UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2026

Commission File Number 001-41923

EUPRAXIA PHARMACEUTICALS INC.
(Translation of registrant's name into English)

2198 Yukon Street
Vancouver, British Columbia, Canada V5Y 3P1
Telephone: (250) 590-3968
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☐ Form 40-F ☒

INCORPORATION BY REFERENCE

Exhibits 99.1 and 99.2 of this Form 6-K are incorporated by reference into the registrant's Registration Statement on Form F-10 (File No. 333-276586) and the registrant's Registration Statement on Form S-8 (File No. 333-278534).

DOCUMENTS INCLUDED AS PART OF THIS REPORT

Exhibit	
99.1	Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2026.
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2026.
99.3	Press Release, dated August 11, 2026.
99.4	Form 52-109F2 Certification of Interim Filings by CEO.
99.5	Form 52-109F2 Certification of Interim Filings by CFO.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eupraxia Pharmaceuticals Inc.

Date: August 11, 2026

By: /s/ Alex Rothwell
Name: Alex Rothwell
Title: Chief Financial Officer

EUPRAXIA PHARMACEUTICALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026

(Unaudited and Expressed in U.S. Dollars)

EUPRAXIA PHARMACEUTICALS INC.
INDEX TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
June 30, 2026 and 2025
(Unaudited and Expressed in U.S. Dollars)

CONTENTS

EUPRAXIA PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited and Expressed in U.S. Dollars, except share amounts)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	$ 52,426,167	$ 80,563,482
Short-term investments (Note 4)	81,234,688	—
Amounts receivable (Note 5)	688,219	674,226
Prepaid expenses and deposits	2,455,665	3,860,842
Total current assets	136,804,739	85,098,550
Non-current assets		
Prepaid expenses	53,702	64,332
Property and equipment, net (Note 6)	1,212,189	834,429
Right-of-use asset, net (Note 7)	1,836,906	152,697
Total assets	$ 139,907,536	$ 86,150,008
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	$ 8,390,871	$ 5,549,553
Lease liability – current portion (Note 9)	159,877	78,452
Total current liabilities	8,550,748	5,628,005
Non-current liabilities		
Lease liability (Note 9)	1,683,026	75,910
Total liabilities	10,233,774	5,703,915
Shareholders' equity		
Preferred shares, without par value; unlimited shares authorized; issued and outstanding: 8,295,638 (December 31, 2025: 8,355,638 (Notes 11(c))	29,523,399	29,738,321
Common shares, without par value; unlimited shares authorized; issued and outstanding: 65,474,223 (December 31, 2025 – 51,939,206 (Note 11(b))	264,177,865	195,406,895
Additional paid-in capital (Notes 11(b), 11(d)(iii) and 11(e))	41,308,501	28,520,331
Deficit	(196,720,360)	(169,579,974)
Accumulated other comprehensive loss	(7,012,407)	(2,044,137)
Equity attributable to the owners of the Company	131,276,998	82,041,436
Non-controlling interest	(1,603,236)	(1,595,343)
Total shareholders' equity	129,673,762	80,446,093
Total liabilities and shareholders' equity	$ 139,907,536	$ 86,150,008

Nature of business and going concern (Note 1)
Commitments (Note 14)
Subsequent event (Note 18)

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

EUPRAXIA PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited and Expressed in U.S. Dollars, except share amounts)

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Expenses				
Research and development (Note 12)	$ 12,805,005	$ 5,196,615	$ 23,978,961	$ 9,046,441
General and administrative (Note 13)	5,298,168	3,067,484	10,081,257	6,341,878
Total expenses	18,103,173	8,264,099	34,060,218	15,388,319
Other income/(expenses)				
Interest income	1,391,928	255,958	2,466,000	565,410
Gain (loss) on disposal of equipment (Note 6)	(2,704)	—	(2,704)	(1,075)
Foreign exchange gain (loss)	2,250,897	(733,961)	4,492,929	(682,599)
Total other income/(expense)	3,640,121	(478,003)	6,956,225	(118,264)
Net loss before tax expense	(14,463,052)	(8,742,102)	(27,103,993)	(15,506,583)
Tax recovery/(expense)	(30,381)	(5,581)	(44,286)	(8,375)
Net loss for the period	$ (14,493,433)	$ (8,747,683)	$ (27,148,279)	$ (15,514,958)
Loss attributable to:				
Owners of the Company	$ (14,486,955)	$ (8,740,916)	$ (27,140,386)	$ (15,503,524)
Non-controlling interest	(6,478)	(6,767)	(7,893)	(11,434)
	(14,493,433)	(8,747,683)	(27,148,279)	(15,514,958)
Foreign currency translation adjustment	(2,528,846)	1,335,022	(4,968,270)	1,373,186
Comprehensive loss for the period	$ (17,022,279)	$ (7,412,661)	$ (32,116,549)	$ (14,141,772)
Loss per share – basic and diluted (Owners of the Company (Note 11(g))	$ (0.23)	$ (0.26)	$ (0.46)	$ (0.47)
Weighted average shares outstanding – basic and diluted (Note 11(g))	66,221,815	35,912,373	61,482,274	35,799,939

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

EUPRAXIA PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited and Expressed in U.S. Dollars, except share amounts)

	Preferred Shares	Amount	Common Shares	Amount	Additional Paid-in Capital	Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total-Shareholders' Equity
Balance, December 31, 2024	8,905,638	$31,705,219	35,641,603	$116,360,066	$20,503,904	$(131,003,831)	$ (4,160,555)	$ (1,565,834)	$ 31,838,969
Share-based payments (Note 11(d)(iii))	—	—	—	—	1,493,407	—	—	—	1,493,407
Exercise of warrants (Notes 11(b)(iv) and 11(e))	—	—	200,000	458,047	(41,641)	—	—	—	416,406
Exercise of options (Notes 11(b)(v) and 11(d)(iii))	—	—	7,750	22,175	(8,658)	—	—	—	13,517
Net loss for the period	—	—	—	—	—	(6,762,608)	—	(4,667)	(6,767,275)
Foreign currency translation adjustment	—	—	—	—	—	—	38,164	—	38,164
Balance, March 31, 2025	8,905,638	$31,705,219	35,849,353	$116,840,288	$21,947,012	$(137,766,439)	$ (4,122,391)	$ (1,570,501)	$ 27,033,188
Share-based payments (Note 11(d))	—	—	—	—	1,117,248	—	—	—	1,117,248
Exercise of warrants (Notes 11(b)(iv) and 11(e))	—	—	100,000	239,200	(21,745)	—	—	—	217,455
Exercise of options (Notes 11(b)(v) and 11(d)(iii))	—	—	10,215	37,294	(14,971)	—	—	—	22,323
Net loss for the period	—	—	—	—	—	(8,740,916)	—	(6,767)	(8,747,683)
Foreign currency translation adjustment	—	—	—	—	—	—	1,335,022	—	1,335,022
Balance, June 30, 2025	8,905,638	$31,705,219	35,959,568	$117,116,782	$23,027,544	$(146,507,355)	$ (2,787,369)	$ (1,577,268)	$ 20,977,553

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

EUPRAXIA PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited and Expressed in U.S. Dollars, except share amounts)

	Preferred Shares	Amount	Common Shares	Amount	Additional Paid-in Capital	Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total-Shareholders' Equity
Balance, December 31, 2025	8,355,638	$29,738,321	51,939,206	$195,406,895	$28,520,331	$(169,579,974)	$ (2,044,137)	$ (1,595,343)	$ 80,446,093
Issuance of common shares and pre-funded warrants, net of transaction costs (Note 11(b)(v) and 11(f))	—	—	7,607,145	49,364,657	9,270,238	—	—	—	58,634,895
Share-based payments (Notes 11(d)(iii) and 11(d)(vi))	—	—	—	—	2,252,856	—	—	—	2,252,856
Exercise of warrants (Notes 11(b)(iv) and 11(e))	—	—	2,226,279	10,535,670	(701,438)	—	—	—	9,834,232
Exercise of options (Notes 11(b)(iii) and 11(d)(iii))	—	—	36,000	189,800	(75,945)	—	—	—	113,855
Net loss for the period	—	—	—	—	—	(12,653,431)	—	(1,415)	(12,654,846)
Foreign currency translation adjustment	—	—	—	—	—	—	(2,439,424)	—	(2,439,424)
Balance, March 31, 2026	8,355,638	$29,738,321	61,808,630	$255,497,022	$39,266,042	$(182,233,405)	$ (4,483,561)	$ (1,596,758)	$ 136,187,661

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

EUPRAXIA PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited and Expressed in U.S. Dollars, except share amounts)

	Preferred Shares	Amount	Common Shares	Amount	Additional Paid-in Capital	Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest	Total-Shareholders' Equity
Balance, March 31, 2026	8,355,638	$29,738,321	61,808,630	$255,497,022	$39,266,042	$(182,233,405)	$ (4,483,561)	$ (1,596,758)	$136,187,661
Share-based payments (Notes 11(d)(iii) and 11(d)(vi))	—	—	—	—	3,032,008	—	—	—	3,032,008
Conversion of preferred shares into common shares (Note 11 (c))	(60,000)	(214,922)	60,000	214,922	—	—	—	—	—
Exercise of warrants (Notes 11(b)(iv) and 11(e))	—	—	3,451,329	7,647,592	(647,741)	—	—	—	6,999,851
Exercise of options (Notes 11(b)(iii) and 11(d)(iii))	—	—	151,651	801,853	(325,332)	—	—	—	476,521
Settlement of RSUs (Note 11(d)(vi))	—	—	2,613	16,476	(16,476)	—	—	—	—
Net loss for the period	—	—	—	—	—	(14,486,955)	—	(6,478)	(14,493,433)
Foreign currency translation adjustment	—	—	—	—	—	—	(2,528,846)	—	(2,528,846)
Balance, June 30, 2026	8,295,638	$29,523,399	65,474,223	$264,177,865	$41,308,501	$(196,720,360)	$ (7,012,407)	($ 1,603,236)	$129,673,762

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

EUPRAXIA PHARMACEUTICALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited and Expressed in U.S. Dollars)

	Six months ended June 30, 2026	Six months ended June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(27,148,279)	$(15,514,958)
Cash flows from operating activities		
Accrued interest on short-term investments	(1,236,201)	—
Depreciation (Note 6 and 7)	225,081	101,918
Interest on lease liability	43,385	2,054
Loss (gain) on sale of equipment (Note 6)	2,704	1,075
Share-based payments (Notes 11(d)(iii) and 11(d)(v))	5,284,865	2,610,655
Lease payments (Note 9)	(123,787)	(41,488)
Unrealized foreign exchange (gain) loss	(4,468,381)	705,643
Changes in operating assets and liabilities		
Accounts payable and accrued liabilities	2,893,796	(554,159)
Prepaid expenses	1,289,125	(1,733,161)
Amounts receivable	(2,204)	104,096
Cash used in operating activities	(23,239,896)	(14,318,325)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment (Note 6)	(500,045)	(335,269)
Purchase of short-term investments (Note 4)	(79,724,564)	—
Cash used in investing activities	(80,224,609)	(335,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Overnight marketed public offering (net of transaction costs) (Note 11(b)(v))	49,364,657	—
Issuance of pre-funded warrants (net of transaction costs) (Note 11(f))	9,270,238	—
Redemption of warrants (Note 11(e))	16,834,083	633,861
Redemption of options (Note 11 (d)(iii))	590,376	35,840
Cash provided by financing activities	76,059,354	669,701
Decrease in cash and cash equivalents	(27,405,151)	(13,983,893)
Foreign exchange effect on cash and cash equivalents	(732,164)	648,243
Cash, beginning of period	80,563,482	33,101,294
Cash, end of period	**$ 52,426,167**	**$ 19,765,644**

Supplemental disclosure with respect to cash flows (Note 17)

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

1. NATURE OF BUSINESS AND GOING CONCERN

Eupraxia Pharmaceuticals Inc. (the "Company") was incorporated under the laws of the province of Alberta on May 12, 2011, under the name Plaza Capital Partners Inc. On May 11, 2012, the Company changed its name to Eupraxia Pharmaceuticals Inc. and continued from the province of Alberta to the province of British Columbia.

On October 10, 2012, Eupraxia Holdings, Inc. ("Holdings") was incorporated under the laws of the State of Delaware, USA. On November 16, 2012, Holdings was registered as an extra-provincial corporation under the laws of the province of British Columbia, Canada. On October 10, 2012, Eupraxia Pharmaceuticals USA, LLC ("Eupraxia LLC") was incorporated under the laws of the State of Delaware. On November 16, 2012, Eupraxia USA was registered as an extra-provincial corporation under the laws of the province of British Columbia. On January 7, 2021, Eupraxia Pharma, Inc. ("Eupraxia Pharma") was incorporated under the laws of the State of Delaware. On July 4, 2022, Eupraxia Pharmaceuticals Australia Pty Ltd. ("Eupraxia Australia") was incorporated under the laws of the state of Victoria, Australia. On May 17, 2023, Eupraxia Pharma USA Inc. ("Eupraxia Pharma USA") was incorporated under the laws of the State of Delaware.

On March 9, 2021, the Company completed its initial public offering on the Toronto Stock Exchange ("TSX") and began trading under the symbol "EPRX". On April 5, 2024, the Company began trading on the Nasdaq Capital Market under the symbol "EPRX".

The Company is a clinical stage biotechnology company leveraging its proprietary Diffusphere™ technology to optimize drug delivery for applications with significant unmet medical need. The address of the Company's corporate office and principal place of business is 2198 Yukon Street, Vancouver, British Columbia, Canada.

These condensed consolidated interim financial statements of the Company have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. At June 30, 2026, the Company had cash and cash equivalents of $52,426,167 as well as short-term investments of $81,234,688. The Company has not yet generated revenue from operations. The Company incurred a net loss of $27,148,279 during the six months ended June 30, 2026, and as of that date, the Company's accumulated deficit was $196,720,360. As the Company is in the research and development stage, the recoverability of the costs incurred to date is dependent upon the ability of the Company to obtain the necessary funding to complete the research and development of its projects and upon future commercialization or proceeds from the monetization of research activities.

The Company will periodically have to raise funds to continue operations and raised proceeds of approximately $58.6 million (net of underwriting commissions and expenses) through a public offering of 7,607,145 common shares of the Company and pre-funded warrants to purchase up to 1,428,571 common shares on February 20, 2026. Although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. The Company is active in its pursuit of additional funding through potential partnering and other strategic activities as well as grants to fund future research and development activities, and additional equity financing.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional funding. There is a risk that in the future, additional financing will not be available on a timely basis or on terms acceptable to the Company.

2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements are presented in U.S. dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). These condensed consolidated interim financial statements include the accounts of the Company and the accounts of its subsidiaries. All significant intercompany transactions and balances have been eliminated upon consolidation.

The accompanying condensed consolidated interim financial statements have been prepared in accordance with U.S. GAAP and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, these condensed consolidated interim financial statements do not include all the information and footnotes required for complete consolidated financial statements and should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2025 included in the Company's 2025 40-F filed with the SEC and on SEDAR+ on March 13, 2026.

These condensed consolidated interim financial statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of results for the interim periods presented. The results of operations for the three and six months ended June 30, 2026, and 2025 are not necessarily indicative of results that can be expected for a full year. These condensed consolidated interim financial statements follow the same significant accounting policies as those described in the notes to the audited consolidated financial statements of the Company included in the Company's 2025 Form 40-F for the year ended December 31, 2025.

3. UPCOMING ACCOUNTING STANDARDS AND INTERPRETATIONS

Basis of Measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. The condensed consolidated interim financial statements are presented in U.S. dollars, which is the Company's reporting currency. The Company's functional currency is the Canadian dollar.

The preparation of condensed consolidated interim financial statements in accordance with U.S. GAAP requires the Company to make estimates and judgments in certain circumstances that affect the reported amounts of assets, liabilities, expenses, and related disclosure. On an ongoing basis, the Company evaluates its estimates, most notably those related to accrual of expenses including clinical and preclinical study expense accruals, stock-based compensation and the valuation allowance for deferred taxes. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from these estimates.

Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and the accounts of its subsidiaries. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. All significant intercompany transactions and balances have been eliminated.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued **ASU 2024-03**, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation* Disclosures (Subtopic 220-40). This standard requires public business entities to disclose, in the footnotes, a tabular disaggregation of certain expense captions into specific natural categories. The standard is effective for the Company's annual reporting periods beginning after December 15, 2026 (fiscal year 2027). The Company does not intend to early adopt this guidance and is currently evaluating the impact that the adoption will have on its financial statement disclosures.

(Unaudited and Expressed in U.S. Dollars, except share amounts)

4. SHORT-TERM INVESTMENTS

The following table presents details of movement in the carrying value of short-term investments:

	June 30, 2026	December 31, 2025
Balance, beginning	$ —	$ —
Additions	79,724,564	—
Interest income	1,236,201	—
Foreign exchange	273,923	—
Total	**$81,234,688**	**$ —**

5. AMOUNTS RECEIVABLE

	June 30, 2026	December 31, 2025
GST/HST recoverable	$207,973	$ 210,302
Other refundable tax credits [(1)]	480,246	463,924
Total	**$688,219**	**$ 674,226**

(1) Other refundable tax credits represent tax incentives for R&D costs incurred by Eupraxia Australia (Note 12 – Research and Development Expenses).

(Unaudited and Expressed in U.S. Dollars, except share amounts)

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	Computers	Office furniture and equipment	Leasehold Improvements	Lab Equipment	Total
Cost					
As at January 1, 2025	**$ 79,237**	**$ 60,369**	**$ 118,359**	**$ 559,618**	**$ 817,583**
Additions	82,254	12,715	3,535	516,752	615,256
Disposals	(3,860)	(3,817)	—	—	(7,677)
Foreign currency adjustments	4,190	3,108	5,932	40,204	53,434
As at December 31, 2025	**161,821**	**72,375**	**127,826**	**1,116,574**	**1,478,596**
Additions	31,408	59,362	14,809	458,910	564,489
Disposals	(4,353)	—	—	—	(4,353)
Foreign currency adjustments	(5,601)	(4,641)	(5,047)	(54,616)	(69,905)
As at June 30, 2026	**183,275**	**127,096**	**137,588**	**1,520,868**	**1,968,827**
Accumulated Depreciation					
As at January 1, 2025	**56,180**	**46,260**	**114,177**	**243,073**	**459,690**
Depreciation	33,606	3,404	5,205	122,189	164,404
Disposals	(3,556)	(1,559)	—	—	(5,115)
Foreign currency adjustments	2,454	2,351	5,798	14,585	25,188
As at December 31, 2025	**88,684**	**50,456**	**125,180**	**379,847**	**644,167**
Depreciation	19,758	5,967	2,469	111,938	140,132
Disposals	(1,649)	—	—	—	(1,649)
Foreign currency adjustments	(2,730)	(1,963)	(4,519)	(16,800)	(26,012)
As at June 30, 2026	**104,063**	**54,460**	**123,130**	**474,985**	**756,638**
Net Book Value					
As at December 31, 2025	**$ 73,137**	**$ 21,919**	**$ 2,646**	**$ 736,727**	**$ 834,429**
As at June 30, 2026	**$ 79,212**	**$ 72,636**	**$ 14,458**	**$1,045,883**	**$1,212,189**

During the three months ended June 30, 2026 and 2025, depreciation expense of $79,952 and $36,554, respectively, was recognized with $73,086 included in research and development and $6,866 included in general and administrative ($33,169 and $3,385 for research and development and general and administrative in 2025, respectively).

During the six months ended June 30, 2026 and 2025, depreciation expense of $140,132 and $65,173, respectively, was recognized with $128,516 included in research and development and $11,616 included in general and administrative ($59,984 and $5,189 for research and development, and general and administrative in 2025, respectively).

(Unaudited and Expressed in U.S. Dollars, except share amounts)

7. RIGHT-OF-USE ASSET

On February 28, 2026, the Company entered into a lease for office and laboratory space in Vancouver, BC until February 28, 2031 with the option to extend for an additional five years. On July 23, 2025, the Company extended the lease of the office space in Victoria, BC until November 30, 2026 (with the option to extend for an additional year. The Company notified the landlord on April 10, 2026 that it would not be exercising the option to extend the lease beyond November 20, 2026). The following table presents details of movement in the carrying value of the right-of-use asset:

	June 30, 2026	December 31, 2025
Balance, beginning	$ 152,697	$ 67,023
Additions	1,923,945	158,508
Depreciation	(84,949)	(73,313)
Reassessment of lease extension	(78,902)	—
Foreign exchange	(75,885)	479
Balance, ending	**$1,836,906**	**$ 152,697**

During the three months ended June 30, 2026 and 2025, depreciation expense of $54,983 and $18,877 respectively, was recognized $33,869 included in research and development and with $21,114 included in general and administrative and in 2025 ($12,240 and $6,637 for research and development, and general and administrative in 2025, respectively).

During the six months ended June 30, 2026 and 2025, depreciation expense of $84,949 and $36,745 respectively, was recognized with $48,905 included in research and development and $36,044 included in general and administrative in 2026 ($23,413 and $13,332 for research and development, and general and administrative in 2025, respectively).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2026	December 31, 2025
Research and development	$4,977,449	$2,962,025
General and administrative	1,272,478	1,027,495
Wages and payroll remittances	1,037,452	40,171
Employee bonus payable	1,082,308	1,518,256
Taxes payable	21,184	1,606
Total	**$8,390,871**	**$5,549,553**

(Unaudited and Expressed in U.S. Dollars, except share amounts)

9. LEASE LIABILITY

The Company entered into an operating lease agreement for its Vancouver, BC facility (approximately 3,199 square feet of office space and 6,684 square feet of laboratory space). The lease term is for 60 months, which expires on February 28, 2031. There is an option to extend the lease an additional 60 months.

The Company entered into an operating lease agreement for its Victoria, BC facility (of approximately 4,900 square feet of office space). As previously highlighted (Note 7 – Right-of-Use Asset), the Company extended the term of the lease for 12 months. The lease expires on November 30, 2026 with the option of the Company to extend the term for an additional 12 months which was considered in the determination of the right-of-use asset and lease liability. On April 10, 2026, the Company formally notified the landlord that it would not be renewing the lease for this property.

The cost components of the operating lease were as follows for the periods ended June 30, 2026 and 2025:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Lease Cost				
Operating lease expense	$ 82,007	$ 21,120	$ 123,787	$ 41,488
Variable lease expense	41,274	18,040	67,294	35,438
Lease term and Discount Rate				
Weighted average remaining lease term (years)	9.45	0.42	9.45	0.42
Weighted average discount rate	6.49%	9.02%	6.49%	9.02%

Variable lease costs are payments that vary because of changes in facts or circumstances and include common area maintenance and property taxes related to the premises. Variable lease costs are excluded from the calculation of minimum lease payments.

The Company's future minimum lease payments as of June 30, 2026 are as follows and assumes the 60-month extension option is exercised:

2026	152,839
2027	241,059
2028	245,862
2029	250,779
2030	255,819
2031	256,662
Thereafter	1,069,425
Total undiscounted future minimum lease payments	**$2,472,445**
Less: imputed interest	(629,542)
Present value of lease liabilities at June 30, 2026	**$1,842,903**

(Unaudited and Expressed in U.S. Dollars, except share amounts)

9. LEASE LIABILITY (Continued)

The lease liability balance is comprised as follows:

	June 30, 2026	December 31, 2025
Current portion	$ 159,877	$ 78,452
Non-current portion	1,683,026	75,910
	$1,842,903	**$ 154,362**

The Company subleased approximately 616 square feet office space with amounts totaling $7,087 for the three months ended June 30, 2026 ($7,086 – three months ended June 30, 2025) and was recorded as a reduction to general and administrative expenses. During the six months ended June 30, 2026, the subleased amounts totalled $14,263 ($13,919 – six months ended June 30, 2025) and were recorded as a reduction to general and administrative expenses.

The Company also subleased approximately 764 square feet laboratory space with amounts totaling $8,093 for the three months ended June 30, 2026 ($nil - three months ended June 30, 2025) being recorded as a reduction to general and administrative expenses. During the six months ended June 30, 2026, the subleased amounts totalled $10,874 ($nil - six months ended June 30, 2025) and were recorded as a reduction to general and administrative expenses.

10. AURITEC LICENSE AGREEMENT

Eupraxia LLC entered into an amended and restated license agreement with Auritec Pharmaceuticals Inc. (“Auritec”) on October 9, 2018 (as further amended, the “Amended and Restated License Agreement”). Under the terms of the Amended and Restated License Agreement, Auritec has granted Eupraxia LLC an exclusive license (including the right to sublicense to its affiliates and third parties) under the licensed patents held by Auritec and for all the technical information and know-how relating to the technology claimed in the licensed patents held by Auritec with respect to the use of Auritec’s “Plexis Platform” for the delivery of fluticasone in all medical fields (except for otolaryngology and the prevention, treatment and control of all diseases, disorders and conditions of the eye and its adnexa (collectively, the “Excluded Fields”)), to develop, make, have made, manufacture, use, commercialize, sell, sub-license, offer for sale, import, and have imported products for the delivery of fluticasone drug products using the Plexis Platform in all medical fields except the Excluded Fields (“Licensed Products”).

Pursuant to the terms of the Amended and Restated License Agreement, Eupraxia LLC has paid $5,000,000 to Auritec (the “Upfront Fee”). In addition, Eupraxia LLC has agreed to pay Auritec up to $30,000,000 upon achievement of certain regulatory and commercial milestones related to products licensed under the Amended and Restated License Agreement (“Licensed Products”) as well as a royalty of 4% of net sales of Licensed Products by Eupraxia LLC or its affiliates, subject to certain reductions.

(Unaudited and Expressed in U.S. Dollars, except share amounts)

10. AURITEC LICENSE AGREEMENT (continued)

The following table summarizes the remaining milestone payment schedule. During the year ended December 31, 2024, the Company paid $5,000,000 to Auritec upon successful completion of the Phase 2b study. No further milestones have been completed. The Company's EP-104GI program would meet the definition of a Non-OA Indication as referenced in the Milestone Events below.

Milestone Event	Milestone Payment
First OA Regulatory Approval	5,000,000
Second OA Regulatory Approval	5,000,000
Non-OA Indication Regulatory Approval	10,000,000
First calendar year in which aggregate Net Sales by Eupraxia LLC, its affiliates and sublicenses exceed $500,000,000	5,000,000
Maximum amount payable	**$ 25,000,000**

Eupraxia LLC also agreed to pay to Auritec 20% of sublicensing royalties or other consideration based on net sales of Licensed Products. Eupraxia LLC further agreed to pay Auritec a percentage of Non-Royalty Monetization Revenue (as defined in the Amended and Restated License Agreement), which includes payments received for a sale of Eupraxia LLC or sale or sublicense of a Licensed Product, which percentage ranges from 10% to 30% depending on the development stage of the most-advanced Licensed Product, up to a maximum of $100,000,000. The following table summarizes the Non-Royalty Monetization Revenue percentage schedule:

Date of Execution	Percentage of Non-Royalty Monetization Revenue
Prior to Successful Completion of a Phase 2b Study	30%
After Successful Completion of a Phase 2b Study but prior to Successful Completion of a Phase 3 Study	20%
After Successful Completion of a Phase 3 Study but prior to Regulatory Approval of a Product in the Eupraxia Field from FDA in the United States	15%
After Regulatory Approval of a Product in the Eupraxia Field from FDA in the United States	10%

Either party may terminate the Amended and Restated License Agreement in the event of the other party's bankruptcy, liquidation, or dissolution. Auritec may also terminate upon a material breach of the Amended and Restated License Agreement by Eupraxia LLC that is not cured within 60 days (15 days in the case of a payment breach). Further, if Eupraxia LLC directly or indirectly challenges any claim in any Auritec patent licensed under the Amended and Restated License Agreement, or assist a third party in doing so, Auritec may immediately terminate the Amended and Restated License Agreement. If Auritec directly or indirectly challenges any Eupraxia LLC patent contemplated in the Amended and Restated License Agreement other than as reasonably required to defend Auritec patents as a basis for such challenge, or assists a third party in doing so, Eupraxia LLC may immediately terminate the Amended and Restated License Agreement.

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

a) Authorized

- An unlimited number of Common shares, with no par value, with one vote per share.
- An unlimited number of Preferred shares, with no par value.

b) Issued (Common Shares)

Capital transactions (Common shares) which took place during the six months ended June 30, 2025, are as follows:

i) During the six months ended June 30, 2025, 300,000 common shares were issued on the exercise of warrants for gross proceeds of $633,861. The weighted average share price during the period in which these warrants were exercised was CAD$5.89. On exercise, $63,386 was transferred from additional paid-in capital to share capital.

ii) During the six months ended June 31, 2025, 17,965 common shares were issued on the exercise of options for gross proceeds of $35,840. The weighted average share price during the period in which these options were exercised was CAD$5.31. On exercise, $23,629 was transferred from additional paid-in capital to share capital.

Capital transactions (Common shares) which took place during the six months ended June 30, 2026, are as follows:

iii) During the six months ended June 30, 2026, 187,651 common shares were issued on the exercise of options for gross proceeds of $590,376. The weighted average share price during the period in which these options were exercised was CAD$4.44. On exercise, $401,277 was transferred from additional paid-in capital to share capital.

iv) During the six months ended June 30, 2026, 5,677,608 common shares were issued on the exercise of warrants for gross proceeds of $16,834,083. The weighted average share price during the period in which these warrants were exercised was CAD$4.07. On exercise, $1,349,179 was transferred from additional paid-in capital to share capital.

v) On February 20, 2026, the Company closed an overnight marketed public offering (the “Offering”). Pursuant to the Offering, the Company issued 7,607,145 common shares at a price of $7.00 and pre-funded warrants to purchase up to 1,428,571 common shares at price of price of $6.99999 for total gross proceeds of $63,249,998.

As consideration for the services rendered by the Underwriter in connection with the Offering, the Company paid the Underwriters a cash commission of $3,795,001 which is equal to $0.42 per share or pre-funded warrant issued under the Offering. An additional $200,000 in legal and agents’ expenses were also paid to the Underwriters. The Company incurred an additional $620,102 in share issuance costs associated with the Offering.

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

c) Issued (Preferred Shares)

On October 31, 2024, the Company issued convertible preferred shares in a non-brokered private placement. Pursuant to the Convertible Preferred Share Offering, the Company issued 8,905,638 convertible preferred shares ("Preferred Shares") at a price of CAD$5.00 for aggregate gross proceeds of $31,997,837 (CAD$44,528,190).

The Company paid $242,116 (CAD$336,928) in legal expenses and an additional $50,502 ($70,279) in listing fees were paid in association with the Preferred Share Offering. Each Preferred Share is convertible at the option of the holder at any time into one common share without additional consideration.

The Preferred Shares will also mandatorily convert into common shares on a one-to-one basis, without additional consideration, upon the earliest of: (i) the common shares of the Company trade at a price of $15.00 per common share on the Toronto Stock Exchange or the Nasdaq Stock Market LLC based on an average daily trading volume of at least 50,000 common shares during the rolling six-month period, or (ii) the holders of the Preferred Shares representing 75% of the outstanding Preferred Shares vote or consent to convert all outstanding Preferred Shares, in the event a liquidating event such as an amalgamation, arrangement, merger, reorganization or similar transaction occurs, provided that the conversion ratio will not be adjusted unless the Company receives all necessary TSX and shareholder approvals.

The Preferred Shares have a redemption feature that is subject to the occurrence of certain events, all of which are in the control of the Company. Accordingly, the Preferred Shares are classified as permanent equity.

The Preferred Shares will not initially be entitled to any dividends. Following the third anniversary of closing of the Private Placement, and subject to shareholder approval, any unconverted Preferred Shares will be entitled to a quarterly dividend equal to 1.5% (6% annually) of the original issue price, payable in additional Preferred Shares (the "PIK Preferred Shares"). If shareholder approval for the PIK Preferred Shares is not obtained by the third anniversary of closing, the quarterly dividends will be paid in cash at a rate of 2% (8% annually). No dividends will be payable on Common Shares while any Preferred Shares remain issued and outstanding. The Preferred Shares were not issued at a discount, so the impact of this feature is limited to the amounts allocable to common shareholders in calculating earnings per share.

During the three months ended June 30, 2026, 60,000 preferred shares were converted into an equal number of common shares.

d) Omnibus Incentive Plan

The 2025 Omnibus Incentive Plan (the "Omnibus Plan"), initially approved by the Board of Directors on February 17, 2025 (later amended on April 25, 2025) was ratified by Shareholders on June 2, 2025. The Omnibus Plan provides for the grant of options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, performance awards, other stock-based awards and cash-based awards (each an "Award" and collectively, the "Awards") at the discretion of the Board of Directors. The number of Common Shares available for issuance under the Omnibus Plan is a rolling maximum number equal to 18.5% of the issued and outstanding Common Shares. The Omnibus Plan is considered to be an "evergreen" plan as Common Shares covered by Awards which have been exercised or settled, as applicable, will be available for subsequent grant under the Omnibus Plan and the number of Awards that may be granted under the Omnibus Plan increases if the total number of issued and outstanding Common Shares increases.

(Unaudited and Expressed in U.S. Dollars, except share amounts)

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

d) Omnibus Incentive Plan (continued)

i) Options

Options granted under the Omnibus Plan have lives of up to ten years from the date of grant. The vesting schedule of all granted options is determined at the discretion of the Board. Unless otherwise determined by the Board, in its sole discretion, all grants of options will vest over a three-year period, with the first twenty-five percent (25%) of the Options vesting on the date of grant, and the remaining options vesting over the following thirty-six-month period in three equal instalments on an annual basis.

ii) Option Re-Pricing

On April 25, 2025, the Board approved (with Shareholders ratifying on June 2, 2025) the repricing of certain options totaling 258,450 (vested and unvested) with exercise prices ranging from CAD$6.75 to CAD$8.00 were repriced to CAD$5.05. All other terms of these stock option grants were unchanged. As a result of this repricing, the Company recognized additional share-based payments of $112,804 during the three and six months ended June 30, 2025.

iii) Outstanding Options

The following table summarizes the Company's option transactions:

	Number of options	Weighted average exercise price (CAD$)
Outstanding, December 31, 2024	**5,307,870**	**$ 5.50**
Exercised	(186,340)	4.78
Cancelled	(763,375)	6.93
Expired	(238,750)	8.00
Granted	3,343,200	7.13
Outstanding, December 31, 2025	**7,462,605**	**$ 5.93**
Exercised	(187,651)	4.44
Cancelled	(78,362)	6.12
Granted	964,850	8.73
Outstanding, June 30, 2026	**8,161,442**	**$ 6.30**

Share-based payments for the three months ended June 30, 2026, was $1,830,989 (2025 - $1,117,248) (See Note 12 – Research & Development Expenses & Note 13 – General & Administrative Expenses and for breakdown by function).

Share-based payments for the six months ended June 30, 2026, was $3,117,155 (2025 - $2,610,655) (See Note 12 – Research & Development Expenses & Note 13 – General & Administrative Expenses and for breakdown by function).

(Unaudited and Expressed in U.S. Dollars, except share amounts)

11) SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

d) Omnibus Incentive Plan (continued)

iii) Outstanding Options

As of June 30, 2026, the following options were outstanding:

Grant Date	Options Outstanding	Options Exercisable	Exercise Price (CAD$)	Expiry Date	Remaining Contractual Life (years)
Mar 5, 2018[1]	28,750	28,750	$ 5.05	March 5, 2028	1.68
Mar 5, 2018	293,500	293,500	$ 8.00	Mar 5, 2028	1.68
Mar 9, 2021[1]	100,000	100,000	$ 5.05	Mar 9, 2031	4.69
Mar 9, 2021	521,250	521,250	$ 8.00	Mar 9, 2031	4.69
May 3, 2021	257,000	257,000	$ 8.00	May 3, 2031	4.84
Dec 9, 2021	60,000	60,000	$ 2.02	Dec 9, 2031	5.45
Mar 31, 2022	317,690	317,690	$ 1.90	Mar 31, 2032	5.76
Dec 9, 2022	652,150	652,150	$ 3.85	Dec 9, 2032	6.45
May 18, 2023	180,000	180,000	$ 6.84	May 18, 2033	6.89
May 30, 2023[1]	7,200	7,200	$ 5.05	May 30, 2033	6.92
Sep 27, 2023[1]	60,000	45,000	$ 5.05	Sep 27, 2033	7.25
May 13, 2024	1,343,702	1,138,545	$ 3.96	May 13, 2034	7.87
May 28, 2024	50,000	50,000	$ 3.82	May 28, 2034	7.92
Aug 9, 2024	44,000	29,000	$ 3.48	Aug 9, 2034	8.12
Dec 10, 2024	90,000	90,000	$ 4.66	Dec 10, 2034	8.45
March 25, 2025	1,072,500	753,000	$ 5.14	Mar 25, 2035	8.74
May 13, 2025	276,000	228,625	$ 5.42	May 13, 2035	8.87
Dec 15, 2025	1,842,850	718,746	$ 8.63	Dec 15, 2035	9.47
Mar 27, 2026	121,350	30,338	$ 9.44	Mar 27, 2036	9.75
Jun 15, 2026	507,750	126,938	$ 8.45	Jun 15, 2036	9.97
Jun 25, 2026	335,750	88,938	$ 8.89	Jun 25, 2036	9.99
	8,161,442	**5,716,670**	**$ 6.30**		**7.81**

(1) Options were repriced to $5.05 effective June 2, 2025 (see Note 11(d)(ii) above for further details).

(Unaudited and Expressed in U.S. Dollars, except share amounts)

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

d) Omnibus Incentive Plan (continued)

iv) Outstanding Options (continued)

As of June 30, 2026, the unrecognized stock-based compensation expense related to the non-vested stock options was $6,057,183, which is expected to be recognized over a weighted-average period of 2.57 years.

Options granted during the six months ended	June 30, 2026	June 30, 2025
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Weighted average annual volatility	67.58%	72.23%
Weighted average risk-free interest rate	3.05%	2.81%
Weighted average expected option life	5.74 years	5.49 years
Weighted average share price (CAD$)	$ 8.73	$ 5.18
Weighted average exercise price (CAD$)	$ 8.73	$ 5.20
Weighted average fair value of options granted (CAD$)	$ 3.98	$ 2.55

v) Restricted Share Units

Restricted share units ("RSU") granted under the Omnibus Plan have lives of up to ten years from the date of grant. The vesting schedule of all grants is determined at the discretion of the Board. Unless otherwise determined by the Board, in its sole discretion, all grants of RSU will vest immediately or over a three-year period, with the first twenty-five percent (25%) of the RSU vesting on the date of grant, and the remaining RSU vesting over the following three-year period in three equal instalments on an annual basis. Vesting of RSU is subject to continued service on each vesting date. Upon vesting, each RSU entitles the holder to receive one common share.

vi) Outstanding Restricted Share Units

The following table summarizes the Company's RSU transactions:

	Number of RSUs	Weighted Average Grant Date Fair Value (CAD$)
Outstanding, December 31, 2024	—	—
Granted	1,254,600	8.64
Settled	(45,000)	8.78
Outstanding, December 31, 2025	**1,209,600**	**$ 8.63**
Granted	307,850	10.13
Cancelled	(7,837)	8.63
Settled	(2,613)	8.63
Outstanding, June 30, 2026	**1,507,000**	**$ 8.92**

(Unaudited and Expressed in U.S. Dollars, except share amounts)

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

d) Omnibus Incentive Plan (continued)

vi) Outstanding Restricted Share Units (continued)

Share-based payments for the three months ended June 30, 2026, were $1,201,020 (2025 - $nil) (See Note 12 – Research & Development Expenses & Note 13 – General & Administrative Expenses and for breakdown by function).

Share-based payments for the six months ended June 30, 2026, were $2,167,710 (2025 - $nil) (See Note 12 – Research & Development Expenses & Note 13 – General & Administrative Expenses and for breakdown by function).

As of June 30, 2026 the following RSUs were outstanding:

Grant Date	RSUs Outstanding	RSUs Redeemable	Weighted Average Grant Date Fair Value (CAD$)
Dec 15, 2025	1,199,150	794,788	$ 8.63
Mar 27, 2026	44,150	11,030	$ 9.44
Jun 15, 2026	151,000	37,750	$ 11.05
Jun 25, 2026	112,700	28,175	$ 8.89
	1,507,000	**871,743**	**$ 8.92**

As of June 30, 2026, the unrecognized stock-based compensation expense related to the non-restricted share units was $2,874,029 which is expected to be recognized over a weighted-average period of 2.71 years.

e) Warrants

The following table summarizes the Company's warrant transactions:

	Number of warrants	Weighted average exercise price (CAD$)
Outstanding December 31, 2024	**8,807,977**	**$ 5.48**
Exercised	(879,900)	2.46
Granted	100,500	0.75
Outstanding December 31, 2025	**8,028,577**	**5.75**
Exercised	(5,677,608)	4.07
Expired	(2,042,548)	11.20
Outstanding June 30, 2026	**308,421**	**0.58**

(Unaudited and Expressed in U.S. Dollars, except share amounts)

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

e) Warrants (continued)

As at June 30, 2026, the following warrants were outstanding:

Expiry date	Exercise price (CAD$)	Remaining contractual life (years)	Warrants outstanding and exercisable
120 days after holder to be a Director/ Officer or consultant	$ 0.7572	N/A	93,421
120 days after holder ceases to be a Director/ Officer or consultant[1]	0.4984	N/A	215,000
	$ 0.5768		**308,421**

(1) Represents unit purchase to acquire 215,000 units consisting of one Common Share and one additional warrant at an exercise price of CAD$0.75. These underlying warrants expire two years from the date of exercise of the primary warrant.

f) Pre-funded Warrants

On February 20, 2026, the Company issued pre-funded warrants as part of the Offering. The following table summarizes the pre-funded warrant activity for the period ended June 30, 2026:

Outstanding December 31, 2025	—
Issued	1,428,571
Outstanding June 30, 2026	**1,428,571**

Each pre-funded warrant is exercisable for the purchase of one common share at the holder's discretion at an exercise price of $0.00001, subject to certain post-exercise beneficial ownership limitations as provided under the terms of the pre-funded warrant. Since the pre-funded warrants meet the condition for equity classification, proceeds from issuances of the pre-funded warrants for the six months ended June 30, 2026, of $9,270,238, net of underwriting commissions and offering expenses, are recorded in additional paid-in capital. Upon exercise of the pre-funded warrants, the historical costs recorded in additional paid-in capital along with the exercise price collected from the holder are recorded in common shares. To date, none of the pre-funded warrants have been exercised. The issued pre-funded warrants are included in the basic earnings per share calculation given that the exercise price of $0.00001 is nominal.

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

f) Class B Non-Voting shares

On January 31, 2021, the Company entered into a contribution agreement with the Chief Scientific Officer of the Company, and certain of the Company's subsidiaries (the "Contribution Agreement"). Pursuant to the Contribution Agreement, the Company acquired AMDM Holdings Inc., a corporation wholly-owned by the Chief Scientific Officer, which held 5% of the equity interest in the Company's subsidiary, Eupraxia LLC. In exchange, the Company issued to the Chief Scientific Officer 225 non-voting Class B shares (the "Class B Shares") in Eupraxia Pharma Inc. representing 5% of the outstanding securities of Eupraxia Pharma. The Company holds the remaining 95% of such securities, which consists of 4,275 voting Class A shares.

Each Class B Share is exchangeable into common shares of the Company based on an exchange rate of 2,500 common shares for each Class B Share, subject to adjustments upon the occurrence of certain events, for a total of 562,500 common shares. The Class B Shares are exchangeable by the Chief Scientific Officer at her election, provided that the Company may force the exchange of the Class B Shares into common shares of the Company at any time on or after January 31, 2031, or on or after January 31, 2026, if the Company is listed on a stock exchange and is a reporting issuer in Canada at such time. The Company may also force the exchange of the Class B Shares into common shares if there is a change of control transaction involving the Company, a change in law which makes the exchange necessary or desirable or if there are a *de minimis* number of Class B Shares outstanding. If the Company is listed on a stock exchange at the time of the applicable exchange, the Company may elect to pay the Chief Scientific Officer cash in lieu of issuing common shares, with such cash amount to be determined based on the then current market price of the common shares of the Company.

g) Loss per Share

As a result of the Preferred Shares being classified as increasing rate preferred stock with dividends not being declared until the third anniversary of closing of the Private Placement, the Company has calculated an implied dividend in determining the loss attributable to common shareholders. The impact on loss per share on the Consolidated Statements of Operations and Comprehensive Loss is as follows:

(Unaudited and Expressed in U.S. Dollars, except share amounts)

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

g) Loss per Share (continued)

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Loss attributable to the Owners of the Company	$(14,486,955)	$ (8,740,916)	$(27,140,386)	$(15,503,524)
Less: implied dividend on Preferred Shares	596,050	643,424	1,197,359	1,263,940
Adjusted Loss attributable to the Owners of the Company	(15,083,005)	(9,384,340)	(28,337,745)	(16,767,464)
Weighted average shares outstanding - basic and diluted	64,793,244	35,912,373	60,467,442	35,799,939
Weighted average prefunded warrants outstanding	1,428,571	—	1,014,832	—
	66,221,815	35,912,373	61,482,274	35,799,939
Loss per Share - Basic and Diluted (Owners of the Company)	**$ (0.23)**	**$ (0.26)**	**$ (0.46)**	**$ (0.47)**

12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are comprised of the following:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Preclinical	$ 620,009	$ 1,103,078	$ 1,110,396	$ 1,334,355
Clinical	3,361,817	1,195,516	7,468,463	1,899,601
Manufacturing & analytical	3,539,192	1,109,711	6,852,997	2,422,356
Regulatory	21,314	9,859	36,641	12,041
Direct research and development	7,542,332	3,418,164	15,468,497	5,668,353
Pipeline development	2,051	(932)	2,051	—
Other research and development	972,697	461,882	1,711,533	744,937
Salaries and benefits	2,891,536	972,471	4,456,187	1,921,747
Share based payments (Notes 11(d)(iii) and 11(d)(vi))	1,396,389	375,738	2,340,693	742,112
R&D Tax Incentive	—	(30,708)	—	(30,708)
Total expenses during the period	**$ 12,805,005**	**$ 5,196,615**	**$ 23,978,961**	**$ 9,046,441**

(Unaudited and Expressed in U.S. Dollars, except share amounts)

13. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are comprised of the following:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Office expenses	$ 1,042,593	$ 208,805	$ 1,719,682	$ 448,921
Insurance	258,359	232,299	500,708	493,522
Travel	234,283	164,876	361,793	242,450
Professional fees	494,162	631,076	1,068,888	1,078,526
Public company costs	396,335	353,779	714,321	764,846
Salaries and benefits	1,236,816	735,139	2,771,693	1,445,070
Share based payments ((Notes 11(d)(iii) and 11(d)(vi))	1,635,620	741,510	2,944,172	1,868,543
Total expenses during the period	**$ 5,298,168**	**$ 3,067,484**	**$10,081,257**	**$ 6,341,878**

14. COMMITMENTS AND CONTINGENCIES

i. As outlined in Note 9 – Lease Liability, the Company entered into a lease agreement on February 2, 2026 for lab and office space in Vancouver, BC. The lease is 5-year term agreement with the option to extend the lease for an additional 5-year term. The total variable lease expenses for the current term is estimated to be $422,549. This amount is subject to adjustment at the end of each lease year base on actual costs incurred and does not reflect the impact of the additional 60-month extension option.

In addition, the Company had entered into a lease extension on July 15, 2025 whereby it renewed its lease for its Victoria, BC facility for an additional twelve months commencing December 1, 2025 and ending November 30, 2026. On April 10, 2026, the Company informed the landlord that it would not be renewing the lease for its Victoria office once the current extension ends. The total variable lease expenses for the remaining term of the lease is anticipated to be $29,286. This amount is subject to adjustment at the end of each lease year based on actual costs incurred.

ii. The Company may be required to make milestone, royalty, and other research and development funding payments under agreements with third parties (see Note 10 – Auritec License Agreement). These payments are contingent upon the achievement of specific development, regulatory and/or commercial milestones. The Company has not accrued these payments as at June 30, 2026 due to the uncertainty over whether these milestones will be achieved.

iii. The Company has entered into a number of service contracts with its vendors. Some of those contracts have cancellation clauses which state the Company would pay a cancellation fee of between 15% and 100% of the next service milestone if it terminates the contract. As of June 30, 2026, there have been no cancellation of contracts that would trigger a cancellation fee.

iv. The Company has entered into service agreements with third parties that include indemnification provisions that are customary in the industry. These indemnification provisions generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party claims or damages arising from these transactions.

The maximum amount of potential future indemnification is unlimited; however, the Company currently holds commercial general liability insurance. This insurance limits the Company's exposure and may enable it to recover a portion of any future amounts paid. Historically, the Company has not made any indemnification payments under such agreements and the Company believes that the fair value of these indemnification obligations is minimal. Accordingly, the Company has not recognized any liabilities relating to these obligations for any period presented.

(Unaudited and Expressed in U.S. Dollars, except share amounts)

15. SEGMENTED INFORMATION

The Company operates as a single reportable segment with the Chief Operating Decision Maker ("CODM") being the Company's Chief Executive Officer who manages the Company's operations on a consolidated basis. The accounting policies of the segment are the same as those described in the summary of significant accounting policies.

As the Company does not currently generate revenue, the CODM assesses Company performance through the achievement of preclinical and clinical research goals while evaluating the Company's performance and allocates resources to the operations of the Company on a total company basis. This enables the CODM to assess the overall level of resources available and how to best deploy these resources.

The CODM uses net loss to monitor budget versus actual results and to analyze cash flows in assessing performance of the segment and allocating resources. The measure of segment assets is reported on the consolidated balance sheet as total consolidated assets, with a majority of these assets located in Canada.

The following table presents information about significant segment expenses and segment loss:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Direct external research and development costs:				
EP-104GI	$ 6,920,236	$ 2,264,840	$ 14,350,430	$ 4,274,921
Preclinical	620,009	1,103,078	1,110,396	1,334,355
EP-104IAR	2,087	50,246	7,671	60,010
Salaries and benefits	4,128,352	1,707,610	7,227,880	3,366,817
Share based payments	3,032,009	1,117,248	5,284,865	2,610,655
Other Research and Development expenses	974,748	430,242	1,713,584	713,296
Other General and Administrative expenses	2,425,732	1,590,835	4,365,392	3,028,265
Total segment expenses	18,103,173	8,264,099	34,060,218	15,388,319
Reconciling items:				
Interest income	1,391,928	255,958	2,466,000	565,410
Interest expense	—	—	—	—
Loss on disposal of equipment	(2,704)	—	(2,704)	(1,075)
Foreign exchange gain (loss)	2,250,897	(733,961)	4,492,929	(682,599)
Change in fair value of financial instruments	—	—	—	—
Tax expense	(30,381)	(5,581)	(44,286)	(8,375)
Net loss for the period	**$(14,493,433)**	**$ (8,747,683)**	**$(27,148,279)**	**$(15,514,958)**

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, accounts payable and accrued liabilities. There were no changes to the Company's risk exposures or management of risks during the three and six months ended June 30, 2026. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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 believes it has no significant credit risk, as its cash and cash equivalents and short-term investments, being its primary exposure to credit risk, are held with a large Canadian bank. The Company's maximum exposure to credit risk is the carrying value of these financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to the extent possible to meet liabilities when due. As at June 30, 2026, the Company had cash and cash equivalents of $52,426,167 (December 31, 2025 - $80,563,482) and short-term investments of $81,234,688 (December 31, 2025 - $nil) in addition to current liabilities of $8,550,748 (December 31, 2025 - $5,628,005). Management continuously considers certain strategic alternatives including, but not limited to, raising additional capital. These decisions are always made in consideration of the needs of the business, and in conjunction with the potential impact on shareholder dilution.

There is no assurance, however, that any or all of these alternatives will materialize or that additional funding will be available, if and when needed.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2026, the Company had cash and cash equivalents of $52,426,167 and short-term investments of $81,234,688 which are held in term deposits, and bank accounts. Interest rate risk is affected by changes in the general level of interest rates, particularly because the majority of the Company's investments are short-term in nature. Due to the short-term duration the cash and cash equivalent holdings and short-term investments, a 10% change in interest rates would not have a material effect on the fair market value of cash, cash equivalents and short-term investments. In addition, since the Company also has the ability to hold the cash equivalents and short-term investments until maturity, it would not expect the Company's operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates since the rates on the cash equivalents and short-term investments remain fixed until maturity.

16. FINANCIAL INSTRUMENTS (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk due to its frequency of transactions in US dollars and Australian dollars. The Company manages its foreign currency exposure by maintaining cash balances in Canadian dollars, US dollars and Australian dollars based on anticipated funding requirements. From time to time, the Company may convert US dollars into Canadian dollars to fund Canadian operating expenditures and purchases Australian dollars to satisfy anticipated expenditures in Australia. The Company does not currently enter into derivative instruments or other formal hedging arrangements to manage foreign currency risk. Accordingly, fluctuations in foreign exchange rates may adversely affect the Company's financial position, results of operations, and cash flows.

At June 30, 2026, the Company held cash and cash equivalents of $39,589,372 (December 31, 2025 – $77,988,544), short-term investments of $81,234,688 (December 31, 2025 - $nil) and had accounts payable and accrued liabilities of $1,689,463 (2025 – $942,201) denominated in US dollars which were translated to Canadian dollars at 1.4210 (December 31, 2025 – 1.3706). The impact of a 10% change in the exchange rates would have an impact of approximately $11,913,460 (December 31, 2025 – $7,704,614) on profit or loss. The Company held cash of $1,740,468 (December 31, 2025 - $1,449,522), accounts payable and accrued liabilities of $793,785 (December 31, 2025 - $779,455) and had $797,773 in amounts receivable (December 31, 2025 - $716,095) denominated in Australian Dollars which were translated into Canadian Dollars at 0.9817 (December 31, 2025 – 0.9147). The impact of a 10% change in the exchange rate would have an impact of approximately $120,516 (December 31, 2025 - $92,509) on profit or loss. The Company also has accounts payable in Euros. The impact of a 10% change in the exchanges of the Euro would have an immaterial effect on future cash flows.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company is not exposed to significant price risk with respect to commodity or equity prices.

Fair Value Measurement

The Company categorizes its financial instruments measured at fair value into one of three different levels depending on the observation of inputs used in the measurement.

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets

Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs

The Company's financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities. The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities.

(Unaudited and Expressed in U.S. Dollars, except share amounts)

16. FINANCIAL INSTRUMENTS (continued)

The following table summarizes information regarding the classification and carrying values of the Company's financial instruments measured at amortized cost:

Financial assets/liabilities	June 30, 2026	December 31, 2025
Cash and cash equivalents	$52,426,167	$80,563,482
Short-term investments	$81,234,688	$ —
Amounts receivable	$ 688,219	$ 674,226
Accounts payable and accrued liabilities	$ 8,390,871	$ 5,549,553

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The Company paid interest of $nil during the three months ended June 30, 2026 (2025 - $nil). The Company paid interest of $nil during the six months ended June 30, 2026 (2025 - $nil).

The Company received interest of $721,257 during the three months ended June 30, 2026 (2025 - $257,031). The Company received interest of $1,249,377 during the six months ended June 30, 2026 (2025 - $565,219).

The Company had the following non-cash transactions for the three and six months ended June 30, 2026:

- Purchased $64,444 of lab equipment which was not paid until subsequent to June 30, 2026.

The Company did not have non-cash transactions for three and six months ended June 30, 2025.

18. SUBSEQUENT EVENT

On July 6, 2026, the Company entered into an agreement to sublease premises at 5300 Carillon Point, Suite 300, Kirkland, WA 98033 for a term of five (5) years beginning August 1, 2026. The area is 6,329 sq. ft. and will be mainly used for office space. The total annual rent will be $493,662.

EUPRAXIA PHARMACEUTICALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three and Six Months ended June 30, 2026

This management's discussion and analysis ("**MD&A**") has been prepared as of August 11, 2026 and should be read in conjunction with the condensed consolidated interim financial statements of Eupraxia Pharmaceuticals Inc. ("**Eupraxia**" or the "**Company**") as at and for the three and six months ended June 30, 2026 and the related notes thereto and in conjunction with the audited consolidated financial statements of the Company and related notes thereto for the years ended December 31, 2025 and 2024 which are prepared in accordance with generally accepted accounting principles in the United States of America ("**U.S. GAAP**"). All dollar amounts are expressed in U.S. dollars unless otherwise noted. In this MD&A, unless the context requires otherwise, references to "we" or "our" are references to Eupraxia. Additional information relating to the Company is available in our annual information form ("**AIF**"), filed on SEDAR+ on March 12, 2026 and on EDGAR as an exhibit to our Form 40-F annual report on March 13, 2026.

In the interest of greater clarity for investors, the Company will use "EP-104GI" when referring to the product candidate that is intended for submucosal injections in the GI tract for indications such as eosinophilic esophagitis ("**EoE**"), and EP-104IAR when referring to the product candidate that is intended for intra-articular ("**IAR**") injections for indications such as osteoarthritis ("**OA**"), and use "EP-104" to generally refer to all drug candidates and indications that use the extended-release fluticasone propionate (**"FP"**) encapsulated with the Diffusphere™ technology.

Forward-Looking Statements

Certain statements and information in this MD&A contain forward-looking statements or forward-looking information under applicable securities legislation that may not be based on historical fact, including, without limitation, statements containing the words "may," "might," "will," "likely," "could," "would," "should," "expect," "intend," "plan," "objective," "goal," "outlook," "anticipate," "believe," "estimate," "predict," "project," "forecast," "estimate," "potential," "target," "seek," "contemplate," "continue," "design," and "ongoing," or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this MD&A.

Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors that we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- the Company's business strategies and objectives, including current and future plans, expectations and intentions;
- the Company's intention to evaluate funding alternatives for the continued development of EP-104IAR, including potential partnership opportunities;
- the Company's ability to obtain sufficient funding for its operations, including funding for research, development and commercial activities;
- the Company's projected operating expenses and capital expenditures;
- the Company's ability to achieve profitability;
- projected revenues, future trends, opportunities and growth in the Company's industry and the drug development markets;
- the anticipated market reception of the target profile of EP-104GI and EP-104IAR;
- the Company's ability to maintain and enhance its competitive advantages and technological advantages;
- the entry into commercial partnerships and commercialization of the Company's technology;
- the Company's ability to enter into definitive agreements with its contract research organizations ("**CROs**");
- the Company's ability to enter into out-licencing, co-development and/or collaborative partnerships;
- the Company's clinical development programs and activities and the estimated timing thereof;

- the success of regulatory submissions, including the Company's belief that its planned clinical trials will support future New Drug Application ("**NDA**") submissions for EP-104GI;
- the obtaining of potential regulatory approval;
- the hiring of additional research and development team members;
- the potential for the Company's technology to impact the drug delivery process;
- the development of additional intellectual property, ability to patent or otherwise protect such developed intellectual property and licenses with third parties for intellectual property;
- the ability of issued patents to provide protection for our products and technology in applicable jurisdictions;
- the Company's ability to protect, expand upon and exploit its existing intellectual property;
- the entry into sponsored research agreements and the benefits therefrom;
- the competitive advantages of the Company and its technology;
- the planned development and future success of the Company's product candidates and results gathered from studies thereof;
- the development of products from the Company's competitors;
- the application of regulations and standards to the Company's future products and services or research and development activities;
- the Company's retention of funds or payment of dividends;
- the translation of the Company's technologies and expansion of its offerings into clinical applications;
- the potential benefits to patients from the Company's platforms;
- the value of the strategic relationship to the Company's clients and investors;
- the Company's engagement with legal and regulatory authorities in various jurisdictions;
- the Company's anticipated use of its existing cash and cash equivalents, including the use of net proceeds from the 2026 Offering (as defined herein) and the related estimated cash runway;
- the sufficiency of the Company's existing cash and cash equivalents to fund its future operating expenses and capital expenditure requirements and potential sources of additional capital;
- the issuance of common shares in the capital of the Company (the "**Common Shares**") upon conversion of the Series 1 Preferred Shares in the capital of the Company (the "**Preferred Shares**");
- the demand and commercial viability of the Company's technology;
- the demand and market acceptance for product candidates developed by the Company and for which it receives marketing authorization.
- the Company's anticipation that in the future, therapeutic targets will be differentiated by dosing levels, vehicle and delivery methods and will be distinct product candidates;
- the Company's intention of considering the possibility of identifying a corporate partner to help with the development and/or commercialization of EP-104GI in markets outside of the US;
- the Company's intention to continue development of EP-104GI through subsequent clinical trials required by the U.S. Food and Drug Administration (the "**FDA**") and other global regulatory bodies to obtain commercial approval for marketing in the United States and around the world;
- the Company's belief that the future success of EP-104IAR will be dependent on late phase development and commercialization expertise and will require significant resources;
- the Company's intention to use its capital resources previously identified for EP-104IAR development to continue development of EP-104GI;
- the Company's belief that EP-104 is a promising candidate for prolonged anti-inflammatory use;
- the Company's belief that the EP-104 drug delivery technology platform has the potential to have a beneficial application for EoE, given the already-established efficacy of oral immediate release of FP in this indication;
- the Company's belief that the EP-104 drug delivery technology platform has the potential to be an effective treatment for OA based on the proven efficacy of other corticosteroids for this condition;
- the Company's belief that adaptations to the original formulation of EP-104, including modifications to the carrier vehicle and dose, will result in the creation of EP-104GI specific to GI indications;
- the Company's belief that the ongoing global increase in cases and costs of EoE highlight the significant need for novel safe, efficacious and cost-effective treatments to improve outcomes in its management;
- the various clinical trials and non-clinical work that the Company believes will be required in support of a future NDA submission for EP-104IAR;
- the Company's anticipation that it or a potential partner would submit an NDA for EP-104IAR under Section 505(b)(2) of the Food, Drug, and Cosmetic Act to obtain FDA approval, and that such NDA would rely in part on non-clinical studies and clinical trials conducted by the Company or a potential partner, and in part on the FDA's prior findings of safety and efficacy for the active ingredient for which the Company does not have a right of reference or which have been established in the scientific literature in the public domain;

- the Company's belief that the future success of the product candidate will be dependent on late phase development and commercialization expertise and will require significant resources;
- the Company's focus over the next 24 months on the execution of the EP-104 development programs;
- the Company's intention to seek out-licencing, co-development or marketing partners for its technology, with the potential to expand and exploit its application fully;
- the Company's intention to put in place conditions and resources, including the potential use of licensing partnerships, that support the success of the development program, marketing authorization(s) and commercialization across multiple jurisdictions, as well as exploitation of any opportunities for lifecycle and patent extension, which, depending on market conditions, may take the form of co-development or commercialization partnerships, transactional opportunities and/or public financing options;
- the fact that pipeline programs are expected to be another area of potential growth in the next 24 months.
- the Company's belief that its technology has the potential to be particularly suitable for diseases requiring precisely targeted and controlled localized therapy where broader tissue or systemic exposure should be avoided (e.g., tumour oncology);
- the Company's goal to add two pipeline product candidates over the next 24 months to allow for sustained corporate growth, which the Company expects to involve a multidisciplinary review of candidate drugs, formulation development, in vitro screening to identify the most promising lead candidates and non-clinical proof-of-concept studies;
- the Company's plans to enroll approximately 120 patients in the Phase 2b portion of the RESOLVE trial in up to 25 sites globally, assessing tissue health measured by biopsy (EoEHSS and PEC scores), symptom scores (SDI and DSQ), and safety, over a twelve-month period. In Q4 2026, the Company expects to release interim data from the Phase 2b portion of the RESOLVE study.
- the Company's expectation that at least one Phase 3 study assessing both efficacy (reduced histological signs and improved symptoms) and safety of EP-104GI will be required to seek marketing approval for EP-104GI for EoE;
- the uses of proceeds of the Company's offerings;
- the Company's expectation that its trend of net losses will continue into the future as it makes further investments in its EP-104 programs;
- the Company's expectation that research and development expenses will increase as it undertakes clinical trials and incurs significant costs for CROs and consultants, and further investment in additional drug candidates in support of broader pipeline development;
- the Company's expectation that general and administrative expenses are likely to remain high in the future as a result of ongoing costs associated with public company compliance; and
- the Company's expectations that its growth plans will require further capital and its plans to obtain such capital

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance or results. These risks and factors include, but are not limited to:

- we have a limited operating history and have no products approved for commercial sale, which may make it difficult for you to evaluate our current business and predict our future success and viability;
- we will require substantial additional financing to achieve our goals and a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development or commercialization efforts, if any of our product candidates receive marketing authorization;
- we are substantially dependent on the success of our lead product candidates EP-104GI, which is currently being studied in a Phase 1b/2 clinical study, and EP-104IAR, for which we are evaluating funding alternatives for the continued development, including potential partnership opportunities. If we are unable to complete development of, obtain approval for and commercialize EP-104GI or EP-104IAR, alone or through a potential partnership, in a timely manner, our business will be harmed;

- if we breach any of the agreements under which we license rights to our product candidates or technology from third parties, we could lose license rights that are important to our business. Our current license agreement may not provide an adequate remedy for its breach by the licensor;
- adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and our financial condition and results of operations;
- clinical trials are expensive, time consuming and difficult to design and implement and may fail to demonstrate adequate safety and efficacy of our product candidates. Furthermore, the results of previous preclinical studies and clinical trials may not be predictive of future results, and the results of our current and planned clinical trials may not satisfy the requirements of the FDA or comparable non-U.S. regulatory authorities or provide the basis for regulatory approval;
- our lead product candidates may not be successful for their intended use;
- our current and future product candidates will require regulatory approval, which is costly, and we may fail to obtain regulatory approvals or only obtain approvals for limited uses or indications;
- we may not be successful formulating any additional product candidates with our Diffusphere platform technology;
- the clinical trials of our product candidates may not demonstrate safety and efficacy to the satisfaction of the FDA, European Medicines Agency ("**EMA**"), Health Canada or other comparable foreign regulatory authorities or otherwise produce positive results;
- we completely rely on third parties to provide supplies and inputs required for our product candidates and, if these third parties fail to fulfill their contractual obligations, we may be unable to pursue further development of our product candidates and our business could be substantially harmed;
- we rely on CROs to provide clinical and non-clinical research services; if such CROs do not successfully carry out their contractual duties including to comply with applicable laws and regulations or meet expected deadlines, our business could be substantially harmed;
- the manufacture of drugs is complex and our third-party manufacturers may encounter difficulties in production. If any of our third-party manufacturers encounter such difficulties, our ability to provide adequate supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or prevented;
- our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor or other third party will discover them or that our trade secrets will be misappropriated or disclosed;
- the outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and the results of our clinical trials may not satisfy the requirements of the FDA, EMA, Health Canada or other comparable foreign regulatory authorities. Terminating the development of any of our product candidates could materially harm our business and the market price of our Common Shares;
- interim, initial, "top-line", and preliminary data from our clinical trials that we announce or publish 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;
- any safety concerns observed in any one of our clinical trials in our targeted indications could limit the prospects for regulatory approval of our product candidates in those and other indications, which could seriously harm our business;
- our current or future product candidates may cause significant adverse events, toxicities or other undesirable adverse events when used alone or in combination with other products that may result in a safety profile that could inhibit regulatory approval, prevent market acceptance, limit their commercial potential, if approved, or result in significant negative consequences;
- where appropriate and applicable, we may seek approval from the FDA or comparable foreign regulatory authorities through the use of expedited approval pathways, such as Fast Track designation or Breakthrough Therapy designation. Even if we receive a designation that would allow for expedited review, we can provide no assurance that we will be able to obtain FDA or other regulatory approval sooner or at all;
- if we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our drug candidates, if approved, we may be unable to generate any product revenue;
- we have a novel technology with uncertain market acceptance if any of our product candidates are approved;
- if we experience delays or difficulties in the enrollment and/or maintenance of patients in clinical trials, our clinical development activities could be delayed or otherwise adversely affected;
- clinical drug development is a lengthy, expensive, and inherently uncertain process, and we may experience delays in completing, or ultimately be unable to successfully complete the clinical trials needed for regulatory approval;
- the FDA, EMA, Health Canada and other comparable foreign regulatory authorities may not accept data from trials conducted in locations outside of their jurisdiction;

- obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our product candidates in other jurisdictions;
- if the market opportunity for any product candidate that we or our strategic partners develop is smaller than we believe, our revenue may be adversely affected and our business may suffer;
- if our product candidates receive regulatory approval, the competitive landscape, standard of care, and pricing and reimbursement environment may have changed by that time, which could significantly reduce the market opportunity and our ability to attain commercially viable pricing for our products;
- pricing for competitive products could decrease due to competition from generic or biosimilar versions of those drugs, which could have a materially negative impact on our ability to capture adequate pricing of our product candidates, if approved;
- even if our product candidates receive regulatory approval, we will be subject to significant post marketing regulatory requirements and oversight;
- FDA's and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates;
- the FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off label uses and failure to comply with these laws and other laws relating to promotion could subject us to enforcement action;
- disruptions at the FDA and other government agencies caused by actions taken by the current U.S. presidential administration or through legislative or judicial action, reductions in force, government shutdowns, funding shortages or global health concerns could hinder their ability to hire and retain key leadership and other personnel, or otherwise prevent new or modified products from being developed, approved or commercialized in a timely manner or at all, or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business;
- we rely on key personnel;
- we may not be able to successfully execute our business strategy;
- we are in a highly competitive industry which is continuously evolving with technological changes;
- our future success will depend on our ability to continually enhance and develop our product candidates;
- we may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success;
- changes in methods of product candidate manufacturing or formulation may result in additional costs or delay;
- there is uncertainty regarding U.S. tariffs and support for existing treaty and trade relationships, including with Canada, and implementation of new legislative or regulatory policies by the U.S. government could impose additional costs on the Company, result in delayed timelines, or otherwise negatively impact us, which could have a material adverse impact on our business;
- a variety of risks associated with potential international business relationships could materially adversely affect our business;
- changes in drug pricing and reimbursement policies - including the introduction or expansion of "most-favored-nation" or similar reference-pricing frameworks-could materially reduce achievable pricing, constrain market access, and adversely impact our revenues, margins, and overall business strategy; collaboration arrangements we may enter into in the future may not be successful;
- provisions of any future debt instruments may restrict our ability to pursue our business strategies;
- we may acquire businesses or products, or form strategic alliances in the future, and we may not realize the benefits of such acquisitions or alliances;
- we have traditionally relied on key collaborations and grants;
- we are subject to evolving global laws and regulations relating to privacy, data protection and information security, which may require us to incur substantial compliance costs, and any failure or perceived failure by us to comply with such laws and regulations may harm our business and operations;
- our business and operations could suffer in the event of an actual or perceived information security incident such as a cybersecurity breach, system failure, or other compromise of our systems or those of a third-party or other contractor or vendor;
- we may fail to manage our growth successfully, which may adversely impact our operating results;
- guidelines and recommendations published by various organizations can reduce the use of products that we may commercialize if marketing authorization is received;
- we use hazardous chemicals and biological materials in our business. Any claims relating to improper handling, storage or disposal of these materials could be time consuming and costly;
- if product liability lawsuits are brought against us, then we may incur substantial liabilities and may be required to limit commercialization of EP-104, if approved, for any indication, and any other future products;

- our employees, independent contractors, principal investigators, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading, which could significantly harm our business;
- we may be subject to securities litigation, which is expensive and could divert management attention;
- our directors and executive officers may be affiliated with other biotech companies and may have conflicts of interest;
- our business may be affected by macroeconomic conditions;
- our business may be affected by global geopolitical risks;
- we may be responsible for corruption and anti-bribery law violations;
- we are subject to foreign exchange risks;
- we are subject to taxation risks and changing rules by different tax authorities;
- we are subject to a number of risks and hazards and may not be sufficiently insured for all of them;
- we devote significant resources to regulatory compliance as a public entity;
- if we are unable to develop and maintain effective disclosure controls and procedures and internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and may adversely affect our business, financial condition and results of operations
- our success depends on our ability to protect our intellectual property and our proprietary technologies;
- if the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical product candidates would be adversely affected;
- intellectual property rights do not necessarily address all potential threats to our competitive advantage;
- our patent rights may prove to be an inadequate barrier to competition;
- our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties. Claims by third parties that we infringe their proprietary rights may result in liability for damages or prevent or delay our developmental and commercialization efforts;
- we may not be successful in obtaining or maintaining necessary rights to our product candidates through acquisitions and in-licenses;
- we may be involved in lawsuits to protect or enforce our patents or our future licensors' patents, which could be expensive, time consuming, and unsuccessful. Further, our issued patents or our current or future licensors' patents could be found invalid or unenforceable if challenged in court or before administrative bodies in the United States or abroad;
- intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our Common Shares to decline;
- derivation proceedings may be necessary to determine priority of inventions, and an unfavorable outcome may require us to cease using the related technology or to attempt to license rights from the prevailing party;
- we may not identify relevant third-party patents or may incorrectly interpret the relevance, scope or expiration of a third-party patent, which might adversely affect our ability to develop and market our products and product candidates;
- changes in U.S. patent law, or laws in other countries, or their interpretation could diminish the value of patents in general, thereby impairing our ability to protect our product candidates;
- we may be subject to claims challenging the inventorship or ownership of our patents, the patents we license, and other intellectual property;
- patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time;
- we may not be able to protect or enforce our intellectual property rights throughout the world;
- obtaining and maintaining our patent protection depends on compliance with various procedural, documentary submission, fee payment and other requirements imposed by regulations and governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements;
- if our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected;
- if we are unable to protect the confidentiality of our trade secrets, the value of our technology could be materially adversely affected, harming our business and competitive position;
- we may be subject to claims that we or our employees, independent contractors, or consultants have wrongfully used or disclosed alleged confidential information or trade secrets;
- we may be subject to claims that we have wrongfully hired an employee from a competitor or that we or our employees, independent contractors, or consultants have wrongfully used or disclosed alleged confidential information or trade secrets of their former employers;
- our rights to develop and commercialize our technology and product candidates, if approved, may be subject, in part, to the terms and conditions of any future licenses granted to us by others;

- if we fail to comply with our obligations in the agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our future licensors, we could lose license rights that are important to our business;
- the patent protection and patent prosecution for some of our product candidates may be dependent on third parties;
- coverage and reimbursement may be limited or unavailable in certain market segments for our product candidates, if approved, which could make it difficult for us to sell any product candidates or therapies, if approved, profitably;
- our relationships with healthcare providers and physicians and third-party payors will be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings;
- our employees, independent contractors, consultants, commercial collaborators, principal investigators, CROs, suppliers and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements;
- our research and development activities could be affected or delayed as a result of possible restrictions on animal testing;
- ongoing healthcare legislative and regulatory reform measures may have a material adverse effect on our business and results of operations;
- the market price of the Common Shares may be volatile;
- investors may lose their entire investment;
- we have no history of dividends;
- our existing executive officers and directors own a significant percentage of Common Shares and may have a significant impact over matters submitted to our shareholders for approval;
- future sales of Common Shares by our existing shareholders could cause our share price to decline;
- we will need to raise additional financing in the future which may dilute our share capital;
- if securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business or our market, or if they adversely change their recommendations regarding our Common Shares, the trading price or trading volume of our Common Shares could decline;
- the outstanding Preferred Shares, and any future issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Common Shares, which could depress the price of our Common Shares;
- our constating documents permit us to issue an unlimited number of Common Shares without additional shareholder approval;
- raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to the Company's technologies or product candidates;
- we have warrants, pre-funded warrants, Preferred Shares convertible into Common Shares, and shares of a subsidiary exchangeable for Common Shares outstanding, which in each case, if exercised, converted or exchanged, respectively, could cause dilution to existing shareholders;
- our Common Shares may have limited liquidity;
- we cannot assure you that an active market will develop or be sustained for our Common Shares on the Nasdaq Capital Market ("**Nasdaq**");
- U.S. investors may not be able to obtain enforcement of civil liabilities against us;
- as a foreign private issuer, we are subject to different U.S. securities laws and rules than a domestic U.S. issuer, which may limit the information publicly available to our U.S. shareholders;
- we may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses to us;
- U.S. holders of our shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company; and
- if a U.S. holder is treated as owning at least 10% of our Common Shares, such U.S. holder may be subject to adverse U.S. federal income tax consequences.

Such statements reflect our current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Eupraxia as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this MD&A, we have made various material assumptions, including but not limited to (i) our ability to attract and retain skilled staff; (ii) future research and development plans for the Company proceeding substantially as currently envisioned; (iii) industry growth trends, including with respect to projected and actual industry sales; (iv) our ability to obtain positive results from our research and development activities, including clinical trials; (v) sufficient working capital and our ability to control costs and raise additional financing going forward; (vi) obtaining regulatory approvals and the potential benefits of our product candidates, if approved; (vii) general business and economic conditions; (viii) our ability to achieve profitability; (ix) our ability to successfully commercialize our current product candidates, if approved, enter into commercial partnerships and develop new products; (x) the availability of financing on reasonable terms; (xi) market competition; (xii) the products and technology offered by the Company's competitors; (xiii) our ability to protect patents and proprietary rights; and (xiv) the availability and cost of personnel, materials and supplies.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks listed above and outlined herein under the headings "*Credit risk*", "*Liquidity risk*", "*Market risk*", *"Other price risk", "Interest rate risk"* and "*Currency risk*" and under the heading "*Risk Factors*" in the AIF. Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and although we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted a thorough inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

Overview of the Company

We are a clinical-stage biotechnology company seeking to leverage our proprietary Diffusphere™ technology to optimize drug delivery for applications with significant unmet medical need. Each of our product candidates is designed to improve patient benefit by providing more prolonged activity than currently available treatments, combined with an improved pharmacokinetics ("**PK**") and related safety profile and precisely targeted local delivery. We believe a product with this profile could offer the dual potential of providing long-lasting treatment and being well-tolerated in target and non-target tissues.

Our strategy is to develop a diversified portfolio of product candidates based on our delivery technology. Our lead program, EP-104GI is being developed for the treatment of EoE and is designed to provide sustained, localized delivery of FP into the esophagus. Using the same API, we believe adaptations to this formulation, including modifications to the carrier vehicle and dose, will enable us to develop additional anti-inflammatory product candidates, including applications in additional gastrointestinal (**"GI"**) indications. Beyond FP, we are exploring other APIs that would benefit from the Diffusphere™ platform's controlled-release characteristics, with the goal of expanding into additional therapeutic areas. We believe this approach has the potential to generate a robust pipeline of differentiated product candidates focused on addressing multiple areas of high unmet need.

We currently have two distinct clinical development programs, one targeting EoE and the second targeting chronic OA pain in the knee. Both programs are broadly based upon the same API, FP. The injectable drug is dispensed together with a "vehicle" diluent specifically designed for the target delivery modality and co-administered with the API. The same underlying API and extended-release formulation is being used in both development programs. In the future, we anticipate that therapeutic targets will be differentiated by dosing levels, vehicle and delivery methods and will be distinct product candidates. EP-104 is intended to refer to the extended-release fluticasone propionate encapsulated with the Diffusphere™ technology, which is used in the formulation of both EP-104GI and EP-104IAR.

EP-104 (Long-Acting Fluticasone Propionate Injectable Suspension)

The primary active ingredient of the EP-104 product candidates consists of a solid core of FP coated with an outer layer of polyvinyl alcohol ("**PVA**"). FP is a synthetic trifluorinated corticosteroid with potent anti-inflammatory activity and a well-established systemic safety record in the form of widely used inhaled, intranasal, and topical agents. It has been shown to be locally active, and FP that is systemically absorbed is rapidly metabolized. Relative to other corticosteroids (including triamcinolone acetonide or "**TCA**"), FP has a high affinity for the glucocorticoid receptor, low solubility, a low rate of dissociation, and a comparatively long half-life. It is currently approved by the FDA, Health Canada, EMA, and many other regulatory agencies around the world. PVA is a biocompatible polymer with numerous biomedical applications and a 30-year safety record in various human tissues. We believe these characteristics make EP-104 a promising candidate for prolonged anti-inflammatory use.

EP-104 technology is designed to work through diffusion of the drug particles through a microns-thin polymer membrane. When the particles are injected at the disease site, extracellular fluid diffuses across the polymer membrane and into the particles themselves, dissolving some of the solid drug core, creating a saturated drug solution inside the microsphere with relatively low drug concentrations outside the microenvironment. Steady-state diffusion of FP across the polymer membrane and into the extracellular space is designed to deliver the drug candidate to the intended area at a prolonged and steady rate with close to constant drug levels. This rate can be controlled by changing the size of the drug core and the properties of the polymer membrane, creating a target drug release profile designed to maximize disease treatment and reduce systemic and local adverse events often accompanying drugs having conventional release profiles.

Another key feature differentiating EP-104 from other extended-release IA corticosteroid formulations is that more than 90% by weight of EP-104 is the active FP component in the investigational drug product, compared to less than 30% in other polymer-based extended-release products which use degradation.

FP, although approved by the FDA, Health Canada, EMA and other regulatory agencies, is not currently approved for use in any formulation for the treatment of symptoms in either EoE or OA. To our knowledge, EP-104GI and EP-104IAR are the only extended-release formulations of FP in development for these conditions. We believe that the EP-104 drug delivery technology platform has the potential to have a beneficial application for EoE, given the already-established efficacy of oral immediate release of FP in this indication. We believe the drug delivery technology platform also has the potential to be an effective treatment for OA based on the proven efficacy of other corticosteroids for this condition. The potential for an improved treatment of EoE and OA with our proprietary formulations of EP-104 is further supported by a continually expanding library of data supporting the value of extended-release steroids.

EP-104 consists of a vial of EP-104 powder and a separate vial of liquid (referred to as the "**Vehicle**"). Before injection, the Vehicle is mixed with the dry powder to suspend the EP-104 particles; this enables the EP-104 powder to be injected into the patient. In an ongoing stability study, the powder has proven stable for 48 months when stored at room temperature. Batches of EP-104 are currently manufactured at the projected initial batch scale required for launch.

EP-104GI for Eosinophilic Esophagitis (EoE)

EP-104 is being developed for the treatment of eosinophilic esophagitis (EoE). EoE is characterized by complex type 2 inflammation of the esophagus, leading to difficulty swallowing, pain, and food impaction. Uncontrolled inflammation from EoE can lead to fibrostenosis, where buildup of scarring tissue reduces flexibility and function and may even cause narrowing and blockage of the esophagus.

Market Size

EoE has experienced a global increase in incidence and prevalence over the last decades, particularly in the US and Europe. EoE was classified as rare by the U.S. National Organization for Rare Disorders ("**NORD**"), however a 5-fold increase in the prevalence of EoE reported between 2009 and 2022, has resulted in the disease no longer being considered rare. The increase in prevalence highlights the growing burden of the disease and the need for new treatments. This burden on healthcare systems and patients is further compounded as EoE frequently leads to mental health issues (anxiety, depression, symptoms hypervigilance, social isolation) and hospitalization and ER visits for food bolus impaction.

As a result of the rapid growth, the most accurate estimates of the incidence and prevalence of EoE are from recently published studies. Thel et al. in 2025 reported a standardized prevalence of 142.5/100 000 in the US, representing >470 000 cases in the US. These numbers were based on patient records from 2022 for patients under 65 (derived from MarketScan), and from patient records from 2017 for patients 65 years and older (derived from Medicare). Given the current growth trajectory, we believe these numbers are likely an underestimate of the current EoE prevalence. Although disease awareness has increased over the years among medical practitioners, these dramatic increases in reports of the incidence and prevalence of EoE appear to be due, at least in part, to a natural raise in cases, as they outpace the rates of diagnostic procedures. Overall, we believe the ongoing global increase in cases and costs of EoE highlight the significant need for novel, safe, efficacious and cost-effective treatments to improve outcomes in the management of the disease.

Development of EP-104GI for EoE

We are currently conducting a Phase 1b/2 clinical trial with EP-104GI in Canada, the Netherlands, Australia, the UK, Switzerland and New Zealand. We also received pre-Investigational New Drug ("**IND**") feedback from the FDA on December 3, 2024, to clarify IND-enabling early phase program requirements for conducting studies in the United States. We intend to continue development of EP-104GI through the ongoing clinical trials and other testing required by the FDA for submission of an NDA to potentially obtain commercial approval for marketing in the United States and around the world. We intend to evaluate the possibility of identifying a corporate partner to help with the development and/or commercialization of EP-104GI in markets outside of the United States.

Non-clinical Studies

Non-clinical studies are underway to support the continued clinical investigation of EP-104GI in humans for the treatment of EoE. The pharmacokinetics and safety of EP-104GI are also informed by previous GLP and non-GLP studies conducted in multiple animal species with EP-104IAR.

Clinical Studies

The RESOLVE clinical study is active at sites in Canada, the Netherlands, Australia, UK and Switzerland and New Zealand. The trial comprises two parts: (1) an open-label Phase 1b/2a dose escalation and (2) a randomized, blinded, vehicle-controlled Phase 2b dose optimization.

Part One: Enrollment of this phase of the trial is now complete. No dose-limiting toxicities or drug-related serious adverse events ("**SAEs**") have occurred. Serum glucose and cortisol levels have generally been stable post-dose. Transient decreases in serum cortisol have been observed, however, there has been no indication of adrenal insufficiency through clinical signs or symptoms or via ACTH stimulation tests. Available pharmacokinetic data reveal dose-dependent plasma FP concentrations with near-constant levels achieved after the initial peak. Symptom responses assessed by patient questionnaires have generally improved with increasing EP-104GI dose. In the available data, initial symptom improvements at Week 4 have been maintained or enhanced by Week 24 and have remained below baseline values for up to 52 weeks. Histological assessments at Week 12 demonstrate progressive improvements with increasing EP-104GI dose. The Week 36 data available suggest these histological responses can be maintained. Initial data from lower dose cohorts demonstrated sustained symptom response after 52 weeks of treatment. We anticipate continued data readouts from subsequent dose-escalation cohorts throughout 2026, and ongoing enrolment in the dose optimization portion.

Part Two: The RESOLVE clinical study was amended to add a randomized, blinded, vehicle-controlled, dose optimization portion that will enroll approximately 120 adult patients with a confirmed EoE diagnosis and active EoE symptoms. In this part of the study, an initial 30 patients will be randomized 2:1 to receive EP-104GI 120mg total dose or matching vehicle control. Subsequently, 30 additional patients will be randomized 2:1 to receive 160mg or a matching vehicle control. Then an additional 60 patients will be randomized 1:1:1 to receive 120mg, 160mg or vehicle control. The first patient was dosed in the randomized dose optimization portion of the study on July 7, 2025. Outcomes for safety, pharmacokinetics and efficacy are being collected at multiple timepoints for up to 52 weeks post-dose. Interim data from the Phase 2b portion of the RESOLVE study is expected to be available in Q4 2026.

Subsequent steps in the research program will be determined following analysis of results as well as interaction with key opinion leaders and regulatory authorities. Pre-IND feedback from the FDA received on December 3, 2024 provided clarity on IND-enabling early program requirements. We agreed on the design of an IND-enabling non-clinical study and have initiated this study. We expect that at least one Phase 3 study assessing both efficacy (reduced histological signs and improved symptoms) and safety of EP-104GI will be required to seek marketing approval for EP-104GI for EoE. The development program is subject to further discussions with FDA.

Summary of EP-104IAR for Osteoarthritis

EP-104IAR has been evaluated in two clinical studies in OA patients, including a double-blind, placebo-controlled clinical study (protocol EP-104IAR-201) that assessed the efficacy, safety and PK of a single 25 mg dose of EP-104IAR in 318 patients with moderate knee OA (the "**SPRINGBOARD study**"). Top-line data readout was positive, and was announced on June 26, 2023. Results of the study have been published in *The Lancet Rheumatology*.

In January 2024, we successfully engaged with the FDA in an End-of-Phase-2 meeting to discuss results from the SPRINGBOARD study and to discuss the necessary clinical and non-clinical activities to support an NDA for EP-104IAR.

We completed a strategic evaluation for the development and commercialization of the EP-104IAR asset. This included an assessment of the remaining development pathway to support an NDA, a comprehensive analysis of the commercial landscape including global pricing dynamics and potential differences in pricing between EP-104GI and EP-104IAR. We also considered the interest from potential partnering companies for global and regional opportunities, and the potential for a partnership for EP-104IAR to create discordant demands for development and pricing of each product. Based on several factors, including the potential risk EP-104IAR could have on EP-104GI commercial opportunity with respect to cross over utilization, we have decided to pause the development and partnering discussions with EP-104IAR until we determine that the risk can be adequately addressed.

Lifecycle Opportunities for EP-104 Products

Corticosteroids are broadly used for various indications that may benefit from a targeted delivery and extended-release profile with minimal adverse events. Natural lifecycle extensions for EP-104 products could include other inflammatory arthropathies, or other GI-related inflammatory conditions.

Eupraxia Business Strategy

Our focus over the 24 months following the date of this MD&A will be the execution of the EP-104 development programs, including:

EP-104GI Program:

- Completion of the Phase 1b/2a RESOLVE clinical study to evaluate the safety and effectiveness of EP-104GI in the treatment of EoE; Continuing to follow patients and receive results throughout 2026.
- Complete enrollment of patients into the Phase 2b randomized, placebo-controlled part of the RESOLVE trial to further assess the optimal dose(s).
- Complete non-clinical work to support filing an IND in the United States.

- Optimize and manufacture material to support EP-104GI clinical trials, including development of a new vehicle better suited to the location and mode of injection;
- Initiate a Phase 3 program to evaluate the effectiveness and safety of EP-104GI in EoE.
- Initiate up to two clinical trial programs in additional indications

EP-104 Platform:

- Continue to strengthen the IP portfolio around the EP-104 technology;
- Continue to evaluate portfolio options for EP-104 and the Diffusphere™ technology platform; and
- Continue to develop the manufacturing process to support all programs.

Completion of Phase 3 development for the EP-104GI program will require additional cash resources. Where appropriate, we may use strategic collaborations or partnerships to accelerate development and maximize the commercial potential of our development programs. In parallel, we intend to seek out-licencing, co-development or marketing partners for our technology, with the potential to expand and exploit its application fully. It is our intention to put in place conditions and resources, including the potential use of licensing partnerships, that support the success of the development program, marketing authorization(s) and commercialization across multiple jurisdictions, as well as exploitation of any opportunities for lifecycle and patent extension. Depending on market conditions, this may take the form of co-development or commercialization partnerships, transactional opportunities and/or public financing options.

Development of opportunities to leverage our Diffusphere technology with other APIs is another area of potential growth in the next 24 months. Our technology is potentially compatible with various drugs and therapeutic indications. The pipeline strategy focuses on modulating the release of existing drugs to achieve better clinical outcomes in areas of high medical need. We believe the technology has the potential to be particularly suitable for diseases requiring precisely targeted and controlled localized therapy where broader tissue or systemic exposure should be avoided (e.g., tumour oncology). We have previously investigated indications involving post-surgical pain (EP-105) and post-surgical site infections (EP-201). While both programs demonstrated preclinical evidence of supporting our technology, these programs are currently paused so we can remain focused on the programs described previously in this MD&A.

We currently have several pipeline candidates in development with a goal to add two pipeline product candidates over the next 24 months to allow for sustained corporate growth. We expect this to involve a multidisciplinary review of candidate drugs, formulation development, *in vitro* screening to identify the most promising lead candidates and non-clinical proof-of-concept studies. The information generated from these inquiries will determine whether we should proceed with further development.

Significant Company Events

On April 21, 2026, the Company announced nine-month tissue health and symptom data from the highest dose cohort (Cohort 9) in its ongoing Phase 1b/2a RESOLVE trial in EoE. At 36 weeks, patients in Cohort 9 (n=3) demonstrated a robust response in both tissue health and symptom response compared to their baseline levels. Patients in Cohort 9 also demonstrated the highest response in tissue health at week 36 compared to all other dose cohorts in the RESOLVE trial. Clinical remission in symptoms was maintained in 66% of the patients (2 of 3) in Cohort 9 at week 36. This level of remission was first achieved at week 8 and was maintained through 36 weeks.

On May 1, 2026, the Company announced the appointment of Dr Jeymi Tambiah as Chief Medical Officer.

On May 5, 2026, the Company announced EREFS Data from its Ongoing Phase 1b/2a RESOLVE Trial in Eosinophilic Esophagitis at Digestive Disease Week (DDW). EREFS is a standardized visual scoring system that gastroenterologists use when performing an endoscopy in EoE patients to assess the severity of inflammation and fibrosis in the esophagus. EREFS data reported by Eupraxia demonstrated a relationship between the number of injections of EP-104GI and the overall improvements in the EREFS findings

On May 6, 2026 the Company announced EoEHSS Sub Scores Data from its Ongoing Phase 1b/2a RESOLVE Trial in Eosinophilic Esophagitis at Digestive Disease Week (DDW). EoEHSS is a standardized method used to monitor esophageal tissue damage in EoE patients. Sub scores of EoEHSS are reported to specifically evaluate the tissue inflammation and tissue architecture (which is a measure of fibrosis). The sub-score data from the highest dose cohorts in the RESOLVE study were reported for the first time at DDW and generally demonstrated improvement in both inflammation and fibrosis following treatment with EP-104GI.

On July 7, 2026 the Company announced the appointment of three industry leaders in drug development and commercialisation in Robert Bazemore, Amy Pott and Dr. Helen Thackray to the Board of Directors.

On July 13, 2026 the Company announced the addition of Dr. Jeff Millard as its Executive Vice President, Technical Operations, and that Dr. Alex Therien, who joined Eupraxia in November 2025, will take the helm of Research & Development in his role as Executive Vice President, Research & Development. The Company also announced the transition of its operations from Victoria to a two-hub organization based out of Vancouver and Seattle. As part of this transition, Amanda Malone, based in Victoria, stepped down from her role as Chief Scientific and Operating Officer.

Selected Financial Information

The financial information reported herein for the three and six months ended June 30, 2026 has been derived from the interim consolidated financial statements for the three and six months ended June 30, 2026 prepared in accordance with U.S. GAAP. The Company's reporting currency is the U.S. dollar. The Canadian dollar continues to be the functional currency of the Company.

Selected Consolidated Balance Sheet Data

	June 30, 2026 $	December 31, 2025 $
Cash and cash equivalents	52,426,167	80,563,482
Short-term investments	81,234,688	—
Total assets	139,907,536	86,150,008
Equity attributable to owners of the Company	131,276,998	82,041,436
Non-controlling interest	(1,603,236)	(1,595,343)
Total shareholders' equity	129,673,762	80,446,093

Cash and cash equivalents along with short-term investments increased by $53,097,373 from December 31, 2025. This increase was attributable primarily to the proceeds of the public offering of Common Shares which closed on February 20, 2026 (the **"2026 Offering"**) of $58,634,895 (net of transaction costs) and proceeds from the exercise of common share purchase warrants of $16,834,083 for the six months ended June 30, 2026 which was partially offset by the Company's use of cash in operations of $23,239,897. Total assets increased by $53,757,528 as at June 30, 2026 from December 31, 2025. This increase was primarily due to the increase in cash and cash equivalents as well as short-term investments referenced above.

The Company did not pay any dividends or make any distributions to shareholders in any of the above periods.

Selected Consolidated Statements of Operations and Comprehensive Loss Data

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
	$	$	$	$
Revenue	—	—	—	—
Net loss for the period – Owners of the Company	(14,486,955)	(8,740,916)	(27,140,386)	(15,503,524)
Net loss for the period – Non-controlling interest	(6,478)	(6,767)	(7,893)	(11,434)
Net loss for the period	(14,493,433)	(8,747,683)	(27,148,279)	(15,514,958)
Comprehensive loss for the period	(17,022,279)	(7,412,661)	(32,116,549)	(14,141,772)
Loss per share, basic and diluted – Owners of the Company	(0.23)	(0.26)	(0.46)	(0.47)

The net loss for the three months ended June 30, 2026 increased by $5,745,750 when compared to the three months ended June 30, 2025, primarily due to an increase in research and development costs of $7,608,390 as well as an increase in general and administrative costs of $2,230,684 partially offset by an increase in other income of $4,118,124.

The net loss for the six months ended June 30, 2026 increased by $11,633,321 when compared to the six months ended June 30, 2025, primarily due to an increase in research and development costs of $14,932,520 as well as an increase in general and administrative costs of $3,739,379 partially offset by an increase in other income of $7,074,489.

While several of the Company’s vendors have inflationary clauses in their contracts, the impact of inflation is considered immaterial.

Comparison of the Three and Six Months Ended June 30, 2026 and 2025

Results of Operations

	Three months ended June 30, 2026 $	Three months ended June 30, 2025 $	Change $	Change %	Six months ended June 30, 2026 $	Six months ended June 30, 2025 $	Change $	Change %
Research and development expenses	12,805,005	5,196,615	7,608,390	146.4	23,978,961	9,046,441	14,932,520	165.1
General and administrative expenses	5,298,168	3,067,484	2,230,684	72.7	10,081,257	6,341,878	3,739,379	59.0
Other income/ (expenses)	3,640,121	(478,003)	4,118,124	(861.5)	6,956,225	(118,264)	7,074,489	(5,981.9)
Net loss before tax expense	(14,463,052)	(8,742,102)	(5,720,950)	65.4	(27,103,993)	(15,506,583)	(11,597,410)	74.8
Tax recovery (expense)	(30,381)	(5,581)	(24,800)	444.4	(44,286)	(8,375)	(35,911)	428.8
Net loss	(14,493,433)	(8,747,683)	(5,745,750)	65.7	(27,148,279)	(15,514,958)	(11,633,321)	75.0
Foreign currency translation adjustment	(2,528,846)	1,335,022	(3,863,868)	(289.4)	(4,968,270)	1,373,186	(6,341,456)	(461.8)
Comprehensive loss	(17,022,279)	(7,412,661)	(9,609,618)	129.6	(32,116,549)	(14,141,772)	(17,974,777)	127.1

Research and Development

Comparing the three months ended June 30, 2026, to the same period in 2025, research and development activities increased by $7,608,390. This increase is primarily due to an increase in activities associated with the EP-104GI program, increases in salaries, bonuses, and benefits due to increased headcount, as well as approximately $1,324,002 related to employment cessation costs related to restructuring operations in anticipation of future growth. In addition to an increase in other research and development costs, and stock-based compensation related to issuance of stock options and restricted share units.

Comparing the six months ended June 30, 2026, to the same period in 2025, research and development activities increased by $14,932,520. This increase is primarily due to an increase in activities associated with the EP-104GI program, increases in salaries, bonuses, and benefits due to increased headcount and salary increases, employment cessation costs as outlined above, an increase in other research and development costs, and stock-based compensation related to issuance of stock options and restricted share units.

General and Administrative

Comparing the three months ended June 30, 2026, to the same period in 2025, general and administrative activities increased by $2,230,684. This increase is primarily due to an increase in stock-based compensation, salaries, bonuses, and benefits, as well as an increase in staff recruitment and other office costs in addition to approximately $79,636 related to employment cessation costs related to restructuring operations in anticipation of future growth. This is partially offset by a decrease in professional fees.

Comparing the six months ended June 30, 2026, to the same period in 2025, general and administrative activities increased by $3,739,379. This increase is primarily due to an increase in staff recruitment and office costs, stock-based compensation, salaries, bonuses, benefits and employment cessation costs at outlined above. This is partially offset by a decrease in professional fees and public company costs.

Other Income/(Expenses)

Comparing the three months ended June 30, 2026, to the same period in 2025, other income increased by $4,118,124 primarily due to an increased foreign exchange gain of $2,984,858 and the increase of interest income of $1,135,970.

Comparing the six months ended June 30, 2026, to the same period in 2025, other income increased by $7,074,496 primarily due to an increased foreign exchange gain of $5,175,528 and the increase of interest income of $1,900,590.

Summary of Quarterly Results

The information in the tables below has been derived from both the Company's audited consolidated financial statements and unaudited interim consolidated financial statements.

The Company's quarterly operating results have varied substantially in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

	Jun 30, 2026 $	Mar 31, 2026 $	Dec 31, 2025 $	Sep 30, 2025 $	Jun 30, 2025 $	Mar 31, 2025 $	Dec 31, 2024 $	Sep 30, 2024 $
Total revenue	—	—	—	—	—	—	—	—
Research & development	12,805,005	11,173,956	7,867,494	4,417,722	5,196,615	3,849,826	4,077,326	4,049,865
General & administrative	5,298,168	4,783,089	8,295,128	2,465,378	3,067,484	3,274,394	3,404,287	2,223,356
Total net loss	(14,493,433)	(12,654,846)	(16,721,336)	(6,369,358)	(8,747,683)	(6,767,275)	(7,532,342)	(5,991,320)
Loss per share, basic and diluted (Owners of the Company)	(0.23)	(0.23)	(0.37)	(0.19)	(0.26)	(0.21)	(0.21)	(0.17)

The Company has incurred net losses in each of its preceding eight quarters as a result of continued activities associated with the Phase 1b/2 clinical trial for EP-104GI.This trend is expected to continue into the future as we make further investments in our EP-104 programs. Research and development expenses are expected to remain high as we undertake clinical trials and incur significant costs for CROs and consultants, and further investment in additional drug candidates in support of broader pipeline development. General and administrative expenses are likely to increase in the future as a result of ongoing costs associated with public company compliance.

Use of Proceeds

The following tables shows the estimated use of net proceeds from the Company's 2025 Offering and 2026 Offering excluding the effect of the option to purchase additional common shares compared with the actual use of net proceeds:

September 2025 Financing

	Estimated Amount to be Expended	Actual Amount Expended
Phase 2 development of EP-104GI		
Nonclinical Studies Enabling Phase 3 and NDA Patient Pool	28,400,000	4,224,665
Expansion	5,000,000	—
Additional Phase 2 trial in GI Indications for EP-104GI	7,100,000	—
Pipeline	3,400,000	—
Total	**$ 43,900,000**	**$ 4,224,665**

We intend to allocate the remaining net proceeds to working capital and other general corporate purposes. To date, there have been no material variances to the way the Company intended to use proceeds from the 2025 Offering.

February 2026 Financing

	Estimated Amount to be Expended	Actual Amount Expended
Phase 3 development of EP-104GI	8,000,000	—
Additional Phase 2 trial in GI Indications for EP-104GI	12,000,000	—
Total	**$ 20,000,000**	**$ —**

We intend to allocate the remaining net proceeds to working capital and other general corporate purposes.

Liquidity, Capital Resources and Outlook, Management of Cash Resources

As of June 30, 2026, the Company had cash and cash equivalents of $52,426,167 (December 31, 2025 - $80,563,482) and short-term investments of $81,234,688 (December 31, 2026 - $nil).

The Company's business does not currently generate revenue or positive cash flows from operations and is reliant on equity and debt financing to provide the necessary cash to continue its research and development activities and ongoing operations. There can be no assurance that financing will be available in the future with terms that are satisfactory to the Company.

The Company's cash flow forecasts are continually updated to reflect actual cash inflows and outflows to monitor the requirements and timing for additional financial resources. Given the volatility of the Canadian dollar ("**CAD**"), U.S. dollar ("**USD**"), and Australian dollar ("**AUD**") exchange rates, the Company estimates its USD, CAD and AUD expenses for the year and sets aside appropriate levels of each currency. By holding USD, CAD and AUD, the Company remains subject to currency fluctuations which effects its loss during any given quarter.

Based on our current plans, we believe that our existing cash and cash equivalents along with short-term investments will be sufficient to fund our planned operations into the second half of 2028. The Company continues to evaluate additional measures to preserve and extend its liquidity availability, including leveraging upfront proceeds from potential business development transactions, or securing additional equity or debt financing. The Company expects that its growth plans and completion of Phase 3 development for the EP-104GI program will require further capital. To meet these needs, the Company may pursue similar funding sources, with a focus on maintaining shareholder value and minimizing dilution.

Comparison of Cash Flow for the Six Months ended June 30, 2026 and 2025

	Six months ended June 30, 2026 $	Six months ended June 30, 2025 $
Net cash provided by (used in):		
Operating activities	(23,239,896)	(14,318,325)
Investing activities	(80,224,609)	(335,269)
Financing activities	76,059,354	669,701
Net decrease in cash	(27,405,152)	(13,983,893)
Foreign exchange effect on cash	(732,164)	648,243

Cash used in operating activities for the six months ended June 30, 2026 increased by $8,921,571 compared to the same period in the prior year. The primary driver of this increase was the increased research and development activities.

Cash used in investing activities for the six months ended June 30, 2026 increased by $79,889,340 compared to cash used in investing activities for the same period in the prior year. The primary driver of the increase was the purchase of short-term investments during the six months ended June 30, 2026.

Cash provided by financing activities for the six months ended June 30, 2026 increased by $75,389,653 compared to the same period in the prior year. The primary driver of the increase was the closing of the 2026 Offering for net proceeds of $58,634,895 that occurred February 20, 2026. In addition, $16,834,078 was received for the exercise of warrants. The primary driver of financing activity cash flows for the six months ended June 30, 2025 was the exercise of warrants for $633,861.

Going Concern

The consolidated financial statements of the Company have been prepared on a going concern basis with the assumption that we will be able to realize our assets and discharge our liabilities and commitments in the normal course of business. At June 30, 2026, we had cash and cash equivalents of $52,426,167 as well as short-term investments of $81,234,688. We have not yet generated revenue from operations. We incurred a net loss of $27,148,279 during the six months ended June 30, 2026, and as of that date, our accumulated deficit was $196,720,360. As we are in the research and development stage, the recoverability of the costs incurred to date is dependent upon our ability to obtain the necessary funding to complete the research and development of its projects and upon future commercialization or proceeds from the monetization of research activities.

We will periodically have to raise funds to continue operations and raised proceeds of approximately $58.6 million (net of underwriting commissions and estimated expenses) through a public offering of 7,607,145 common shares of the Company and pre-funded warrants to purchase up to 1,428,571 common shares on February 20, 2026. Although we have been successful in doing so in the past, there is no assurance we will be able to do so in the future. We are active in our pursuit of additional funding through potential partnering and other strategic activities as well as grants to fund future research and development activities, and additional equity financing.

Our continued operations are dependent on our ability to generate future cash flows or obtain additional funding. There is a risk that in the future, additional financing will not be available on a timely basis or on terms acceptable to the Company.

Long-Term Obligations and Other Contractual Commitments

We may be required to make milestone, royalty, and other research and development funding payments under research and development collaboration and other agreements with third parties. These payments are contingent upon the achievement of specific development, regulatory and/or commercial milestones. We have not accrued for these payments as of June 30, 2026 due to the uncertainty over whether these milestones will be achieved. Our significant contingent milestone, royalty and other research and development commitments are as follows:

Auritec License Agreement

Auritec is a privately held clinical-stage drug delivery company that holds patents in the field of extended-release delivery of drug products utilizing its proprietary drug delivery platform, the "**Plexis Platform**". Eupraxia, through its subsidiary, Eupraxia Pharmaceuticals USA LLC ("**Eupraxia LLC**"), is a party to an amended and restated license agreement dated effective October 9, 2018 (as further amended, the "**Amended and Restated License Agreement**") with Auritec.

Under the terms of the Amended and Restated License Agreement, Auritec has granted Eupraxia LLC an exclusive license (including the right to sublicense to its affiliates and third parties) under the licensed patents owned or controlled by Auritec and for all the technical information and know-how relating to the technology claimed in such patents or possessed by Auritec with respect to the use of the Plexis Platform for the delivery of fluticasone in all medical fields (except for the Excluded Fields (as defined in the Amended and Restated License Agreement)), to develop, make, have made, manufacture, use, commercialize, sell, sub-license, offer for sale, import, and have imported the Licensed Products (as defined in the Amended and Restated License Agreement).

Pursuant to the terms of the Amended and Restated License Agreement, in consideration for the rights and exclusive license granted to Eupraxia LLC, Eupraxia LLC paid the Upfront Fee (as defined in the Amended and Restated License Agreement) of $5,000,000 with the agreement currently in good standing.

In addition to the Upfront Fee, pursuant to the Amended and Restated License Agreement, Eupraxia LLC has agreed to pay Auritec up to $30,000,000 upon achievement of certain regulatory and commercial milestones related to Licensed Products under the Amended and Restated License Agreement as well as a royalty of 4% of net sales of Licensed Products by Eupraxia USA or its affiliates, subject to certain reductions.

The following table summarizes the remaining milestone payment schedule. During the year ended December 31, 2024, the Company paid $5,000,000 to Auritec upon successful completion of the Phase 2b study. No further milestones have been completed. The Company's EP-104GI program would meet the definition of a Non-OA Indication as referenced in the Milestone Events below.

Milestone Event	Milestone Payment
First OA Regulatory Approval	5,000,000
Second OA Regulatory Approval	5,000,000
Non-OA Indication Regulatory Approval	10,000,000
First calendar year in which aggregate Net Sales by Eupraxia LLC, its affiliates and sublicenses exceed $500,000,000	5,000,000
Maximum milestones payable	**$ 25,000,000**

Eupraxia LLC has also agreed to pay to Auritec 20% of sublicensing royalties or other consideration based on net sales of Licensed Products. Eupraxia LLC has further agreed to pay Auritec a percentage of Non-Royalty Monetization Revenue (as defined in the Amended and Restated License Agreement), which includes payments received for a sale of Eupraxia LLC or its assets or sale or sublicense of a Licensed Product, which percentage ranges from 10% to 30% depending on the development stage of the most-advanced Licensed Product, up to a maximum of $100,000,000. The following table summarizes the Non-Royalty Monetization Revenue percentage schedule:

Date of Execution	Percentage of Non-Royalty Monetization Revenue
Prior to Successful Completion of a Phase 2b Study	30%
After Successful Completion of a Phase 2b Study but prior to Successful Completion of a Phase 3 Study	20%
After Successful Completion of a Phase 3 Study but prior to Regulatory Approval of a Product in the Eupraxia Field from FDA in the United States	15%
After Regulatory Approval of a Product in the Eupraxia Field from FDA in the United States	10%

Either party may terminate the Amended and Restated License Agreement in the event of the other party's bankruptcy, liquidation, or dissolution. Auritec may also terminate upon a material breach of the Amended and Restated License Agreement by Eupraxia LLC that is not cured within 60 days (15 days in the case of a payment breach). Further, if Eupraxia LLC directly or indirectly challenges any claim in any Auritec patent licensed under the Amended and Restated License Agreement, or assist a third party in doing so, Auritec may immediately terminate the Amended and Restated License Agreement. If Auritec directly or indirectly challenges any Eupraxia LLC patent contemplated in the Amended and Restated License Agreement other than as reasonably required to defend Auritec patents as a basis for such challenge, or assists a third party in doing so, Eupraxia LLC may immediately terminate the Amended and Restated License Agreement.

Lease Agreements

We entered into a lease agreement on February 28, 2026 for a 5-year term beginning March 1, 2026 and expiring February 28, 2031 for its head office located at 2198 Yukon St, Vancouver, BC The rental area includes approximately 3,199 square feet of office space and approximately 6,684 square feet of laboratory space. The total rent (including both basic rent and additional rent) for the remaining lease term is anticipated to be $1,395,317 (CAD$1,982,746) and does not reflect the impact of the additional 60-month extension option. Additional rent is subject to adjustment at the end of each lease year based on actual costs incurred. As of April 15, 2026, the head office of the Company has been relocated to the office in Vancouver.

On July 6, 2026, we entered into an agreement to sublease premises at 5300 Carillon Point, Suite 300, Kirkland, WA. for a term of five (5) years beginning in July 2026. The rental area is 6,329 sq. ft. and will be mainly used for office space. The total rent for the remaining sublease term is anticipated to be $2,118,633.

On October 21, 2019, we entered into a 5-year lease agreement for its head office located at Suite 201 – 2067 Cadboro Bay Road, Victoria BC, with an expiry date of November 30, 2024. It was subsequently renewed May 13, 2024 for an additional year. On July 15, 2025, we signed a Second Lease Renewal Agreement ("**Renewal Agreement**") whereby we renewed its lease for our Victoria, BC facility for an additional twelve months commencing December 1, 2025 and ending November 30, 2026. All other terms of the lease remain unchanged. The total rent for the remainder of the lease extension to November 30, 2026 (inclusive of base rent and additional rent costs) is anticipated to be $62,857 (CAD$89,320). Additional rent is subject to adjustment at the end of each lease year based on actual costs incurred. On April 10, 2026, we formally notified the landlord that we would not be renewing the lease for this property.

Transactions with Related Parties

There were no transactions with related parties during the six months ended June 30, 2026 and 2025, reportable under U.S. GAAP.

Off-Balance Sheet Arrangements

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting year, which, by their nature, are uncertain. Actual outcomes could differ from these estimates. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future events. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future periods if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances that affect the reported amounts of assets, liabilities, income and expenses.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Stock options granted are measured at fair value, using the Black-Scholes option pricing model, at the grant date and expensed over the vesting period. In determining the fair value, we make estimates of the expected volatility of the shares, the expected life of the share-based instrument, and an estimated risk-free interest rate.

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. We made the following critical accounting judgments:

i) The determination of the functional currency of the Company and its subsidiaries; and
ii) Assessment of the appropriateness of the going concern assertion.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40). This standard requires public business entities to disclose, in the footnotes, a tabular disaggregation of certain expense captions into specific natural categories. The standard is effective for the Company's annual reporting periods beginning after December 15, 2026 (fiscal year 2027). We do not intend to early adopt this guidance and are currently evaluating the impact that the adoption will have on our financial statement disclosures.

Financial Instruments

Our financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, accounts payable and accrued liabilities.

There were no changes to our risk exposures or management of risks during the six months ended June 30, 2026. Our risk exposures and the impact on our financial instruments are summarized below:

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. We believe we have no significant credit risk, as our cash and cash equivalents and short-term investments, being our primary exposure to credit risk, are held with a large Canadian bank. Our maximum exposure to credit risk is the carrying value of these financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity risk is to ensure that we will have sufficient liquidity to the extent possible to meet liabilities when due. As at June 30, 2026, we had cash and cash equivalents of $52,426,167 (December 31, 2025 - $80,563,482) and short-term investments of $81,234,688 (December 31, 2025 - $nil) in addition to current liabilities of $8,550,748 (December 31, 2025 - $5,628,005). We continuously consider certain strategic alternatives including, but not limited to, raising additional capital. These decisions are always made in consideration of the needs of the business, and in conjunction with the potential impact on shareholder dilution.

There is no assurance, however, that any or all of these alternatives will materialize or that additional funding will be available, if and when needed.

Contractual Obligations at June 30, 2026	Total	Less than 1 year	1-3 years	4-5 years
Accounts Payable	$8,390,871	$ 8,390,871	—	—
Leases[1]	1,458,174	370,390	888,132	199,652
Total Contractual Obligations	**$9,849,045**	**$ 8,761,261**	**$888,132**	**$199,652**

(1) Includes both basic lease payments as well as payments for property taxes and common area maintenance for the remaining lease term for the Victoria office which goes until November 30, 2026, the Vancouver office and lab which goes until February 28, 2031 and does not include any payments related to the renewal options of each lease.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2026, we had cash and cash equivalents of $52,426,167 and short-term investments of $81,234,688 which are held in term deposits, and bank accounts. Interest rate risk is affected by changes in the general level of interest rates, particularly because the majority of our investments are short-term in nature. Due to the short-term duration the cash and cash equivalent holdings and short-term investments, a 10% change in interest rates would not have a material effect on the fair market value of cash, cash equivalents and short-term investments. In addition, since we also have the ability to hold the cash equivalents and short-term investments until maturity, we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates since the rates on the cash equivalents and short-term investments remain fixed until maturity.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We are exposed to currency risk due to the frequency of transactions in US dollars and Australian dollars. We manage our foreign currency exposure by maintaining cash balances in Canadian dollars, US dollars and Australian dollars based on anticipated funding requirements. From time to time, we may convert US dollars into Canadian dollars to fund Canadian operating expenditures and purchase Australian dollars to satisfy anticipated expenditures in Australia. We do not currently enter into derivative instruments or other formal hedging arrangements to manage foreign currency risk. Accordingly, fluctuations in foreign exchange rates may adversely affect our financial position, results of operations, and cash flows.

At June 30, 2026, we held cash and cash equivalents of $39,589,372 (2025 – $77,988,544), short-term investments of $81,234,688 (2025 - $nil) and had accounts payable and accrued liabilities of $1,689,463 (2025 – $942,201) denominated in US dollars which were translated to Canadian dollars at 1.4210 (2025 – 1.3706). The impact of a 10% change in the exchange rates would have an impact of approximately $11,913,460 (2025 – $7,704,614) on profit or loss. We held cash of $1,740,468 (2025 - $1,449,522), accounts payable and accrued liabilities of $793,785 (2025 - $779,455) and had $797,773 in amounts receivable (2025 - $716,095) denominated in Australian Dollars which were translated into Canadian Dollars at 0.9817 (2025 – 0.9147). The impact of a 10% change in the exchange rate would have an impact of approximately $120,516 (2025 - $92,509) on profit or loss. We also have accounts payable in Euros. The impact of a 10% change in the exchanges of the Euro would have an immaterial effect on future cash flows.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. We are not exposed to significant price risk with respect to commodity or equity prices.

Fair Value Measurement

We categorize our financial instruments measured at fair value into one of three different levels depending on the observation of inputs used in the measurement.

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs.

Our financial instruments consist of cash and cash equivalents, short-term investments, amounts receivable, accounts payable and accrued liabilities. The carrying value of our financial instruments approximate their fair values due to their short-term maturities.

The following table summarizes information regarding the classification and carrying values of our financial instruments measured at amortized cost:

Financial assets/liabilities	June 30, 2026	December 31, 2025
Cash and cash equivalents	$52,426,167	$80,563,482
Short-term investments	$81,234,688	$ —
Amounts receivable	$ 688,219	$ 674,226
Accounts payable and accrued liabilities	$ 8,390,871	$ 5,549,553

Risks and Uncertainties

The primary risk factors affecting the Company are set forth under the heading "*Risk Factors*" in the AIF.

Outstanding Share Capital

As of the date of this MD&A, we had 65,906,632 Common Shares issued and 8,295,638 Preferred Shares outstanding. The maximum number of additional Common Shares issuable, should all convertible rights be exercised are as follows:

Common Shares Issuable:	As of the date of MD&A
Options (1)	7,860,017
Restricted Share Units (2)	1,549,374
2013 Warrants (3)	93,421
Founders Warrants (4)	215,000
Underlying Founders Warrants (5)	215,000
Class B Shares (6)	562,500
Pre-funded Warrants (7)	1,428,571
Convertible Preferred Shares (8)	8,295,638
Total Common Shares Issuable	20,219,521

Notes:

(1) Represents 4,943,509 options outstanding under the Company's stock option plan, each having an exercise price between CAD$1.90 and CAD$8.00 and expiry dates ranging from March 5, 2028 to May 13, 2035 in addition to 2,916,508 options outstanding under the Company's Omnibus Incentive Plan ("**OIP**"), each having an exercise price between CAD$8.63 and CAD$9.46 and expiry dates ranging from December 15, 2035 to July 13, 2036.

(2) Represents 1,549,374 Restricted Share Units outstanding under the Company's OIP.

(3) Represents common share purchase warrants to acquire up to 93,421 Common Shares at an exercise price of CAD$0.7572 per share, with each such common share purchase warrant expiring 120 days after the warrant holder or the holder's spouse ceases to be a director, officer or consultant of the Company.

(4) Represents common share purchase warrants to acquire 215,000 units, with each unit consisting of one Common Share and one underlying common share purchase warrant (an "**Underlying Founder Warrant**") at an exercise price of CAD$0.4984 per unit, expiring 120 days after the warrant holder ceases to be a director, officer or consultant of the Company.

(5) Represents Underlying Founder Warrants to acquire up to 215,000 Common Shares, at an exercise price of CAD$0.75 per share, expiring two years from the date of exercise of the Underlying Founder Warrant.

(6) Represents 562,500 Common Shares that are issuable upon conversion of the 225 Class B Shares of Eupraxia Pharma Inc., the Company's subsidiary, held by Amanda Malone, the former Chief Scientific Officer of the Company. Each Class B Share is exchangeable into Common Shares based on an exchange rate of 2,500 Common Shares for each Class B Share, subject to adjustments upon the occurrence of certain events, for a total of 562,500 Common Shares. The Class B Shares are exchangeable by Ms. Malone at her election, provided that the Company may force the exchange of the Class B Shares into Common Shares at any time on or after January 31, 2031, or on or after January 31, 2026, if the Company is listed on a stock exchange and is a reporting issuer in Canada at such time. The Company may also force the exchange of the Class B Shares into Common Shares if there is a change of control transaction involving the Company, a change in law which makes the exchange necessary or desirable or if there are a de minimis number of Class B Shares outstanding. If the Company is listed on a stock exchange at the time of the applicable exchange, the Company may elect to pay Ms. Malone cash in lieu of issuing Common Shares, with such cash amount to be determined based on the then current market price of the Common Shares.

(7) Each pre-funded warrant entitles the holder thereof to acquire one Common Share at a price of $6.99999 per Pre-Funded Warrant, which equals the public offering price per Common Share less the $0.000001 per share exercise price of each Pre-Funded Warrant following the closing date of the 2026 Offering being February 20, 2026.

(8) Represents 8,855,638 Common Shares that are issuable on a one-to-one basis for no additional consideration upon conversion of the 8,855,638 Preferred Shares. Of the original 8,905,638 preferred shares issued on October 31, 2024, 50,000 have been converted to common shares as of the date hereof.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

The Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") have designed or caused to be designed under their supervision, disclosure controls and procedures which provide reasonable assurance that material information regarding the Company is accumulated and communicated to our management, including its CEO and CFO, in a timely manner.

In addition, the CEO and CFO have designed or caused to be designed under their supervision internal controls over financial reporting ("**ICFR**") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The control framework used to design our ICFR uses the framework and criteria established in the *Internal Control-Integrated Framework* (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**").

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures and our ICFR are designed to be effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

The CEO and the CFO have evaluated, or caused to be evaluated under their supervision and determined there were no changes to our internal controls over financial reporting during the three months ended June 30, 2026 that materially affected, or were reasonably likely to materially affect, our internal controls over financial reporting.

Additional Information

Additional information about the Company is available on SEDAR+ at www.sedarplus.ca. and EDGAR at www.sec.gov/edgar.

Eupraxia Pharmaceuticals Reports Second Quarter 2026 Financial Results

New data presented at Digestive Disease Week (DDW) demonstrating improvement of fibrosis and inflammation following a single treatment of EP-104GI

Strengthened executive team and board to bolster late-stage drug development and global commercialization capabilities.

VANCOUVER, British Columbia, August 11, 2026 – Eupraxia Pharmaceuticals Inc. ("Eupraxia" or the "Company") (NASDAQ:EPRX) (TSX:EPRX), a clinical-stage biotechnology company leveraging its proprietary Diffusphere™ technology designed to optimize local, controlled drug delivery for applications with significant unmet need, today announced its financial results for the second quarter of 2026. All dollar values are in U.S. dollars unless stated otherwise.

"Eupraxia is well funded with the experienced talent to execute on key upcoming milestones, including the Phase 2b Eosinophilic Esophagitis (EoE) trial with interim data expected to be released in Q4 highlighting key clinical and histologic endpoints, the subsequent Phase 3 trial initiation and the expansion of EP-104GI target indications to a broader GI portfolio in 2027. With the new appointments made this quarter to our executive team and Board, we are poised to progress EP-104GI into late-stage development and eventual commercialization" said Dr. James A. Helliwell, Chief Executive Officer of Eupraxia. "This year at DDW, it was clear that there is still a growing unmet need for patients living with EoE. With the additional data highlighting clinical improvement, fibrotic reversal and endoscopic resolution we believe that EP-104GI has the potential to be an impactful and durable treatment option."

Recent Operational Highlights

- On April 21, 2026, the Company announced nine-month tissue health and symptom data from the highest dose cohort in its ongoing Phase 1b/2a RESOLVE trial in EoE. Patients in Cohort 9 (n=3) also demonstrated the highest response in tissue health at week 36 compared to all other dose cohorts in the RESOLVE trial. Clinical remission in symptoms was maintained in 66% of the patients (2 of 3) in Cohort 9 at week 36. This level of remission was first achieved at week 8 and was maintained through 36 weeks.

- On May 4, 2026, the Company announced the appointment of Dr. Jeymi Tambiah as Chief Medical Officer.
- On May 5, 2026, the Company announced EREFS Data from its Ongoing Phase 1b/2a RESOLVE Trial in Eosinophilic Esophagitis at DDW. EREFS is a standardized visual scoring system that gastroenterologists use when performing an endoscopy in EoE patients to assess the severity of inflammation and fibrosis in the esophagus. EREFS data reported by Eupraxia demonstrated a relationship between the number of injections of EP-104GI and the overall improvements in the EREFS findings
- On May 6, 2026, the Company announced EoEHSS Sub Scores Data from its Ongoing Phase 1b/2a RESOLVE Trial in Eosinophilic Esophagitis at DDW. EoEHSS is a standardized method used to monitor esophageal tissue damage in EoE patients. Sub scores of EoEHSS are reported to specifically evaluate the tissue inflammation and tissue architecture (which is a measure of fibrosis). The sub-score data from the highest dose cohorts in the RESOLVE study were reported for the first time at DDW and generally demonstrated improvement in both inflammation and fibrosis following treatment with EP-104GI.
- On July 7, 2026, the Company announced the appointment of three industry leaders in drug development and commercialization in Robert Bazemore, Amy Pott and Dr. Helen Thackray to the Board of Directors.
- On July 13, 2026, the Company announced the addition of Dr. Jeff Millard as its Executive Vice President, Technical Operations, and that Dr. Alex Therien, who joined Eupraxia in November 2025, will take the helm of Research & Development in his role as Executive Vice President, Research & Development. The Company also announced the transition of its operations from Victoria to a two-hub organization based out of Vancouver and Seattle. As part of this transition, Amanda Malone, based in Victoria, stepped down from her role as Chief Scientific and Operating Officer.

Second Quarter 2026 Financial Review

The Company incurred a net loss of $14.5 million for the three months ended June 30, 2026, versus a net loss of $8.7 million for the three months ended June 30, 2025. The increase in net loss was primarily due to an increase in research and development costs as a result of doubling the size of the RESOLVE Part 2 trial and general and administrative costs, partially offset by an increase in other income.

The Company had cash and cash equivalents of $52.4 million and short-term investments of $81.2 million as of June 30, 2026, up from an aggregate cash balance of $80.6 million at the end of the fourth quarter of 2025. These funds are being used to fund clinical trials in EP-104GI and for general and administrative expenses, working capital needs and other general corporate purposes.

The Company anticipates that existing cash reserves will be sufficient to fund the Company into the second half of 2028.

As of June 30, 2026, the Company had 65,474,223 common shares, 8,295,638 preferred shares outstanding and 1,428,571 pre-funded warrants.

Financial Statements and Management Discussion & Analysis

Please see the unaudited interim consolidated financial statements and related MD&A for more details. The unaudited interim consolidated financial statements for the quarter ended June 30, 2026, and related MD&A have been reviewed and approved by Eupraxia's Audit Committee and Board of Directors. For a more detailed explanation and analysis, please refer to the MD&A that has been filed under the Company's profile on EDGAR at www.sec.gov and on SEDAR+ at sedarplus.ca and which is also available on the Company's website at www.eupraxiapharma.com.

About Eupraxia Pharmaceuticals Inc.

Eupraxia is a clinical-stage biotechnology company focused on the development of locally delivered, extended-release products that have the potential to address therapeutic areas with high unmet medical need. Diffusphere™, a proprietary, polymer-based micro-sphere technology, is designed to facilitate targeted drug delivery of both existing and novel drugs. The technology is designed to support extended duration of effect and delivery of drugs in a hyper-localized fashion, targeting only the tissues that physicians are wanting to treat. We believe the potential for fewer adverse events may be achieved through the precision targeting and the stable and flat delivery of the active ingredient when using the Diffusphere™ technology, versus the peaks and troughs seen with more traditional drug delivery methods. The precision of Eupraxia's Diffusphere™ technology platform has the potential to augment and transform existing FDA-approved drugs to improve their safety, tolerability, efficacy and duration of effect. The potential uses in therapeutic areas may go beyond pain and inflammatory gastrointestinal disease, where Eupraxia currently is developing advanced treatments, to also be applicable in oncology, infectious disease and other critical disease areas.

Eupraxia's EP-104GI is currently in a Phase 1b/2 trial, the RESOLVE trial, for the treatment of EoE. EP-104GI is administered as an injection into the esophageal wall, providing local delivery of drug. This is a unique treatment approach for EoE. In addition, Eupraxia is developing a pipeline of later and earlier-stage long-acting formulations. For further details about Eupraxia, please visit the Company's website at: www.eupraxiapharma.com.

Notice Regarding Forward-looking Statements and Information

This news release includes forward-looking statements and forward-looking information within the meaning of applicable securities laws. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “is expected”, “expects”, “suggests”, “indicates”, “scheduled”, “intends”, “contemplates”, “anticipates”, “believes”, “proposes”, “potential” or variations (including negative and grammatical variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements in this news release include statements regarding the interpretation of the 36-week data from the RESOLVE trial, including tissue health and symptom response; the Company’s expected timing of reporting additional data from the RESOLVE trial, including the Phase 2b portion thereof; the Company’s expectation that existing cash reserves will be sufficient to fund the Company into the second half of 2028; the Company’s product candidates, including their expected benefits with respect to safety, tolerability, efficacy and duration of effect and their potential use in therapeutic areas beyond pain and inflammatory gastrointestinal disease; the expectations regarding the advancement of the Company’s product candidates through clinical development; the results of clinical trials of the Company’s product candidates; the potential for the Company’s technology to impact the drug delivery process; the potential market opportunity for the Company’s product candidates; and potential pipeline indications. Such statements and information are based on the current expectations of Eupraxia’s management, and are based on assumptions, including but not limited to: future research and development plans for the Company proceeding substantially as currently envisioned; industry growth trends, including with respect to projected and actual industry sales; the Company’s ability to obtain positive results from the Company’s research and development activities, including clinical trials; and the Company’s ability to protect patents and proprietary rights. Although Eupraxia’s management believes that the assumptions underlying these statements and information are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this news release may not occur by certain dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting Eupraxia, including, but not limited to: risks and uncertainties related to the Company’s limited operating history; the Company’s novel technology with uncertain market acceptance; if the Company breaches any of the agreements under which it licenses rights to its product candidates or technology from third parties, the possibility that the Company could lose license rights that are important to its business; the fact that the Company’s current license agreement may not provide an adequate remedy for its breach by the licensor; the possibility that the Company’s technology may not be successful for its intended use; the fact that the Company’s future technology will require regulatory approval, which is costly and the Company may not be able to obtain it; the possibility that the Company may fail to obtain regulatory approvals or only obtain approvals for limited uses or indications; the possibility that the Company’s clinical trials may fail to demonstrate adequately the safety and efficacy of its product candidates at any stage of clinical development; the possibility that the Company may be required to suspend or discontinue clinical trials due to side effects or other safety risks; the fact that the Company completely relies on third parties to provide supplies and inputs required for its product candidates and services; the potential impact of tariffs on the cost of the Company’s active pharmaceutical ingredients and clinical supplies of EP-104IAR and EP-104GI; the fact that the Company relies on external contract research organizations to provide clinical and non-clinical research services; the possibility that the Company may not be able to successfully execute its business strategy; the fact that the Company will require additional financing, which may not be available; the fact that any therapeutics the Company develops will be subject to extensive, lengthy and uncertain regulatory requirements, which could adversely affect the Company’s ability to obtain regulatory approval in a timely manner, or at all; the impact of health pandemics or epidemics on the Company’s operations; the Company’s restatement of its consolidated financial statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on the Company’s common share price; and other risks and uncertainties described in more detail in Eupraxia’s public filings on SEDAR+ (sedarplus.ca) and EDGAR (sec.gov). Although Eupraxia has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement or information can be guaranteed. Except as required by applicable securities laws, forward-looking statements and information speak only as of the date on which they are made and Eupraxia undertakes no obligation to publicly update or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise.

For investor and media inquiries, please contact:

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or

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kgardner@lifesciadvisors.com

SOURCE Eupraxia Pharmaceuticals Inc.

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, James Helliwell, Chief Executive Officer of Eupraxia Pharmaceuticals Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Eupraxia Pharmaceuticals Inc**.** (the "issuer") for the interim period ended June 30, 2026.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the *Internal Control – Integrated Framework* (2013 COSO Framework) published by the *Committee of Sponsoring Organizations of the treadway Commission.*

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2026 and ended on June 30, 2026 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 11, 2026

/s/ James Helliwell
James Helliwell
Chief Executive Officer

Form 52-109F2
Certification of Interim Filings
Full Certificate

I, Alex Rothwell, Chief Financial Officer of Eupraxia Pharmaceuticals Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of Eupraxia Pharmaceuticals Inc**.** (the "issuer") for the interim period ended June 30, 2026.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings,* for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the *Internal Control – Integrated Framework* (2013 COSO Framework) published by the *Committee of Sponsoring Organizations of the treadway Commission.*

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2026 and ended on June 30, 2026 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 11, 2026

/s/ Alex Rothwell
Alex Rothwell
Chief Financial Officer