable and accrued liabilities	4	2,662	2,456
Accrued interest on debentures, notes and loans	6,7	434	217
Notes	7	510	180
Convertible debentures	6	3,503	416
Total current liabilities		7,109	3,269
Long-term loans	5	115	40
Notes	7	-	330
Convertible debentures	6	-	2,909
Conversion options	6	-	164
Total liabilities		7,224	6,712
SHAREHOLDERS' DEFICIT			
Common shares	8	14,201	14,201
Warrants	8	1,705	2,325
Contributed surplus		4,521	4,007
Deficit		(27,201)	(26,711)
Total shareholders' deficit		(6,774)	(6,178)
Total liabilities and shareholders' deficit		450	534

Going Concern Uncertainty (Note 1); Commitments (Note 17).

"/s/ "Tim Cunningham" ", Director

"/s/ "Pierre Laurin" ", Director

The accompanying notes are an integral part of these consolidated financial statements.

ChitogenX Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

For the three months ended	Notes	Three months ended,		Six months ended,	
		July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
Expenses					
Research and development	11	35	195	65	613
General and administrative	12	102	345	252	929
Share-based compensation	8	79	44	(106)	100
Financial	13	214	124	443	463
Total Expenses		430	708	654	2,105
Other items					
Fair Value adjustment on embedded derivative	6b)	(97)	(299)	(164)	(1,742)
Fair Value adjustment on warrants		-	-	-	(51)
Net loss (gain) and comprehensive loss (gain)		333	409	490	312
Loss per share					
Weighted average number of common shares outstanding	9	83,129,520	77,090,687	83,129,520	64,209,464
Loss per common share	9	0.00	0.01	0.01	0.00

The accompanying notes are an integral part of these consolidated financial statements.

ChitogenX Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

	Notes	Number of Class "A" common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance as at January 31, 2023		51,038,776	10,357	2,406	2,551	(25,157)	(9,843)
Shares issued		27,764,981	3,423	749	(27)	-	4,145
Share-based compensation		-	-	-	100	-	100
Expired warrants	8	-	-	(278)	278	-	-
Net loss		-	-	-	-	(312)	(312)
Balance as at July 31, 2023		78,803,757	13,780	2,877	2,902	(25,469)	(5,910)
Balance as at January 31, 2024		83,129,520	14,201	2,325	4,007	(26,711)	(6,178)
Share-based compensation	8	-	-	-	(106)	-	(106)
Expired warrants	8	-	-	(620)	620	-	-
Net loss		-	-	-	-	(490)	(490)
Balance as at July 31, 2024		83,129,520	14,201	1,705	4,521	(27,201)	(6,774)

The accompanying notes are an integral part of these consolidated financial statements.

ChitogenX Inc.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

For the six months ended	Notes	July 31, 2024	July 31, 2023
Operating activities:			
Net (loss) income		(490)	(312)
Adjustments for:			
Share-based compensation	8	(106)	100
Depreciation and amortization		18	21
Unrealized gain on foreign exchange		-	(25)
Interest on loans and debentures	13	178	230
Fair Value adjustment – embedded derivative	6b)	(164)	(1,742)
Fair Value adjustment – warrants liability		-	(51)
Net change in non-cash operating working capital	10	466	1,156
Cash used in operating activities		(98)	(623)
Financing activities:			
Proceeds from long-term loan		75	547
Cash provided by financing activities		75	547
Effect of foreign exchange on cash		-	1
Cash, beginning of period		35	108
Decrease in cash		(23)	(76)
Cash, end of period		12	33

The accompanying notes are an integral part of these consolidated financial statements.

ChitogenX Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

1. Reporting entity and going concern

ChitogenX Inc. (“the Corporation”, or “ChitogenX”), was incorporated under the Canada Business Corporations Act on February 5, 2015. The Corporation’s head office, principal address and registered office is located at 16667 Hymus Blvd., Kirkland, Quebec, Canada and its wholly owned US subsidiary, OR4102022 Inc. has been incorporated on April 20, 2022 and is located at 12 Penns Trail in Newtown, Pennsylvania, USA. Since September 12, 2022, the Corporation’s shares are listed on the Canadian Securities Exchange (“CSE”), under the symbol “CHGX” and on the United States OTCQB (“OTCQB”) market, under the symbol “CHNXF”.

The Corporation is an emerging Orthopaedic and Sports Medicine biologics company dedicated to the development of novel therapeutic soft tissue repair technologies to dramatically improve the success rate of orthopaedic and sports medicine surgeries. The Corporation’s proprietary biopolymer has been specifically designed to increase the healing rates of occupational and sports related injuries to tendons, ligaments, meniscus, and cartilage. The biopolymer – autologous PRP combination implant, can be directly placed into the site of injuries by surgeons during routine operative procedures without significantly extending the duration of surgeries and without further interventions. Considering the significant bioactivity and residency of our proprietary biopolymer – PRP implants, ChitogenX continues to assess its potential for therapeutic uses outside of the soft tissue repair market.

These condensed interim consolidated financial statements have been prepared on the going concern basis, which presumes the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In its assessment to determine if the going concern assumption is appropriate, management considers all data available regarding the future for at least, without limiting to, the next twelve months.

The Corporation has yet to generate revenue and has relied upon the issuance of debt and equity instruments to fund its operations. During the six-month period ended July 31, 2024, the Corporation incurred a net loss of \$490 and used cash in operations of \$98. As at July 31, 2024, the Corporation had a negative working capital balance of \$6,941.

The ability of the Corporation to fulfill its obligations and finance its future activities depends on its ability to raise capital and on the continuous support of its creditors. The Corporation believes its efforts to raise sufficient funds to support its activities will be successful, however, there is no assurance that funds will continue to be raised on acceptable terms. This indicates the existence of a material uncertainty that may cast a significant doubt about the ability of the Corporation to continue as a going concern without obtaining additional financial resources.

Failure to obtain such additional financing could result in delay or indefinite postponement of the Corporation’s strategic goals. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Corporation be unable to continue as a going concern. Such adjustments could be material.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on September 27, 2024.

2. Summary of Material Accounting Policies

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial liabilities to fair value.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in thousands of Canadian dollars, which is also the functional currency of the Corporation.

Transactions denominated in foreign currencies are initially recorded in the functional currency of the related entity using the exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates. Any resulting exchange difference is recognized in the consolidated statement of loss and comprehensive loss. Non-monetary assets and liabilities denominated in foreign currencies and measured at historical cost are translated using historical exchange rates, and those measured at fair value are translated using the exchange rate in effect at the date the fair value is determined. Expenses are translated using the average exchange rates for the period or the exchange rate at the date of the transaction for significant items.

	July 31, 2024	January 31, 2024
End of period exchange rate – USD	1.3809	1.3397
Period average exchange rate – USD	1.3712	1.3495

ChitogenX Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

Statement of Compliance

These condensed interim consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Therefore, these condensed interim consolidated financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". IFRS included IFRSs, International Accounting Standards ("IAS"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the audited financial statements for fiscal year ended January 31, 2024.

3. Use of Estimates and Judgment

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to undertake several judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses and the disclosures. The actual results may differ from these judgements and estimates. These estimates and judgements are based on management's best knowledge of the events or circumstances and actions the Corporation may take in the future. The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in the Corporation's 2024 annual audited consolidated financial statements and are still applicable for the first six-month period ended July 31, 2024.

4. Accounts Payable and Accrued Liabilities

Balance as at	July 31, 2024	January 31, 2024
Trade accounts payable	2,417	2,191
Accrued liabilities	245	265
Total	2,662	2,456

5. Long-Term Loan

	Interest Rate	Maturity	July 31, 2024	January 31, 2024
Canada Emergency Business Account	5 %	December 31, 2026	40	40
Loan	15%	March 6, 2026	75	-
Total			115	40

The Corporation secured a Canadian Emergency Business Account ("CEBA") loan from the Canadian Federal government in 2021, as financial support program during COVID. The loan was bearing 0% interest up to December 31, 2023. Effective January 19, 2024, an interest rate of 5% per annum will apply to any outstanding unpaid balance on the loan, payable or capitalized monthly. The CEBA loan will become due on December 31, 2026.

On March 6, 2024, the Corporation borrowed from an arms length party an amount of \$75 bearing interest at 15% per annum, repayable on March 6, 2026.

For the six months ended July 31, 2024, \$6 of interest expense was recorded and includes \$4 of Interest payable on loans in the condensed interim consolidated statement of financial position.

6. Convertible Debentures

a) Host instrument

	Six months ended July 31, 2024	Year ended January 31, 2024
Opening balance	3,325	5,044
Additions	-	259
Conversion of debentures into units	-	(2,367)
Accretion expense	178	389
Total	3,503	3,325

ChitogenX Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

Current portion	3,503	416
Non-current portion	-	2,909
Total	3,503	3,325

For the six months ended July 31, 2024, \$182 of interest expense was recorded and included in the \$370 of Interest payable on debentures in the condensed interim consolidated statement of financial position.

During the year ended January 31, 2024, the Corporation completed a non-brokered private placement of units and settled certain debts and interests outstanding representing \$2,367 and \$221 respectively (see note 8).

On November 30, 2023, the Corporation capitalized \$300 of accrued interests to the principal amount of the debenture with the same conditions. The carrying amount was recorded by using the discounted cash flows method assuming an effective interest of 24.6% determined on the estimated rate for a loan with similar terms from comparable companies. The Corporation utilized a Monte Carlo simulation model to determine the fair value of the conversion option. The conversion option of \$18 is considered as an embedded derivative to be classified as a liability instrument because of its anti-dilution feature. The total value of the host instrument and conversion option is \$277. The difference between the total value and the interests capitalized was recorded as a gain on debt issuance of \$23.

Accretion charges, included in financing expense on the consolidated statement of loss and comprehensive loss, attributable to the convertible debentures for the year ended January 31, 2024, was \$389. In addition, \$405 of interest expense was recorded, of which \$184 is included as Interest payable on debentures in the consolidated statement of financial position. Debentures totaling \$2,367 were converted into common shares of the Corporation during the year ended January 31, 2024.

b) Embedded Derivative

	Six months ended July 31, 2024	Year ended January 31, 2024
Opening balance	164	2,094
Additions	-	18
Fair Value adjustment	(164)	(1,948)
Total	-	164
Current portion	-	-
Non-current portion	-	164
Total	-	164

For the six-month period ended July 31, 2024, the Corporation recorded a positive adjustment on revaluation of the debentures' conversion options or embedded derivative's fair value of \$164 (\$1,948 for the year ended January 31, 2024) resulting from the decrease in the Corporation's share price going down from \$0.09/share on January 31, 2024 to \$0.02/share as of July 31, 2024 (from \$0.26/share as of January 31, 2023 to \$0.09/share as of January 31, 2024).

7. Notes

	Six months ended July 31, 2024	Year ended January 31, 2024
Opening Balance	510	480
Additions	-	30
Total	510	510
Current portion	510	180
Non-current portion	-	330
Total	510	510

For the six months ended July 31, 2024, \$30 of interest expense was recorded and included in the \$60 of Interest payable on notes in the condensed interim consolidated statement of financial position.

ChitogenX Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

On December 8, 2023, the Corporation agreed with certain investors to convert \$30 of accrued interests into their principal totalling \$300 and to amend certain terms (the "Amended Notes"). The Amended Notes bear interest at 12% and with a maturity date of February 1, 2025 and are convertible, at the option of the holder, should the Corporation complete a capital raise. The Amended Notes would then be convertible at the same terms and conditions of the capital raise. The remaining notes of \$180 that were not part of the amendment are currently expired and still bear interest at 10%.

Accretion expense included in financing expense on the consolidated statement of loss and comprehensive loss, attributable to the Notes for the year ended January 31, 2024 was nil. In addition, \$48 of accrued interest expense was recorded and included in the \$33 of included in accrued interest on debentures and notes in the consolidated statement of financial position.

8. Share Capital and other equity instruments

(a) Share capital

The Authorized Share Capital is composed of

- i. Unlimited number of Class "A" common shares, with no par value
- ii. Unlimited number of Class "AA" preferred shares, non-voting, non-cumulative dividends at the discretion of the directors, no par value
- iii. Unlimited number of Class "B" preferred shares, redeemable, non-voting, non-cumulative dividends of 1%, no par value

On May 5, 2023, the Corporation completed the first closing of a non-brokered private placement (the "Private Placement") of 25,708,988 units for \$3,856, consisting of gross cash proceed of \$1,267, consulting fees of \$496, outstanding debentures and interest accrued of \$2,093, settled through the issuance of units. Each Unit consists of one (1) Class "A" common share of the Company (each, a "share") and one share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder to purchase one Share of the Corporation ("Warrant Share") at a price of \$0.35 per Warrant Share for a period of 36 months from closing (the "Closing Date"), subject to adjustment in certain events. If, at any time following the Closing Date, the daily volume weighted average trading price of the Shares on the Canadian Securities Exchange is greater than \$0.50 per Share for the preceding 10 consecutive trading days, the Corporation shall have the right to accelerate the expiry date of the Warrants to a date that is at least 30 days following the date of such notice to holders of Warrants.

On June 5, 2023, the Corporation completed the second closing of the Private Placement of 1,922,608 units for \$288, consisting of gross cash proceed of \$41 and outstanding debentures and interest accrued totalling \$247, settled through the issuance of units.

On September 29, 2023, the Corporation completed the third closing of the Private Placement of 4,255,138 units for \$639, consisting of gross cash proceed of \$390 and outstanding debentures and interest accrued totalling \$249, settled through the issuance of units.

The same conditions as the first closing applies to the second and third closing.

Shares and warrants were valued based on their relative fair values. The fair value of the shares was determined by the closing price on the date of the transaction and the fair value of the warrants was determined based on a Monte Carlo simulation model. The Private Placement's gross proceeds of \$4,783 was allocated between common shares and warrants for \$3,800 and \$983 respectively. The remaining of the common shares issued during the year arise from a settlement with a supplier of \$17 and RSUs issuance of \$27.

(b) Share based compensation

The Corporation implemented an incentive stock option plan for directors, officers, employees and consultants to participate in the growth and development of the Corporation by providing such persons with the opportunity, through stock options, to purchase common shares of the Corporation. The stock option plan provides that the aggregate number of shares reserved for issuance, set aside and made available for issuance may not exceed 10% of the number of issued shares at the time the options are to be granted. The maximum number of options which may be granted to any one beneficiary shall not exceed 5% of the issued shares, calculated at the date the option is granted.

The stock option plan is administered by the Board of Directors of the Corporation and it has full and final authority with respect to the granting of all options thereunder. The exercise price of any options granted under the stock option plan shall be determined by the Board of Directors, subject to any applicable regulations or policies. The term and vesting of any options granted under the stock option plan shall be determined by the Board of Directors at the time of grant, and vary from one grant to another, however, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death, the term of any options granted under the stock option plan may not exceed 8 years.

ChitogenX Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

Options granted under the stock option plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession to a qualified successor. In the event of death of an option holder, options granted under the stock option plan expire upon the earlier of the normal expiry date of the options or one year from the date of death of the option holder.

Subject to certain exceptions, if an employee, director, officer, consultant ceases to hold office or provide consulting services, options granted to such a holder under the stock option plan will expire 90 days after the holder ceases to hold office or such earlier date as the Board of Directors may decide at the date the options were granted. Notwithstanding the foregoing, in the event of a termination for cause of an option holder, all unexercised options held by such option holder shall immediately expire.

Following the resignation of the former Chief Executive Officer, on February 28, 2024, his unvested Options and RSUs were cancelled, resulting in a reversal of the cumulative stock-based compensation expense of \$260 during the three months ended April 30, 2024.

During the six-month period ended July 31, 2024 and 2023, the Corporation recorded compensation expense of \$154 and \$100, respectively, with corresponding credits to contributed surplus related to the stock option plan. The weighted average fair value of the options granted during the six-month period ended July 31, 2024, estimated by using the Black-Scholes options pricing model, was \$0.02. No option was granted during the six-month period ended July 31, 2023.

The number of common shares issuable on exercise of the share-based payment transaction granted has varied as follows:

	Six months ended July 31, 2024		Year ended January 31, 2024	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, beginning of period	3,821,750	0.27	4,776,000	0.32
Granted during the year	2,664,499	0.04	500,000	0.18
Options cancelled/expired	(2,250,000)	0.22	(1,454,250)	0.42
Options outstanding, end of period	4,236,249	0.15	3,821,750	0.27

All share-based payments will be settled in equity. The Corporation has no legal or contractual obligation to repurchase or settle the options in cash.

During the year ended January 31, 2025, the following options were granted:

Number	Notes	Date of grant	Expiry date	Exercise price	Fair value
2,664,499	(i)	June 28, 2024	June 28, 2032	0.05	0.02

(i) 33% vesting at the date of the grant, 33% vesting on January 1, 2024 and the balance on January 1, 2025.

(c) Restricted Stock Units

The following tables present in the number of outstanding RSUs has varied as follows:

	Six months ended	Year ended
	July 31, 2024	January 31, 2024
Units outstanding, beginning of period	418,553	551,938
Granted during the year	-	(133,385)
Cancelled during the period	(418,553)	-
Units outstanding, end of period	-	418,553

During the six-month period ended July 31, 2024 and 2023, the Corporation recorded compensation expenses of \$2 and \$22, respectively, with corresponding credits to contributed surplus related to the restricted stock units.

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

(d) Deferred Stock Units

The Corporation implemented a DSU equity incentive plan to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected directors, officers, employees and consultants ("Recipient"). DSUs are acquired at the date of grant and are redeemed by the issuance of shares at a date to be determined by the Recipient, provided that such date must occur between (a) the date of Separation from Service and (b) December 31 of the calendar year commencing after the Separation from Service. "Separation from Service" occurs upon (i) termination or resignation (ii) retirement or (iii) death, of the Recipient. Fair value of DSUs equals the market price of the shares on the date of grant.

The following tables present in the number of outstanding DSUs has varied as follows:

	Six months ended July 31, 2024	Year ended January 31, 2024
Units outstanding, beginning of year	3,316,667	-
Granted during the year	1,330,252	3,316,667
Units outstanding, end of year	4,646,919	3,316,667

During the year ended January 31, 2025, the following DSUs were granted:

Number	Date of grant	Vesting terms	Fair value
1,330,252	June 28, 2024	100% on grant date	0.03

(e) Warrants

The number of common shares issuable on exercise of full warrants has varied as follows:

	Six months ended July 31, 2024		Year ended January 31, 2024	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of period	49,557,584	\$0.36	34,325,312	\$0.42
Granted during the period	-	-	31,886,734	\$0.35
Expired during the period	(16,000,000)	\$0.35	(16,654,462)	\$0.48
Balance, end of period	33,557,584	\$0.37	49,557,584	\$0.36

9. Loss per share

Loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period.

	Six months ended,	
	July 31, 2024	July 31, 2023
Net loss for the year	490	312
Weighted average number of common shares outstanding	83,129,520	64,209,464
Loss per share	0.01	0.00

For the six-month periods ended July 31, 2024 and 2023, there were no dilutive items.

10. Supplemental Cash Flow Information

	Six months ended,	
	July 31, 2024	July 31, 2023
Net change in non-cash operating working capital items		
Sales tax receivable and other receivables	-	9
Prepaid expenses and deposits	45	-
Investment tax credits receivable	(2)	(56)
Accounts payable and accrued liabilities	423	1,203
Total	466	1,156

During the six-month period ended July 31, 2024 and 2023, interests paid in cash were \$1 and \$214 respectively.

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Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

11. Research and Development Expenses

	Three months ended,		Six months ended,	
	July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
Development costs	26	204	91	613
Patent costs	-	18	11	34
Depreciation – equipment	1	3	2	6
Amortization – intangible assets	8	8	16	16
	35	233	120	669
Investment tax credit	-	(38)	(2)	(56)
Government grants	-	-	(53)	-
Total	35	195	65	613

12. General and Administrative Expenses, by nature

	Three months ended,		Six months ended,	
	July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
Office and administrative (i)	93	248	194	761
Professional and investor's relations fees	9	97	58	168
Total	102	345	252	929

(i) Includes consulting fees paid to management in lieu of salary.

13. Financial Expenses

	Three months ended,		Six months ended,	
	July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
Interest on debentures, notes and loans	111	98	218	254
Difference between effective interest and actual interest on debentures	95	70	178	230
Gain on foreign exchange	8	(44)	47	(21)
Total	214	124	443	463

14. Financial Instruments

As at July 31, 2024:	FVTPL	Amortized cost
Financial asset:		
Cash	-	12
Financial liabilities:		
Accounts payable and accrued liabilities	-	2,662
Accrued interest on debentures and notes	-	434
Notes	-	510
Long-term loan	-	115
Convertible debentures	-	3,503
Conversion options classified as liability	-	-

ChitogenX Inc.

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During the six-month period ended July 31, 2024, the convertible debentures conversion options and the warrants issued as part of the notes in December 2021 are still being carried at fair value through profit and loss ("FVTPL"). During the year ended January 31, 2024, the convertible debentures conversion options were revaluated and reclassified from equity to liabilities and carried at FVTPL. The Corporation has no financial instruments carried at fair value through other comprehensive income ("FVTOCI") as at July 31, 2024 and January 31, 2024.

As at January 31, 2024:	FVTPL	Amortized cost
Financial asset:		
Cash	-	35
Financial liabilities:		
Accounts payable and accrued liabilities	-	2,456
Accrued interest on debentures and notes	-	217
Notes	-	510
Long-term loan	-	40
Convertible debentures	-	3,325
Conversion options classified as liability	164	-

As at July 31, 2024 and January 31, 2024, all financial instruments at fair value of the Corporation were considered a Level 2, except for the embedded derivative which is a Level 3. The Corporation's policy is to recognize transfers between the different hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No financial instruments were transferred between levels 1, 2 and 3.

The carrying value of all of the Corporation's financial instruments approximates their fair value as at July 31, 2024 and January 31, 2024.

15. Financial Risk Factors

The Corporation's activities expose it to financial risks: market risk, more specifically cash flow and fair value interest rate risk, and liquidity risk. The Corporation's overall risk management program focuses on the unpredictability of the financial market and seeks to minimize potential adverse effects on its financial performance. The Corporation does not use derivative financial instruments to hedge these risks.

(a) Credit risk

Credit risk arises from cash deposited with a financial institution. The Corporation reduces this risk by dealing with creditworthy financial institutions.

(b) Market risk

(i) Cash flow and fair value interest rate risk

The Corporation is exposed to fair value interest rate risk due to its short-term debt and convertible debenture negotiated at a fixed rate.

(ii) Currency risk

The Corporation has cash and accounts payable and accrued liabilities denominated in USD and EUR. The Corporation does not hold financial derivatives to manage fluctuation in these risks.

The following presents the accounts that are exposed to foreign exchange volatility, as at:

	July 31, 2024		January 31, 2024	
	Foreign Currency	CAD equivalent	Foreign Currency	CAD equivalent
Cash – USD	1	2	11	14
Accounts payable and accrued liabilities – USD	1,239	1,711	1,172	1,570
Accounts payable and accrued liabilities – EUR	10	15	10	15

A plus or minus 5% variation in exchange rate, all else being held equal, would result in a foreign exchange gain or loss of \$86 for the six-month period ended July 31, 2024 (\$80 for the year ended January 31, 2024).

ChitogenX Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities calculated based on contractual undiscounted cash flows including interest coupons (if applicable):

As at July 31, 2024:	Carrying value	Contractual cash flows	Less than 12 months	Between 12 months and 24 months
Financial liabilities				
Accounts payable and accrued liabilities	2,662	2,662	2,662	-
Accrued interest on debentures and notes	434	434	434	-
Long-term loan	115	141	13	128
Convertible debentures	3,503	4,366	4,366	-
Notes	510	615	615	-
Total	7,224	8,218	8,090	128

As at January 31, 2024:	Carrying value	Contractual cash flows	Less than 12 months	Greater than 12 months
Financial liabilities				
Accounts payable and accrued liabilities	2,456	2,456	2,456	-
Accrued interest on debentures and notes	217	217	217	-
Long-term loan	40	40	40	-
Convertible debentures	3,325	4,272	584	3,688
Notes	510	602	268	333
Total	6,548	7,586	3,565	4,021

(d) Capital risk management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation's definition of capital includes equity, comprised of issued common shares, warrants and contributed surplus. The Corporation's primary objective with respect to its capital management is to ensure that it has enough financial resources to meet its financial obligations. To secure the additional capital necessary to carry out these plans, the Corporation will attempt to raise additional funds through the issuance of debt, equity or by securing funds from strategic partners. The Corporation is not subject to any externally imposed capital requirements. The Corporation's overall strategy with respect to capital risk management remains unchanged since the year ended January 31, 2024.

16. Related Party Transactions

The following table presents the related party transactions presented in the condensed interim consolidated statement of loss and comprehensive for the three-months period ended:

	Three months ended		Six months ended	
	July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
<i>Transactions with key management and members of the Board of Directors:</i>				
Share-based compensation	58	43	(191)	98
Consulting fees	43	222	104	568
Interest earned on debentures	9	9	17	62
Interest earned on debentures by Manitex, a shareholder of the Corporation:	-	-	-	58
R&D expenses incurred with École Polytechnique, a partner of Polyvalor	-	163	-	244

ChitogenX Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

In thousands of Canadian dollars except for share, unit, warrant and per share amounts

The following table presents the related party transactions presented in the condensed interim consolidated statement of financial position as at:

	July 31, 2024	January 31, 2024
<i>Key management and directors:</i>		
Accounts payable and accrued liabilities	912	793
Debentures and notes	150	155
Conversion options classified as embedded derivatives	-	9
Accrued interest on debentures and notes	49	42

17. Commitments

a) Polytechnique contract / NSERC

In June 2015, the Corporation entered into collaborative research agreement with École Polytechnique ("Poly") which stipulated that when the Corporation's products are commercialized, it must make non-refundable payments to Polyvalor, a shareholder of the Corporation, equal to 1.5% of net sales. The agreement has been extended until August 14, 2024 and subsequently replaced by the NSERC funding.

On February 16, 2023, the Corporation secured a \$2,604 million 4-year grant from The Natural Sciences and Engineering Research Council of Canada ("NSERC") and Prima Québec in partnership with Poly. The 4-year grant will be received and used on a linear basis to advance the scientific development, expand the scope of indications, develop new biomaterials for regenerative medicine and accelerate the commercial readiness of the Company's flagship ORTHO-R technology platform. The Corporation's contribution to the NSERC Project totals \$940 over 4 years but eliminates any contractual obligations under the Poly contract.

b) Platelet-rich plasma Project

In April 2021, the Corporation entered into a collaborative research agreement with École Polytechnique and two industrial partners to delineate the Platelet-rich plasma (PRP) components, the distinct impact of each component and their collective action towards tissue repair. The Corporation committed to contribution to the PRP project totals \$240 over 2 years including of in-kind contributions. During the year ended January 31, 2024, the project was extended to March 2024. The Corporation received a \$56 grant during the three months ended April 30, 2024.

c) Axelys Project

In May 2022, the Corporation entered into a research and financing agreement with Axelys and École Polytechnique whereby Axelys, a non-for-profit organization, agreed to grant a sum of \$524 to advance the development of its second technology platform indication, ORTHO-M, for meniscus repair (the "Axelys Project"). The Corporation's contribution to the Axelys Project totals \$139 over 2 years, of which \$111 was disbursed as of April 30 2024 and January 31, 2024.