Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-38899

Milestone Pharmaceuticals Inc.

(Exact Name of Registrant as Specified in its Charter)

Québec	**Not applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1111 Dr. Frederik-Philips Boulevard, Suite 420
Montréal, Québec CA H4M 2X6
(514) 336-0444
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	MIST	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 12, 2026, the registrant had 124,497,980 common shares, no par value per share, outstanding.

Table of Contents

"Milestone Pharmaceuticals" and the Milestone logo appearing in this Quarterly Report on Form 10-Q are unregistered trademarks of Milestone Pharmaceuticals Inc. All other trademarks, trade names and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, the trademarks and trade names in this Quarterly Report on Form 10-Q may be referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert their rights thereto.

This Quarterly Report on Form 10-Q contains references to United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars. References to "$" are to United States dollars and references to "C$" are to Canadian dollars.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future financial condition, future operations, projected costs, prospects, plans, objectives of management, and expected market growth, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "design," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "positioned," "potential," "seek," "should," "target," "will," "would," and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, including risks described in the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q, regarding, among other things:

- our expectations regarding the commercialization of CARDAMYST™ (etripamil) nasal spray for the conversion of acute symptomatic episodes of paroxysmal supraventricular tachycardia, or "PSVT," to sinus rhythm in adults as well as our plans to develop and commercialize our product candidates;
- the initiation, timing, progress, and results of our current and future clinical trials of etripamil, including our Phase 3 clinical trial of etripamil for the treatment of atrial fibrillation and rapid ventricular rate, and of our research and development programs;
- our ability to develop and, if approved by regulatory authorities, commercialize etripamil in China, Hong Kong, Macau, and Taiwan through our license agreement with our partner Everest Medicines, formerly partnered with Corxel Pharmaceuticals;
- our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing;
- our ability to establish collaborations or obtain additional funding;
- our ability to obtain regulatory approval of our current products for new indications and/or of our future product candidates;
- our expectations regarding the potential market size and the rate and degree of market acceptance of etripamil and any future product candidates;
- our ability to fund our working capital requirements and expectations regarding the sufficiency of our capital resources;

- the implementation of our business model and strategic plans for our business, etripamil, and any future product candidates;
- our intellectual property position and the duration of our patent rights;
- developments or disputes concerning our intellectual property or other proprietary rights;
- our expectations regarding government and third-party payor coverage and reimbursement;
- our ability to compete in the markets we serve;
- the impact of government laws and regulations;
- developments relating to our competitors and our industry;
- the effects of international trade policies, including tariffs, sanctions, and trade barriers; and
- other factors that may impact our financial results.

The foregoing list of risks is not exhaustive. Other sections of this Quarterly Report on Form 10-Q and the section titled "Risk Factors" previously disclosed in Part I, Item 1A. in our Annual Report on Form 10-K may include additional factors that could harm our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in, or implied by, any forward-looking statements.

In light of the significant uncertainties in these forward-looking statements, you should not rely upon forward-looking statements as predictions of future events. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report on Form 10-Q, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur at all. You should refer to the section titled "Risk Factors" previously disclosed in Part I, Item 1A. in our Annual Report on Form 10-K, filed with the SEC and under Milestone's SEDAR+ profile at www.sedarplus.com on March 20, 2026, for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Milestone Pharmaceuticals Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(in thousands of U.S. dollars, except share data)

	June 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 169,728	$ 73,046
Short-term investments	881	32,914
Accounts receivable, net	2,720	—
License receivable	—	1,546
Research and development tax credits receivable	515	316
Prepaid expenses	1,035	1,805
Inventory, net	4,722	648
Other receivables	726	1,646
Total current assets	180,327	111,921
Operating lease right-of-use assets	829	1,129
Property and equipment, net	469	511
Total assets	$ 181,625	$ 113,561
Liabilities, and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 8,454	$ 5,645
Accrued liabilities	11,983	7,644
Operating lease liabilities	670	647
Deferred revenue	1,034	—
Other current liabilities	43	43
Total current liabilities	22,184	13,979
Operating lease liabilities, net of current portion	192	539
Senior secured convertible notes	59,207	57,191
Royalty financing obligation, long-term	81,763	—
Other long-term liabilities	61	83
Total liabilities	163,407	71,792
Shareholders' Equity		
Common shares, no par value, unlimited shares authorized, 124,497,980 shares issued and outstanding as of June 30, 2026, 106,236,344 shares issued and outstanding as of December 31, 2025	384,985	352,619
Pre-funded warrants - 16,412,925 issued and outstanding as of June 30, 2026, and 16,412,925 as of December 31, 2025	55,649	55,649
Additional paid-in capital	62,867	64,104
Accumulated deficit	(485,283)	(430,603)
Total shareholders' equity	18,218	41,769
Total liabilities and shareholders' equity	$ 181,625	$ 113,561

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

Milestone Pharmaceuticals Inc.
Condensed Consolidated Statements of Loss (Unaudited)
(in thousands of U.S. dollars, except share and per share data)

	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Revenues				
Product revenue, net	$ 559	$ —	$ 797	$ —
License and other revenue	—	—	—	—
Total revenues	559	—	797	—
Operating Expenses				
Cost of product sales	32	—	46	—
Research and development, net of tax credits	3,509	3,669	6,760	8,647
Selling, general and administrative	22,648	8,862	43,284	24,407
Total operating expenses	26,189	12,531	50,090	33,054
Loss from operations	(25,630)	(12,531)	(49,293)	(33,054)
Interest income	1,741	516	3,473	1,213
Interest expense	(4,725)	(951)	(8,860)	(1,886)
Net loss and comprehensive loss	$ (28,614)	$ (12,966)	$ (54,680)	$ (33,727)
Weighted average number of shares and pre-funded warrants outstanding, basic and diluted	138,691,580	66,380,118	134,512,026	66,333,024
Net loss per share, basic and diluted	$ (0.21)	$ (0.20)	$ (0.41)	$ (0.51)

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

Milestone Pharmaceuticals Inc.
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)
(in thousands of U.S. dollars, except share data)

	Common Shares		Pre-funded warrants				
	Number of shares	Amount	Number of warrants	Amount	Additional paid-in capital	Accumulated deficit	Total
Balance as of March 31, 2025	53,464,273	$ 288,188	12,910,590	$ 53,076	$ 40,919	$ (388,306)	$ (6,123)
Transactions during the three-month period ended June 30, 2025							
Net loss	—	—	—	—	—	(12,966)	(12,966)
Exercise of stock options	29,988	75	—	—	(39)	—	36
Share-based compensation	—	—	—	—	1,308	—	1,308
Balance as of June 30, 2025	53,494,261	$ 288,263	12,910,590	$ 53,076	$ 42,188	$ (401,272)	$(17,745)
Balance as of March 31, 2026	117,794,417	$ 373,702	16,412,925	$ 55,649	$ 63,367	$ (456,669)	$ 36,049
Transactions during the three-month period ended June 30, 2026							
Net loss	—	—	—	—	—	(28,614)	(28,614)
Exercise of stock options	24,921	53	—	—	(25)	—	28
Exercise of Series A common stock warrants, net of issuance costs	6,678,642	11,230	—	—	(1,813)	—	9,417
Share-based compensation	—	—	—	—	1,338	—	1,338
Balance as of June 30, 2026	124,497,980	$ 384,985	16,412,925	$ 55,649	$ 62,867	$ (485,283)	$ 18,218
Balance as of December 31, 2024	53,353,984	$ 288,048	12,910,590	$ 53,076	$ 39,568	$ (367,545)	$ 13,147
Transactions during the six-month period ended June 30, 2025							
Net loss	—	—	—	—	—	(33,727)	(33,727)
Exercise of stock options	29,988	75	—	—	(39)	—	36
Share-based compensation	—	—	—	—	2,659	—	2,659
Employee stock purchase plan purchases	110,289	140	—	—	—	—	140
Balance as of June 30, 2025	53,494,261	$ 288,263	12,910,590	$ 53,076	$ 42,188	$ (401,272)	$(17,745)
Balance as of December 31, 2025	106,236,344	$ 352,619	16,412,925	$ 55,649	$ 64,104	$ (430,603)	$ 41,769
Transactions during the six-month period ended June 30, 2026							
Net loss	—	—	—	—	—	(54,680)	(54,680)
Exercise of stock options	24,921	53	—	—	(25)	—	28
Exercise of Series A common stock warrants, net of issuance costs	12,345,308	20,759	—	—	(3,352)	—	17,407
Share-based compensation	—	—	—	—	2,620	—	2,620
Issuance of common shares, vesting of restricted stock units	237,677	480	—	—	(480)	—	—
Issuance of common shares, net of issuance costs	5,526,590	10,890	—	—	—	—	10,890
Employee stock purchase plan purchases	127,140	184	—	—	—	—	184
Balance as of June 30, 2026	124,497,980	$ 384,985	16,412,925	$ 55,649	$ 62,867	$ (485,283)	$ 18,218

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

Milestone Pharmaceuticals Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands of U.S. dollars)

	Six months ended June 30,	
	2026	**2025**
Cash flows used in operating activities		
Net loss	$ (54,680)	$ (33,727)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property and equipment	113	55
Amortization of debt costs	235	208
Accretion of investment discount	—	(81)
Non-cash interest expense related to senior secured convertible note	1,781	1,678
Non-cash interest expense related to royalty financing obligation	6,838	—
Share-based compensation expense	2,620	2,659
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,720)	—
License receivable	1,546	—
Other receivables	920	566
Research and development tax credits receivable	(199)	(178)
Prepaid expenses	770	1,092
Inventory	(4,074)	—
Operating lease assets and liabilities	(24)	(3)
Accounts payable	2,809	996
Accrued liabilities	4,264	217
Deferred revenue	1,034	—
Net cash used in operating activities	(38,767)	(26,518)
Cash flows provided by (used in) investing activities		
Acquisition of property and equipment	(71)	(17)
Acquisition of short-term investments	(79,967)	(922)
Redemption of short-term investments	112,000	44,466
Net cash provided by investing activities	31,962	43,527
Cash flows provided by (used in) financing activities		
Proceeds from exercise of options	28	36
Proceeds from Royalty Financing Arrangement	75,000	—
Proceeds from issuance of common shares, net of issuance costs	10,890	—
Proceeds from exercise of series A warrants, net of issuance costs	17,407	—
Proceeds from employee stock purchase plan	184	140
Payment of property and equipment financing	(22)	—
Cash provided by financing activities	103,487	176
Net increase in cash and cash equivalents	96,682	17,185
Cash and cash equivalents – Beginning of period	73,046	25,314
Cash and cash equivalents – End of period	$ 169,728	$ 42,499

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

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

1. Organization and Nature of Operations

Milestone Pharmaceuticals Inc., or "Milestone," or the "Company," is a biopharmaceutical company incorporated under the *Business Corporations Act* (Québec). Milestone's headquarters is currently located in Montréal (Québec), Canada. The Company's common shares began trading on The Nasdaq Global Select Market on May 9, 2019, and trade under the symbol "MIST". Milestone is focused on the development and commercialization of innovative cardiovascular medicines. Milestone's lead product candidate, etripamil, is a novel, potent rapid-onset calcium channel blocker that the Company designed and is developing as a rapid-onset nasal spray to be administered by patients. On December 12, 2025, CARDAMYST™ (etripamil) was approved by the U.S. Food and Drug Administration, or "FDA," to treat paroxysmal supraventricular tachycardia, or "PSVT." The Company launched CARDAMYST through U.S. retail pharmacies in February 2026. The Company is also developing etripamil for the treatment of atrial fibrillation with rapid ventricular rate, or "AFib-RVR," and other cardiovascular indications.

2. Summary of Significant Accounting Policies

a) Basis of Consolidation

The condensed consolidated financial statements include the accounts of the Company and Milestone Pharmaceuticals USA, Inc. All intercompany transactions and balances have been eliminated.

b) Basis of Presentation and Use of Accounting Estimates and Significant Accounting Policies

These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or "U.S. GAAP," pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information, and on a basis consistent with those accounting principles followed by the Company and disclosed in Note 2, "Summary of Significant Accounting Policies," of its most recent annual consolidated financial statements. Certain information, in particular the accompanying notes normally included in the annual financial statements prepared in accordance with U.S. GAAP, has been omitted or condensed. Accordingly, these unaudited interim condensed consolidated financial statements do not include all the information required for full annual financial statements, and therefore, should be read in conjunction with the annual consolidated financial statements and the notes thereto for the year ended December 31, 2025.

In the opinion of the Company's management, the accompanying unaudited interim condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its condensed consolidated balance sheet as of June 30, 2026, and its condensed consolidated statements of loss and shareholders' equity for the three and six months ended June 30, 2026 and 2025, and its condensed consolidated statements of cash flows for the six months ended June 30, 2026 and 2025.

The condensed consolidated balance sheet as of December 31, 2025, was derived from the audited annual consolidated financial statements, but does not contain all the footnote disclosures required by U.S. GAAP. In the first quarter of 2026, amounts previously presented as "Accounts payable and accrued liabilities" on the Condensed Consolidated Balance Sheets were disaggregated and presented separately as "Accounts payable" and "Accrued liabilities." Comparative balance sheet amounts have been disaggregated to conform with the current period presentation. Additionally, commencing in the second quarter of 2026, amounts previously presented as "Commercial" and "General and administrative" expenses in the Condensed Consolidated Statement of Loss are aggregated and presented as "Selling, general and administrative." Comparative amounts have been aggregated to conform with the current period presentation.

These unaudited interim condensed consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency.

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

The preparation of unaudited interim condensed consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and judgments that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes are reasonable under the circumstances, to determine the carrying values of assets and liabilities that are not readily apparent from other sources. Significant estimates and judgments include, but are not limited to,

- Estimates of the percentage of work completed of the total work over the life of the individual trial in accordance with agreements established with clinical research organizations, or "CROs," contract manufacturing organizations, or "CMOs," and clinical trial sites which in turn impact the research and development, or "R&D," expenses.

- Estimate of the grant date fair value of share options granted to employees, consultants, and directors, and the resulting share-based compensation expense, using the Black-Scholes option pricing model.

- Estimate of the transaction price when recognizing revenue. Net revenue from sales of CARDAMYST is recorded at net selling price (transaction price), which includes reserves for variable consideration.

- Estimates of the timing and amount of future royalty payments to be generated from product sales over the expected repayment term, which are used to determine the effective interest rate and resulting interest expense and carrying amount of the royalty financing obligation.

Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of judgment. As of the date of issuance of these condensed consolidated financial statements, the Company is not aware of any specific event or circumstance that would require the Company to update its estimates, assumptions and judgments. These estimates may change as new events occur and additional information is obtained and are recognized in the consolidated financial statements as soon as they become known. Actual results could differ from those estimates, and any such differences may be material to the Company's condensed consolidated financial statements.

c) Significant Risks and Uncertainties

The Company is subject to challenges and risks specific to its business and its ability to execute on its strategy, as well as risks and uncertainties common to companies in the pharmaceutical industry, including, without limitation, risks and uncertainties associated with: commercializing CARDAMYST; procuring inventory given the Company's reliance on a concentrated supplier base, delays or problems in the supply of its study drug or failure to comply with manufacturing regulations; identifying, acquiring or in-licensing product candidates; pharmaceutical product development and the inherent uncertainty of clinical success; and the challenges of protecting and enhancing its intellectual property rights; and complying with applicable regulatory requirements.

Further, the Company may be impacted by general economic, political, and market conditions, including deteriorating market conditions due to investor concerns regarding inflation, armed conflicts, and overall fluctuations in the financial markets in the U.S. and abroad.

d) Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board, or "FASB," issued Accounting Standards Update, or "ASU" 2024-03 "*Income Statement: Reporting Comprehensive Income— Expense Disaggregation Disclosures*," which requires more detailed information about specified categories of expenses (purchases of inventory, employee

compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the income statement, as well as disclosures about selling expenses. This ASU is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its financial statement disclosures.

In November 2024, the FASB issued ASU 2024-04, *"Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments,"* which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as induced conversions or as debt extinguishments. This ASU is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. The amendments may be applied on either a prospective or retrospective basis. The Company adopted this standard and determined that it did not have a material impact with respect to the condensed consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, *"Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets,"* which provides a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under ASC 606. This ASU is effective for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. The amendments are applied prospectively. The Company adopted this standard and determined that it did not have a material impact with respect to the condensed consolidated financial statements.

e) Sources of Liquidity and Funding Requirements

The Company has incurred operating losses and experienced negative operating cash flows since its inception and expects to continue to incur additional costs in connection with the initial launch and continued commercialization of CARDAMYST. To date the Company has, and intends to continue, financing commercialization and working capital needs from existing cash, proceeds from the commercialization of CARDAMYST, royalty revenue, the exercise of outstanding common stock options and warrants to purchase common stock, and existing and possible future licensing and commercial partnership agreements. As of June 30, 2026, the Company had cash, cash equivalents and short-term investments of $170.6 million and an accumulated deficit of $485.3 million. The Company believes that its cash, cash equivalents, and short-term investments as of June 30, 2026, will be sufficient to fund its planned operations for at least the next 12 months from the date of issuance of these unaudited interim condensed consolidated financial statements.

The Company has historically financed its operations primarily through the sale of equity securities, convertible notes, short-term investments, and from cash received pursuant to its license agreement. Although the Company is now generating product revenues from the sale of CARDAMYST, the Company is in the initial stages of launch, and as such, expects operating losses and negative cash flows from operations to continue for the foreseeable future. There can be no assurance that, in the event the Company requires additional financing, such financing will be available at terms acceptable to the Company, if at all. Failure to generate sufficient cash flows from operations, raise additional capital and reduce discretionary spending should additional capital not become available could have a material adverse effect on the Company's ability to achieve its business objectives.

f) Revenue Recognition

Product Revenue, net

The Company recognizes revenue in accordance with FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers ("ASC 606")*. Revenue is recognized at a point in time when the customer obtains control of promised goods or services in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To determine revenue recognition for arrangements that the Company

determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligation(s) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s) in the contract; and (v) recognize revenue when (or as) the Company satisfies its performance obligation(s).

The Company's product revenues for the three and six months ended June 30, 2026, relate to sales of CARDAMYST in the United States. The Company recognizes revenue on product sales when control of the promised goods is transferred to its customers in an amount that reflects the consideration expected to be received in exchange for transferring those goods. The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. When determining whether the customer has obtained control of the goods, the Company considers any future performance obligations.

Revenue is recorded net of variable consideration, which includes prompt pay discounts, distribution fees, returns, chargebacks, rebates, co-payment assistance, and patient assistance programs. The variable consideration is estimated based on contractual terms as well as management assumptions. The amount of variable consideration is calculated by using the expected value method, which is the sum of probability-weighted amounts in a range of possible outcomes, or the most likely amount method, which is the single most likely amount in a range of possible outcomes. Estimates are reviewed quarterly and adjusted as necessary.

Accruals are established for gross to net deductions and actual amounts incurred are offset against applicable accruals. The Company reflects these accruals as either a reduction in the related account receivable from the customer or as an accrued liability, depending on the means by which the deduction is settled. Sales deductions are based on management's estimates that involve a substantial degree of judgment.

Prompt Pay: Customers receive a prompt pay discount for payments made within a contractually agreed number of days before the due date. The discounts are accounted for as a reduction of the transaction price and recorded as a contra-receivable.

Distribution fees: The Company compensates its customers for distribution of its products and the use of data. The Company has determined that such services received to date are not distinct from its sale of products and may not reasonably represent fair value for these services. Therefore, estimates of these payments are recorded as a reduction of revenue based on contractual terms.

Returns: The Company records allowances for product returns as a reduction of revenue at the time product sales are recorded. Product returns are estimated based on forecasted sales and historical and industry data. Returns are permitted in accordance with the return of goods policy defined within each customer agreement. A returns reserve is recorded as an accrued liability.

Chargebacks: The Company estimates obligations resulting from contractual commitments with the government and other entities to sell products to qualified healthcare providers at prices lower than the list prices charged to the customer who directly purchases from the Company. The customer charges the Company for the difference between what it pays to the Company for the product and the selling price to the qualified healthcare providers, with the difference recorded as a contra receivable.

Co-payment assistance and patient assistance programs: Patients who have commercial insurance and meet certain eligibility requirements may receive co-payment assistance. Based upon the terms of the program and co-payment assistance utilization reports received, the Company estimates the co-payment assistance amounts, which are recorded in

the same period in which the related revenue is recognized, resulting in a reduction of product revenue and establishment of a current liability.

Rebates: The Company's rebates include amounts paid to managed care organizations, Medicaid, Medicare, and other rebate programs. Reserves for rebates are recorded in the same period the related product revenue is recognized, resulting in a reduction of product revenues and a current liability that is included in accrued liabilities on the consolidated balance sheet. The Company's estimate for rebates is based on statutory or contractual discount rates, expected utilization or an estimated number of patients on treatment, as applicable.

License Revenue

The Company recorded no license revenue for either of the three and six months ended June 30, 2026 and 2025.

In prior periods, the Company recognized license revenue upon achievement of milestones under its License and Collaboration Agreement, dated May 15, 2021 (the "Ji Xing License Agreement"), with Corxel Pharmaceuticals (formerly known as Ji Xing Pharmaceuticals Limited, "Ji Xing"). On March 23, 2026, Corxel announced that it had entered into an Asset Purchase Agreement with Everest Medicines ("Everest"), pursuant to which Everest acquired the rights to develop, manufacture and commercialize CARDAMYST™ (etripamil) nasal spray in Greater China, including mainland China, Hong Kong, Macau and Taiwan.

No milestones were achieved under the Ji Xing License Agreement during either of the three and six months ended June 30, 2026 and 2025. For additional information regarding the license agreement, see Note 3, "Revenue," to the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

g) Cost of Product Sales

Cost of product sales includes the costs of producing inventory related to CARDAMYST, including manufacturing, freight, overhead, and any inventory valuation adjustments, and is recognized in the period in which the related product revenue is earned.

Prior to FDA approval of CARDAMYST on December 12, 2025, all manufacturing costs were expensed as research and development costs. As a result, inventory on hand at the time of approval had a zero-cost basis.

For the three and six months ended June 30, 2026, the Company recognized a de minimis amount of cost of product sales, consisting primarily of post-approval manufacturing activities, including final packaging costs. Accordingly, cost of product sales for the period may not be indicative of the full cost of units sold, and gross margin may not be representative of future periods. The Company recorded no cost of product sales for the three and six months ended June 30, 2025.

h) Royalty Financing Obligation

The royalty financing obligation is required to be repaid based on royalties from net sales of CARDAMYST in the United States under the Royalty Purchase Agreement with RTW – see Note 11, "Royalty Financing Obligation," for further details on the Royalty Purchase Agreement. Interest expense is accrued using the effective interest rate method over the estimated period of royalty payments. This requires the Company to estimate the total amount of future royalty payments to be generated from product sales in the United States over the estimated repayment term of the obligation. The Company imputes interest on the carrying value of the royalty financing obligation and records interest expense using an imputed effective interest rate. The Company reassesses the expected royalty payments each reporting period and accounts for any

changes through adjustments to the effective interest rate on a prospective basis. The assumptions used in determining the estimated repayment term of the debt require that the Company make estimates which could impact the carrying value of the obligation. A significant increase or decrease in forecasted net sales could materially impact the liability balance, interest expense, and the time period for repayment.

i) Concentration Risks

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents and investment securities classified as held-to-maturity. The Company maintains deposits at major financial institutions and such amounts may exceed those amounts insured by the Federal Deposit Insurance Corporation, or the "FDIC." The Company has not experienced any losses on its deposits since inception, and the Company believes that minimal credit risk exists with respect to these financial institutions. Additionally, the Company has adopted an investment policy that includes guidelines relative to credit quality, diversification of maturities and liquidity.

Concentration of Supplier Risk

The Company relies on a single source manufacturer for starting materials and active pharmaceutical ingredient, or "API," packaging components, and packaged pharmaceutical product ready for commercial sale.

j) Inventory

Inventory is stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out, or "FIFO," basis. Inventory costs include raw materials, work-in-process, finished goods, and applicable manufacturing overhead. Raw materials include starting materials used to manufacture the API. Work-in-process includes API, intermediate compounding steps, and bulk drug product. Finished goods include packaging components and the packaged pharmaceutical product ready for commercial sale.

Prior to the FDA's approval of CARDAMYST on December 12, 2025, costs associated with manufacturing pre-approval commercial batches and clinical materials were expensed as research and development expenses in accordance with the Company's accounting policy and SAB Topic 5A, as the product had not yet received regulatory approval and therefore did not meet the criteria for capitalization. Following FDA approval, the Company began capitalizing inventory related to CARDAMYST manufactured after the approval date. Inventory produced prior to approval and previously expensed as research and development remains recorded at a zero-cost basis and is excluded from the inventory balance.

Because the Company's inventory is subject to expiration, the Company evaluates its carrying value each reporting period and records allowances for any estimated excess, obsolete, short-dated, or otherwise unmarketable inventory. In accordance with regulatory requirements and current Good Manufacturing Practices, or "cGMP," the Company's inventory is also subject to strict quality control and monitoring throughout the manufacturing process. If certain batches or units do not meet quality specifications, the Company would write down the related inventory to its estimated net realizable value and record the expense as a cost of production in the Consolidated Statement of Loss. Inventory valuation adjustments require judgment and consideration of various factors, including forecasted demand, remaining shelf life, and quality assessments, among others.

k) Income Taxes

The provision for income taxes is computed using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities.

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

Deferred tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is recorded to reduce the carrying amount of deferred income tax assets until when it is more likely than not that these assets will be realized. Tax benefits related to tax positions not deemed to meet the "more likely than not" threshold are not permitted to be recognized in the consolidated financial statements.

For interim reporting, the Company estimates its annual effective tax rate, adjusted for discrete items, and applies that rate to its year-to-date pre-tax income (loss) to determine its income tax provision.

3. Revenues

The Company recorded product revenues from the U.S. sales of CARDAMYST of $0.6 million and $0.8 million for the three and six months ended June 30, 2026, respectively, and no revenue for either of the three and six months ended June 30, 2025.

The Company recorded no license revenue for either of the three and six months ended June 30, 2026 and 2025.

4. Short-term Investments

As of June 30, 2026, short-term investments of $0.9 million were comprised of term deposits, earning interest of 2.61% and maturing on March 9, 2027. These short-term investments were in scope of ASC 320, *Investments-Debt Securities*. The short-term investments maturity is greater than 90 days but less than one year, and they were classified as held to maturity, recorded as current assets and were accounted for at amortized cost. Interest income earned on short-term investments is reported in interest income. The Company had short-term investments of $32.9 million as of December 31, 2025.

As of June 30, 2026, $0.9 million in short-term investments were pledged as collateral for a letter of credit.

5. Inventory

As of June 30, 2026 and December 31, 2025, the Company's inventory consisted entirely of CARDAMYST related inventory. The Company's inventories consisted of the following:

	June 30, 2026	December 31, 2025
Raw materials	$ —	$ —
Work-in-process	4,345	521
Finished goods	377	127
Total inventory	4,722	648

6. Debt

On March 27, 2023, the Company entered into a note purchase agreement, or the "Note Purchase Agreement," with RTW Investments LP and certain of its affiliates, or collectively, "RTW." On March 29, 2023, the Company closed the transactions contemplated by the Note Purchase Agreement, and issued and sold $50.0 million principal amount of 6.0% Convertible Senior Notes due 2029, or the "2029 Convertible Notes," to the holders. On June 29, 2026, the Company amended the Note Purchase agreement to extend the Company's option to pay cash interest or payment-in-kind interest, at its election from March 31, 2026 to March 31, 2027. The Company considered the amendment to be a modification of its debt with a nominal impact.

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

In accounting for the issuance of the 2029 Convertible Notes, the Company determined there were no embedded features, which require bifurcation between debt and equity components. As a result, the 2029 Convertible Notes are accounted for as a liability. As of June 30, 2026, the estimated fair value of the 2029 Convertible Notes was approximately $62.1 million based on level 2 inputs, including volatility and credit spread. For more details on the agreement with RTW, see Note 11, "Debt," to the Company's audited consolidated financial statements, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

The net carrying amount of the 2029 Convertible Notes are as follows:

	June 30, 2026	December 31, 2025
Original principal	$ 50,000	$ 50,000
Paid in kind (PIK) interest	10,708	8,927
Unamortized debt discount	(328)	(374)
Unamortized debt issuance costs	(1,173)	(1,362)
Total	$ 59,207	$ 57,191

The following table presents the total amount of interest cost recognized relating to the 2029 Convertible Notes:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Contractual interest expense	$ 897	$ 845	$ 1,782	$ 1,678
Amortization of debt discount	27	23	52	45
Amortization of debt issuance costs	96	83	188	163
Total	$ 1,020	$ 951	$ 2,022	$ 1,886

7. Accrued Liabilities

Accrued liabilities are comprised of the following:

	June 30, 2026	December 31, 2025
Accrued compensation and benefits payable	2,128	2,458
Accrued research and development liabilities	809	384
Accrued selling and marketing liabilities	5,617	2,201
Accrued underwriting fees	—	1,302
Accrued legal liabilities	123	296
Accrued medical liabilities	602	508
Other accrued liabilities	1,203	495
Revenue-related reserves for discounts and allowances	1,501	—
Total	$ 11,983	$ 7,644

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

8. Shareholders' Equity

Authorized Share Capital

The Company has authorized and issued common shares, voting and participating, without par value, of which unlimited shares were authorized, and 124,497,980 shares were issued and outstanding as of June 30, 2026.

As of June 30, 2026, there were 2,774,440 common shares available for issuance under the Employee Stock Purchase Plan, or the "ESPP," of which 2,145,794 are available for future purchases.

On July 11, 2025, the Company entered into an underwriting agreement, or the "Underwriting Agreement," related to an underwritten public offering, or the "2025 Offering," of (i) 31,500,000 of the Company's common shares, without par value, accompanying Series A common warrants, or the "Series A Common Warrants," to purchase an aggregate of 31,500,000 common shares and accompanying Series B common warrants, or the "Series B Common Warrants," to purchase an aggregate of 31,500,000 common shares, at a combined public offering price of $1.50 per share and accompanying Series A Common Warrant and Series B Common Warrant and (ii) in lieu of common shares to certain investors that so choose, pre-funded warrants to purchase 3,502,335 common shares, or the "2025 Pre-Funded Warrants" and, together with the Series A Common Warrants and the Series B Common Warrants, the "Warrants," accompanying Series A Common Warrants to purchase an aggregate of 3,502,335 common shares and accompanying Series B Common Warrants to purchase an aggregate of 3,502,335 common shares, at a combined public offering price of $1.499 per Pre-Funded Warrant and accompanying Series A Common Warrant and Series B Common Warrant, which represented the combined public offering price for the Shares and accompanying common warrants less the $0.001 per share exercise price for each such Pre-Funded Warrant. All the Securities sold in the 2025 Offering were sold by the Company.

The net proceeds to the Company from the 2025 Offering were $48.6 million after deducting underwriting commissions and other offering expenses payable by the Company, in the amount of $3.9 million.

On July 29, 2020, the Company entered into an Open Market Sale Agreement℠, or the "Original Sale Agreement," with respect to an at-the-market offering program, or the "ATM Program," under which the Company could issue and sell its common shares having an aggregate offering price of up to $50.0 million. On March 18, 2025, the Company entered into an Amended and Restated Open Market Sale Agreement℠, or the "Amended Agreement." Under the Amended Agreement, the Company may issue and sell its common shares, no par value per share, for an aggregate offering price of up to $77.8 million (which includes the approximately $2.8 million of sales previously made pursuant to the Original Sale Agreement through the date the Amended Agreement was entered into), or the "ATM Shares." As disclosed in Note 21, "Subsequent Events," to the Company's audited consolidated financial statements, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, the Company issued 5,526,590 shares under the amended agreement resulting in net proceeds of $10.9 million, after deducting sales agent commissions payable by the Company of $0.3 million during the six-month period ended June 30, 2026. On March 6, 2026, the Company terminated the Amended Agreement and no further sales will be made under this agreement.

On May 13, 2026, the Company entered into a Controlled Equity Offering℠ Sales Agreement, or the "Sales Agreement," with Cantor Fitzgerald & Co., as sales agent, or the "Sales Agent," pursuant to which the Company may, from time to time, sell common shares, without par value per share, through the Sales Agent. The Company will pay the Sales Agent a commission for its services as Sales Agent of 3.0% of the aggregate gross proceeds from each sale of the common shares sold through the Sales Agent pursuant to the Sales Agreement. No shares were issued under the Sales Agreement for the six-month period ended June 30, 2026.

The Company determines the accounting classification of warrants that are issued, as either liability or equity, by first assessing whether the warrants meet liability classification in accordance with ASC 480-10, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, and then in accordance with ASC 815-40,

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock. Under ASC 480, warrants are considered liability classified if the warrants are mandatorily redeemable, obligate the issuer to settle the warrants or the underlying shares by paying cash or other assets, or must or may require settlement by issuing a variable number of shares.

If warrants do not meet liability classification under ASC 480-10, the Company assesses the requirements under ASC 815-40, which states that contracts that require or may require the issuer to settle the contract for cash are liabilities recorded at fair value, irrespective of the likelihood of the transaction occurring that triggers the net cash settlement feature. If the warrants do not require liability classification under ASC 815-40, in order to conclude equity classification, the Company assesses whether the warrants are indexed to its common stock and whether the warrants are classified as equity under ASC 815-40 or other applicable U.S. GAAP. After all relevant assessments are made, the Company concludes whether the warrants are classified as liability or equity. The Company's outstanding common stock warrants are classified as equity and recorded in additional paid-in capital, or "APIC," based on an allocation of the proceeds from the 2025 Offering, which was based on the relative fair value of the Series A and B Common Warrants at the issuance date and is not subject to change after the issuance date. The fair value used for the relative fair value allocation was calculated using the Black-Scholes Model for the Series A Warrants and the Monte-Carlo simulation method for the Series B Warrants.

During the three-month period ended June 30, 2026, 6,678,642 Series A Common Warrants were exercised for net proceeds of $9.4 million, after deducting underwriting commissions paid by the Company of $0.6 million. During the six-month period ended June 30, 2026, 12,345,308 Series A Common Warrants were exercised for net proceeds of $17.4 million, after deducting underwriting commissions paid by the Company of $1.1 million. As of June 30, 2026, 15,705,662 Series A Common Warrants and 34,335,669 Series B Common Warrants remained outstanding.

9. Share-Based Compensation

Stock Options

Under the Company's 2019 Equity Incentive Plan, or the "2019 Plan," and the Company's Stock Option Plan, or the "2011 Plan," unless otherwise decided by the Company's board of directors, options vest and are exercisable as follows: 25% vest and are exercisable on the one year anniversary of the grant date and one thirty-sixth ($1/36^{th}$) of the remaining options vest and are exercisable each month thereafter, such that options are vested in full on four-year anniversary of the grant date.

On June 10, 2026, at the Company's 2026 Annual Meeting of Shareholders, the Company's shareholders approved an amendment to the 2019 Plan to, among other things, increase the number of ordinary shares authorized for issuance by 6,800,000 shares. Under the 2019 Plan, 183,349 options have been forfeited or expired under the 2011 Plan since the adoption of the 2019 Plan and have become available for issuance under the 2019 Plan. Further, since the adoption of the plan, 561,000 of previously issued options were cancelled and were made available for future grants. As of June 30, 2026, there were 22,514,455 common shares available for issuance under the 2019 Plan, of which 7,607,210 common shares were available for future grants.

On November 10, 2021, the Company established a 2021 Inducement Plan, or the "Inducement Plan." This 2021 Inducement Plan is intended to help the Company provide an inducement for certain individuals to enter employment with the Company, incentives for such persons to exert maximum efforts for the success of the Company and a means by which employees may benefit from increases in value of the common shares. On March 17, 2026, the Company's board of directors approved an increase to the 2021 Inducement Plan pool of 800,000 shares. As of June 30, 2026, there were 1,800,000 shares available for issuance under the 2021 Inducement Plan, of which 548,000 shares were available for future grants.

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

The total outstanding and exercisable options from the 2011 Plan, 2019 Plan, and Inducement Plan as of and for the six-month periods ending June 30 were as follows:

	2026				
	Number of shares				Weighted average exercise price
	2019 Plan	Inducement Plan	2011 Plan	Total	
Outstanding at beginning of period - 2011 Plan	—	—	1,294,691	1,294,691	$ 2.23
Outstanding at beginning of period - 2019 Plan	8,591,306	—	—	8,591,306	4.21
Outstanding at beginning of period - Inducement Plan	—	710,000	—	710,000	4.76
Granted - 2019 Plan	2,807,000	—	—	2,807,000	1.79
Granted - Inducement Plan	—	542,000	—	542,000	1.81
Exercised - 2011 Plan	—	—	(24,921)	(24,921)	1.12
Outstanding at end of period	11,398,306	1,252,000	1,269,770	13,920,076	$ 3.48
Outstanding at end of period - Weighted average exercise price	$ 3.61	$ 3.48	$ 2.25		
Exercisable at end of period	6,978,257	493,206	1,269,770	8,741,233	$ 4.40
Exercisable at end of period - Weighted average exercise price	$ 4.69	$ 5.90	$ 2.25		

	2025				
	Number of shares				Weighted average exercise price
	2019 Plan	Inducement Plan	2011 Plan	Total	
Outstanding at beginning of period - 2011 Plan	—	—	1,632,485	1,632,485	$ 2.11
Outstanding at beginning of period - 2019 Plan	7,604,606	—	—	7,604,606	4.97
Outstanding at beginning of period - Inducement Plan	—	496,000	—	496,000	5.99
Granted - 2019 Plan	1,511,400	—	—	1,511,400	1.96
Granted - Inducement Plan	—	244,000	—	244,000	2.01
Exercised - 2011 Plan	—	—	(29,988)	(29,988)	1.12
Forfeited - Inducement Plan	—	(74,917)	—	(74,917)	2.32
Forfeited - 2019 Plan	(101,516)	—	—	(101,516)	2.19
Outstanding at end of period	9,014,490	665,083	1,602,497	11,282,070	$ 4.18
Outstanding at end of period - Weighted average exercise price	$ 4.49	$ 4.94	$ 2.12		
Exercisable at end of period	6,162,757	381,291	1,602,497	8,146,545	$ 4.78
Exercisable at end of period - Weighted average exercise price	$ 5.38	$ 6.20	$ 2.12		

The weighted average remaining contractual life was 6.8 and 6.7 years for outstanding options as of June 30, 2026 and 2025, respectively. The weighted average remaining contractual life was 5.5 and 5.8 years for vested options, as of June 30, 2026 and 2025, respectively.

There was $7.0 million and $5.5 million of total unrecognized compensation cost related to non-vested share options as of June 30, 2026 and 2025, respectively. The share options are expected to be recognized over a remaining weighted average vesting period of 2.8 years and 1.9 years as of June 30, 2026 and 2025, respectively.

Options granted are valued using the Black-Scholes option pricing model. This model also requires assumptions, including expected option life, volatility, risk-free interest rate, and dividend yield, which greatly affect the calculated values. Amortization of the fair value of the options over vesting years has been expensed and credited to additional paid-in capital in shareholders' equity.

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

The non-vested options as of and for the three-month periods ending June 30 were as follows:

	2026				
	Number of options				Weighted average fair value
	2019 Plan	Inducement Plan	2011 Plan	Total	
Non-vested share options at beginning of period - 2019 Plan	2,953,423	—	—	2,953,423	$ 1.77
Non-vested share options at beginning of period - Inducement Plan	—	301,917	—	301,917	2.03
Granted - 2019 Plan	2,807,000	—	—	2,807,000	1.55
Granted - Inducement Plan	—	542,000	—	542,000	1.62
Vested, outstanding - 2019 Plan	(1,340,374)	—	—	(1,340,374)	1.85
Vested, outstanding - Inducement Plan	—	(85,123)	—	(85,123)	2.56
Non-vested share options at end of period	4,420,049	758,794	—	5,178,843	$ 1.61
Non-vested share options at end of period - Weighted average fair value	$ 1.60	$ 1.68	$ —		

	2025				
	Number of options				Weighted average fair value
	2019 Plan	Inducement Plan	2011 Plan	Total	
Non-vested share options at beginning of period - 2019 Plan	2,754,054	—	—	2,754,054	$ 2.33
Non-vested share options at beginning of period - Inducement Plan	—	176,709	—	176,709	4.19
Granted - 2019 Plan	1,511,400	—	—	1,511,400	1.62
Granted - Inducement Plan	—	244,000	—	244,000	1.62
Vested, outstanding - 2019 Plan	(1,312,205)	—	—	(1,312,205)	2.16
Vested, outstanding - Inducement Plan	—	(62,000)	—	(62,000)	4.53
Forfeited - Inducement Plan	—	(74,917)	—	(74,917)	1.82
Forfeited - 2019 Plan	(101,516)	—	—	(101,516)	1.76
Non-vested share options at end of period	2,851,733	283,792	—	3,135,525	$ 2.10
Non-vested share options at end of period - Weighted average fair value	$ 2.06	$ 2.53	$ —		

The fair value of options granted for the 2011 Plan, 2019 Plan and Inducement Plan were estimated using the Black-Scholes option pricing model, resulting in the following weighted average assumptions for the options granted:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Exercise price	$ 1.29	$ 1.75	$ 1.79	$ 1.97
Share price	$ 1.29	$ 1.75	$ 1.79	$ 1.97
Volatility	94 %	131 %	119 %	106 %
Risk-free interest rate	4.18 %	4.06 %	3.98 %	4.33 %
Expected life	5.46 years	5.27 years	5.93 years	5.93 years
Dividend	0 %	0 %	0 %	0 %

Expected volatility is determined using the Company's historical volatility. Prior to establishing sufficient historical volatility, the Company used comparable companies for which the information is publicly available. The risk-free interest rate is determined based on the U.S. sovereign rates benchmark in effect at the time of grant with a remaining term equal to the expected life of the option. Expected option life is determined based on the simplified method as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The simplified method is an average of the contractual term of the options and its ordinary vesting period. Dividend yield is based on the share option's exercise price and expected annual dividend rate at the time of grant. The total grant date fair

value for options granted during the six-months ended June 30, 2026 and 2025 was $5.2 million and $2.7 million, respectively.

Performance Stock Options

On May 6, 2024, the Company, pursuant to the 2019 Plan, awarded 924,000 performance stock options to employees. The performance stock options were granted "at-the-money" and have a term of 10 years.

The original grant-date fair value of each option was estimated on the date of grant using the same option valuation model used for the options outlined above. The original grant-date fair value of $1.3 million was determined using an expected volatility of 98.5%, term of 5.82 years, strike price of $1.74, and risk-free rate of 4.43%. Compensation expense for performance-based stock options is only recognized when management determines it is probable that the awards will vest.

The vesting of the performance-based stock options was conditional upon the FDA approval of etripamil. Subject to the option-holder's continuous service as of each such date, 50% of the option shares will vest on the six-month anniversary of the approval date and the remaining 50% of the option shares will vest on the one-year anniversary of such approval date. The weighted average grant date fair value of the performance stock options awarded was $1.38 per option. The Company recorded $0.1 million and $0.2 million of expense related to the performance-based stock options during the three and six months ended June 30, 2026, respectively, as the performance conditions were met with FDA approval of etripamil for the treatment of PSVT on December 12, 2025. The Company did not record any expense related to the performance-based stock options during the three and six months ended June 30, 2025 as the performance conditions were not deemed probable of being met. No performance stock options were awarded for the three and six months ended June 30, 2026 and 2025.

Employee Stock Purchase Plan

On July 15, 2022, the Company offered an ESPP, in which participation is available to the Company's employees in the United States and Canada who meet certain service eligibility requirements. Eligible employees may authorize an amount up to 15% of their salary to purchase common shares at the lower of a 15% discount to the beginning price of the participation period or a 15% discount to the ending price of each six-month purchase interval. The ESPP also provides for an automatic reset feature to start participants on a new twelve-month participation period in the event that the common share market value on a purchase date is less than the common shares value on the first day of the twelve-month offering period.

On January 1, 2026, the number of common shares reserved for issuance under the ESPP automatically increased by 487,837 shares. The Company terminated the ongoing ESPP offering effective in March after the completion of the first purchase period and recognized a de minimis amount of incremental stock-based compensation expense related to the unamortized compensation costs of the cancelled period. Compensation expense for purchase rights under the ESPP related to the purchase discount and the "look-back" option was determined using a Black-Scholes option pricing model. As of June 30, 2026, 628,646 common shares have been issued under the ESPP.

Performance Share Units

On May 6, 2024, the Company, pursuant to the 2019 Plan, awarded 924,000 Performance Share Units, or "PSUs," to employees. The PSUs vest subject to the satisfaction of certain performance conditions established by the Company's Compensation Committee. The FDA approval of etripamil represents the performance condition for the vesting of these PSUs. As a result of the FDA approval on December 12, 2025, 100% of the outstanding PSUs vested at a grant date fair value of $1.74 per share. No additional PSUs were awarded for the three and six months ended June 30, 2026.

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

Restricted Stock Units

Pursuant to the 2019 Plan, the Company issues restricted stock units, or "RSUs," to employees which vest based on a service criteria. When vested, the RSUs represent the right to be issued a number of shares of the Company's common shares equal to the number of RSUs granted. The grant date fair value for RSUs is based on the market price of the Company's common shares on the date of the grant. The fair value is then amortized to compensation expense over the requisite service period or vesting term.

The total outstanding RSUs from the 2019 Plan as of and for the six-month periods ending June 30 were as follows:

	2026		2025	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at beginning of period	950,700	$ 2.02	—	$ —
Granted	1,591,650	1.99	988,850	2.02
Vested	(237,677)	2.02	—	—
Forfeited	—	—	—	—
Outstanding at end of period	2,304,673	$ 2.00	988,850	$ 2.02

The total unrecognized compensation cost related to the non-vested RSUs as of June 30, 2026, was $4.1 million and will be recognized over a weighted average period of approximately 3.3 years. The total unrecognized compensation cost related to the non-vested RSUs as of June 30, 2025 was $1.8 million and will be recognized over a weighted average period of approximately 3.6 years.

Share-based Compensation Expense

The Company recognized total share-based compensation expense for all plans as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Selling, general and administrative	$ 963	$ 941	$ 1,844	$ 1,862
Research and development	375	367	776	797
Total	$ 1,338	$ 1,308	$ 2,620	$ 2,659

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

10. Net Loss Per Share

Basic and diluted net loss per common share is determined by dividing net loss applicable to common shareholders by the weighted average number of common shares and pre-funded warrants outstanding during the period. In addition to the conversion feature on the 2029 Convertible Notes and common warrants described in Note 8, "Shareholders' Equity," which the Company reviewed and concluded would be anti-dilutive if converted or exercised due to the facts surrounding the instruments, the following potentially dilutive securities have also been excluded from the computation of diluted weighted average shares outstanding as of June 30, as they would be anti-dilutive:

	2026	2025
Stock options and RSUs	16,224,749	13,194,920

Amounts above reflect the common share equivalents of the noted instruments.

11. Royalty Financing Obligation

On March 27, 2023, the Company entered into a purchase and sale agreement, or the "Royalty Purchase Agreement," with RTW and certain of its affiliates.

Pursuant to the Royalty Purchase Agreement, RTW agreed to purchase, following the FDA approval of etripamil (subject to certain conditions), at a purchase price of $75.0 million, the right to receive a tiered quarterly royalty payments, or the "Royalty Interest," on the net product sales of etripamil in the United States in an amount equal to: (i) 7%, or the "Initial Tier Royalty," of annual net sales up to $500 million, (ii) 4% of annual net sales greater than $500 million and less than or equal to $800 million, and (iii) 1% of annual net sales greater than $800 million. If certain revenue thresholds for aggregate annual net sales are not met, the Initial Tier Royalty will increase to 9.5% beginning on January 1 of the following calendar year until a subsequent sales threshold is attained, at which time the Initial Tier Royalty would revert back to 7%.

On January 12, 2026, the Company closed the sale of the Royalty Interest under the Royalty Purchase Agreement and received the $75.0 million purchase price.

The cash consideration obtained pursuant to the Royalty Purchase Agreement is recorded in "Royalty financing obligation" on the Company's Condensed Consolidated Balance Sheets. Upon initial recognition, the royalty financing obligation was recorded based on the proceeds received. The Company subsequently measures the royalty financing obligation at amortized cost using the effective interest method. As of June 30, 2026, the carrying value of the royalty financing obligations under the Royalty Purchase Agreement approximated its fair value. The estimated fair value of the royalty financing obligations was based on the Company's current estimates of future payments to RTW over the estimated term of the obligation, which are considered Level 3 inputs.

The Company utilizes the prospective method to account for subsequent changes in the estimated future royalties to be paid by the Company to the counterparty over the estimated term of the obligation. Under the prospective method, a new effective interest rate is determined based on the revised estimate of remaining cash flows. The new rate is the discount rate that equates the present value of the revised estimate of remaining cash flows with the carrying amount of the debt, and it will be used to recognize interest expense for the remaining periods. If the amount or timing of expected royalty payments differs from prior estimates, the Company will prospectively adjust the amortization of the royalty financing obligations and the effective interest rate. On a quarterly basis, the Company assesses the projected royalty payments relative to the projected interest accretion for the next twelve months to determine if the royalty liability balance needs to be reduced relative to the current outstanding liability. In such case of excess payments relative to interest accretion for the next twelve months, the excess payments are considered to be a short-term liability and classified within current liabilities on the Company's Condensed Consolidated Balance Sheets.

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

During the six months ended June 30, 2026, there were no significant changes to the amount and timing of expected royalties under the Royalty Purchase Agreement based on the Company's latest forecasts subsequent to the initial measurement.

The following table shows the royalty financing obligation activity for the three and six months ended June 30 as well as the effective interest rate as of June 30:

	2026
Royalty financing obligation	$ 75,000
Non-cash Interest expense on Royalty financing obligation	3,133
Royalty revenues paid and payable	(22)
Balance as of March 31, 2026	$ 78,111
Non-cash Interest expense on Royalty financing obligation	3,705
Royalty revenues paid and payable	(53)
Balance as of June 30, 2026	$ 81,763
Effective Interest	19.03%

12. Other Receivables

Other receivables are comprised of the following:

	June 30, 2026	December 31, 2025
Interest receivable	$ 528	$ 196
Sales tax receivable	139	168
Employee withholding taxes receivable	—	1,115
Other current receivable	59	167
Total	$ 726	$ 1,646

13. Segment Reporting

The Company manages its operations as a single operating segment for the purpose of assessing performance and making operating decisions while focusing on the development and commercialization of innovative cardiovascular medicines. These operations, which are reported on a consolidated basis, are focused on a single product. The accounting policies of the single operating segment are the same as those described in the summary of significant accounting policies. The chief operating decision maker, or "CODM," assesses performance of the Company's single operating segment based on consolidated net loss. Net loss is used by the CODM to evaluate budget to actual analytics, which are used to monitor expenditures and ensure the Company is meeting established budgets. The CODM is the principal officer group, which includes the Company's chief executive officer and chief financial officer.

Milestone Pharmaceuticals Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2026 and 2025 (Unaudited)
(in thousands of U.S. dollars, except where noted and for share and per share data)

The following table presents information about the Company's significant segment expense categories, as provided to the Company's CODM on a regular basis, and includes a reconciliation to consolidated net loss:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2026**	**2025**	**2026**	**2025**
Revenue	$ 559	$ —	$ 797	$ —
Less:				
Cost of product sales	32	—	46	—
Research and development, net of tax credits, excluding share-based compensation	3,134	3,302	5,984	7,850
General and administrative, excluding share-based compensation	5,055	3,036	9,241	7,465
Commercial, excluding share-based compensation	14,540	3,310	28,308	11,335
Medical affairs, excluding share-based compensation	2,090	1,575	3,891	3,745
Share-based compensation expense	1,338	1,308	2,620	2,659
Interest income	(1,741)	(516)	(3,473)	(1,213)
Royalty financing interest expense	3,705	—	6,838	—
Note payable interest expense	1,020	951	2,022	1,886
Net loss	$ (28,614)	$ (12,966)	$ (54,680)	$ (33,727)

The measure of segment assets is reported on the balance sheet as total consolidated assets.

14. Fair value of financial instruments

Pursuant to the accounting guidance for fair value measurement and its subsequent updates, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants at the measurement date. The accounting guidance establishes a hierarchy for inputs used in measuring fair value that minimizes the use of unobservable inputs by requiring the use of observable market data when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on active market data. Unobservable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is broken down into the three input levels summarized below:

Level 1 — Valuations are based on quoted prices in active markets for identical assets or liabilities and readily accessible by the Company at the reporting date.
Level 2 — Valuations based on inputs other than the quoted prices in active markets that are observable either directly or indirectly in active markets.
Level 3 — Valuations based on unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions.

For the six months ended June 30, 2026 and 2025, there were no financial instruments measured at fair value on a recurring or non-recurring basis. The carrying amounts of certain financial instruments, including cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses approximate their fair values due to the short-term nature of such instruments. Refer to Note 6, "Debt," for disclosure of the fair value of the 2029 Convertible Notes and Note 11, "Royalty Financing Obligation," for disclosures about the royalty financing obligation. The estimated fair value of the royalty financing obligations is based on the Company's current estimates of future payments to RTW over the estimated term of the obligation, which are considered Level 3 inputs.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read in conjunction with the unaudited interim condensed consolidated financial statements and the notes thereto included in this Quarterly Report on Form 10-Q and the audited annual consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the Securities and Exchange Commission, or "SEC," on March 20, 2026. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed in "Risk Factors" and in other parts of this Quarterly Report on Form 10-Q.

Company Overview

We are a biopharmaceutical company focused on the development and commercialization of innovative cardiovascular medicines. Our approved product CARDAMYST™ (etripamil) nasal spray is available in the United States and is the first and only U.S. Food and Drug Administration, or the "FDA," approved self-administered treatment for use by patients anywhere, anytime an attack of paroxysmal supraventricular tachycardia, or "PSVT," occurs. We continue to seek, either directly or through collaboration with our partners, marketing approval from regulatory agencies responsible for regions outside the United States. We are also developing etripamil for the indication of atrial fibrillation with rapid ventricular rate, or "AFib-RVR".

We are currently focusing our efforts and financial resources on (i) the commercialization of CARDAMYST™ (etripamil) nasal spray for the treatment of PSVT, (ii) the development of etripamil for the treatment of AFib-RVR and (iii) corporate development activities that have the potential to increase company value through strategic collaborations.

PSVT Market Overview

On December 12, 2025, we announced the FDA approved our first commercial product, CARDAMYST™ (etripamil) nasal spray, a prescription medication for the conversion of acute symptomatic episodes of PSVT to sinus rhythm in adults. We have currently begun focusing on the commercialization of CARDAMYST, which became available in retail pharmacies in the first quarter of 2026. PSVT is a condition that causes a patient's heart to suddenly start beating faster than normal. It can be life-altering as PSVT is highly symptomatic, characterized by unpredictable attacks of a racing heart, often exceeding 150 beats per minute. Symptoms of PSVT arise suddenly and may include palpitations, sweating, chest pressure or pain, shortness of breath, sudden onset of fatigue, lightheadedness or dizziness, fainting, and anxiety, causing many patients to interrupt their daily activities at the time of symptom-onset. The impact and morbidity from an episode of PSVT can be especially detrimental in patients with underlying cardiovascular or medical conditions, such as heart failure, obstructive coronary disease, or dehydration. The uncertainty of when such an attack of PSVT will strike or how long it will persist is often anxiety-provoking, reducing patients' quality of life and preventing participation in many desired activities. Drugs approved for the treatment of attacks of PSVT include adenosine, verapamil, and diltiazem, with all being administered intravenously under medical supervision, usually in the emergency department. Other oral drugs are sometimes used to treat attacks in a concept called "pill in the pocket." However, those drugs have never been proven effective or safe for, and are not approved for, this use. Doctors are often frustrated by the limited effective treatment options with the only approved options involving prolonged, unpleasant, and costly trips to the emergency department or, for some patients, an invasive ablation procedure. PSVT can be traumatic for patients, frustrating for healthcare providers, and costly for payors. With no pharmaceutical innovation in the treatment of PSVT for more than 30 years and a movement in the healthcare system to enable patient-centered care, we believe there is an opportunity to help patients living with PSVT to take greater control over their PSVT.

We believe that PSVT is a large and under-recognized market which we estimate affects more than two million Americans. From this diagnosed population, we define the immediate target addressable market for CARDAMYST as approximately 50% of patients with PSVT who have sufficient disease burden that they are compelled to seek care for their condition and are primarily managed by approximately 40,000 healthcare providers composed primarily of clinical cardiologists, interventional cardiologists and electrophysiologists. The remaining patients with PSVT can become addressable over

time, as they are inconsistently managed (cycling in and out of the healthcare system). Furthermore, PSVT is expected to increase in diagnosed prevalence in coming years as wearable electrocardiogram, or "ECG," technology (e.g., smartphone, watches) becomes both more adept at diagnosing PSVT and more widely used by patients and clinical practitioners, in turn shortening the time to diagnosis.

Following the release of data from the RAPID clinical study, in market research, cardiologists reported a willingness to prescribe CARDAMYST to approximately 50% of the patients with PSVT in their care, which suggests approximately 500,000 to 800,000 patients can potentially be treated with CARDAMYST in peak years. Additionally, we believe that this cardiology-identified group of patients may use CARDAMYST to treat a median of three to five episodes per year, based on the projected number of self-reported longer and more intense episodes experienced by patients, as well as the patient utilization experience in our Phase 3 clinical trials. This implies a peak demand potential in the United States for CARDAMYST of 2.5 million to 4 million episodes treated per year.

Current treatment for PSVT also consumes significant healthcare resources. Research published in the American Journal of Cardiology in 2020 shows that total healthcare expenditures in the year following a diagnosis of PSVT ranged from $20,000 to $30,000 per patient which were significantly higher than the expenditures observed for patients without PSVT. These significant increases included increased emergency department visits and hospitalization costs. Of note, catheter ablations following diagnosis represented only 23% of this increased spend, meaning most costs were unrelated to ablations. Recent data from the Healthcare Cost and Utilization Project, or "HCUP," database indicate that in 2019 there were approximately 140,000 emergency department, or "ED," visits for PSVT when coded (for billing) in the primary diagnostic position, and a total of approximately 525,000 ED visits when PSVT was coded in any diagnostic position. Of these, approximately 25% of ED admissions for PSVT resulted in a hospital admission. HCUP estimates a total of approximately 40,000 to approximately 120,000 inpatient admissions for PSVT in 2019 (based again if a PSVT billing code was found in the primary versus any diagnostic position). Despite the effectiveness of catheter ablation, claims data suggests that only approximately 15% of patients with PSVT are ablated over a three-year period, leading to a total of approximately 100,000 catheter ablations annually. In total, up to $15.0 billion is spent annually in the United States on the management of PSVT.

PSVT Continued Development Highlights

In November 2025, we submitted our marketing authorization application, or "MAA," to the European Medicines Agency, or "EMA," for review for approval to market etripamil nasal spray, under the trade name TACHYMIST™, in the European Union. The MAA utilizes much of the clinical, manufacturing and quality data package that was submitted in the NDA which led to the US FDA approval.

In January 2025, our licensing partner, Corxel Pharmaceuticals, or "Corxel," formerly Ji Xing Pharmaceuticals Limited, announced that the Center for Drug Evaluation, or "CDE," of the National Medical Products Administration, or "NMPA," of the People's Republic of China has accepted the New Drug Application, or "NDA," for etripamil nasal spray for the treatment of PSVT. The NDA to the NMPA included data from the successful Phase 3 JX02002 clinical trial of etripamil nasal spray in patients with PSVT in China in addition to data included in the NDA that Milestone submitted to the FDA.

On March 23, 2026, Corxel announced that it had entered into an Asset Purchase Agreement with Everest Medicines, or "Everest", a biopharmaceutical company focused on the development, manufacturing, and commercialization of pharmaceutical products and vaccines, with an established commercial infrastructure in Greater China. Pursuant to that Asset Purchase Agreement, Everest acquired the rights to develop, manufacture, and commercialize CARDAMYST™ (etripamil) nasal spray in Greater China, including mainland China, Hong Kong, Macau, and Taiwan.

The 500-patient Phase 3 trial (JX02002) met its primary endpoint, with a Kaplan Meier analysis showing a statistically significantly greater proportion of patients who self-administered etripamil converted from PSVT to sinus rhythm within 30 minutes compared to placebo (40.5% vs. 15.9%, respectively; hazard ratio [HR] = 3.00; 95% CI 1.58-5.71; $p<0.001$). Statistically significant ($p<0.05$) results were also shown for the secondary efficacy endpoints for percent of patients' PSVT converted to sinus rhythm by 10, 15, 45 and 60 minutes after self-administration of study drug.

Corxel further reported that, overall, treatment emergent adverse events were comparable between treatment groups, and there were no reported serious adverse events related to etripamil. The safety and tolerability data from the JX02002 trial were consistent with previous clinical studies. This important study further expands the etripamil global development program to more than 2,000 unique patients treated with etripamil.

Etripamil Nasal Spray for the Treatment of AFib-RVR

Similar to our approach for PSVT, we believe that etripamil has the potential to help people experiencing a symptomatic episode of AFib-RVR to self-treat and to conveniently, reliably, and quickly reduce their elevated heart rate, with the goal of reducing the need for emergency department utilization. We completed a successful Phase 2 study, named "ReVeRA" or the "ReVeRA study", in patients presenting urgently with episodes of AFib-RVR to the emergency department. We have published the ReVeRA study and results, which demonstrated that patients receiving etripamil nasal spray experienced rapid and statistically superior ventricular rate reduction and improved symptom-relief compared to placebo, with safety and tolerability findings generally consistent with those observed in our PSVT program. We believe these data support the continued development of etripamil, self-administered in the medically unmonitored setting, for the treatment of AFib-RVR.

We have initiated a Phase 3 registrational program to evaluate self-administered etripamil as a potential treatment for patients with AFib-RVR and are currently onboarding clinical sites. We expect to enroll the first patient in the trial in the second half of 2026. We intend to follow the supplemental New Drug Application, or "sNDA," regulatory approval pathway and expect to leverage the initial PSVT indication and its safety database along with the results from the planned single Phase 3 study in AFib-RVR.

AFib-RVR Market Overview

Atrial Fibrillation, or "AFib," is a common cardiac arrhythmia with an irregular and often rapid heart rate that is often markedly symptomatic and, without proper treatment, can increase the risk of stroke, heart failure, and other cardiovascular complications. A common complication of AFib is a rapid heart rate, also referred to as AFib-RVR, which is frequently defined as a heart rate ≥ 110 beats per minute. The occurrence of a rapid ventricular rate, or "RVR," in patients with atrial fibrillation increases the likelihood of marked symptoms including heart palpitations, shortness of breath and weakness. There are two commonly used pharmacological approaches to chronically manage AFib, rhythm control and rate control. Regardless of the chronic approach, break-through episodes of rapid heart rate occur frequently; and when faced with a sudden episode of AFib-RVR, acute rate control is needed, with most treatments being AV-nodal targeted drugs such as a beta blocker or calcium channel blocker. These treatments can be given intravenously; however, this requires a burdensome trip to an emergency department which may lead to a hospital admission. Acute treatment can be attempted with an oral rate-control drug; however, such agents often fail to provide immediate or dependable ventricular rate control because they have a 30- to 90-minute delayed onset of action. As a result, many patients require faster and more reliable rate reduction and symptom resolution, leading them to seek acute medical care in the emergency department for intravenous rate control and/or electrical cardioversion of their atrial fibrillation. Furthermore, the chronic administration of oral rate-control drugs does not broadly prevent episodes of AFib-RVR. Similar to PSVT, patients may feel a loss of control by needing to visit the emergency department for overcoming their AFib-RVR episode and the unpredictable nature of these episodes, which can occur anytime and anywhere. Doctors have expressed frustration at the lack of options for patients to self-manage these acute rate attacks; and payor organizations would prefer to treat the AFib-RVR attacks in a more cost effective and time-efficient manner.

An estimated 10 million Americans suffer from AFib. The prevalence of AFib is expected to grow to greater than 12 million by 2030. A subset of patients with AFib experiences episodes of abnormally high heart rate, most often accompanied by palpitations, shortness of breath, dizziness, and weakness. While these episodes, known as AFib-RVR, may be treated by oral calcium channel blockers and/or beta blockers, patients frequently seek acute care in the ED to address symptoms. In 2019, nearly 1.1 million patients were admitted to the emergency department due to AFib symptoms. Initial data suggests that approximately 60% of all AFib emergency department visits were attributable to AFib-RVR, as symptoms driving patients to seek care generally become more pronounced at higher heart rates. Treatment for such

symptoms typically includes medically supervised intravenous administration of calcium channel blockers or beta blockers, or electrical cardioversion. With little available data for AFib-RVR, we believe, based on our initial market research, that 30% to 40% of patients with AFib experience one or more symptomatic episodes of RVR per year that require treatment, suggesting a current target addressable market of approximately three to four million patients for etripamil in patients with AFib-RVR.

We believe that etripamil has the potential to be developed such that it can be used by patients to rapidly reduce their heart rate to provide a supplemental option to either the acute oral rate or rhythm control strategy their physician would use. When presented with a target product profile reflecting this potential use case, cardiologists and electrophysiologists, in a 2021 market research study, perceived utility in the product profile and indicated that they would prescribe to approximately two-thirds of their patients that experience episodes of AFib-RVR. They further indicated that a rapidly acting intranasal calcium channel blocker could serve as a "bridge" to the longer onset times of acute oral agents. According to physicians, it can take hours for patients to feel an alleviation of symptoms using acute oral rate or rhythm control. During this time, patients may experience concerning symptoms that often prompt them to seek emergency care. We believe that the combination of convenient delivery, potency, rapid onset and short duration of action of etripamil has the potential to move the current treatment setting for some acute episodes of AFib out of the burdensome and costly emergency department.

Current AFib management consumes significant healthcare resources in the United States. The American Heart Association published a report in 2016 summarizing the current and projected cost burden of cardiovascular diseases in the United States. This report suggests atrial fibrillation resulted in $25 billion in direct medical costs in 2016 (approximately 7% of all cardiovascular diseases) and another $7 billion in indirect costs (i.e., up to $32 billion in total costs). Additionally, the forecasted growth in atrial fibrillation prevalence is anticipated to result in healthcare expenditures of $46 billion in direct costs and $10 billion in indirect costs in the United States by 2030.

AFib-RVR Clinical Development Highlights

In November 2023, we presented positive Phase 2 data from the ReVeRA study as a Featured Science Presentation at the American Heart Association Scientific Meetings (Philadelphia, PA) and as simultaneously published in *Circulation: Arrhythmia and Electrophysiology*. The randomized, double-blinded, placebo-controlled ReVeRA trial of etripamil nasal spray enrolled 87 patients and dosed 56 patients aged 18 years and older with AFib who urgently presented experiencing AFib and a ventricular rate of 110 or more beats per minute, or "bpm." The trial was designed to assess the magnitude, rapidity, and duration of reduction and the patient satisfaction with treatment using an established patient reported outcome, or "PRO," tool. Data showed that delivery of etripamil nasal spray (70 mg) significantly and rapidly reduced ventricular rate, in a pattern consistent with the drug's pharmacologic profile. Etripamil achieved the primary endpoint with a high degree of statistical significance; patients experienced a ventricular rate reduction of 29.91 bpm (95% confidence interval: -40.31, -19.52; $p<0.0001$) in the etripamil arm relative to placebo. The absolute maximum reduction in rate in the etripamil arm was 34.97 bpm. Using the Treatment Satisfaction Questionnaire 9, or "TSQM-9," PRO, compared to placebo, patients treated with etripamil demonstrated significant improvements in two satisfaction ratings: effectiveness ($p<0.0001$) and relief of symptoms ($p=0.0002$), with the degrees of improvement consistent with those customarily described as clinically meaningful. Treatment-emergent serious adverse events, or "TESAEs," were rare and the most common ($\geq$ 5%) adverse events were mild or moderate in intensity and included nasal discomfort, rhinorrhea, increased lacrimation, throat irritation and dizziness. Further trial details are below in this document.

During 2024, we met with the FDA on the ReVeRA study, during which the FDA confirmed its guidance from our Pre-IND meeting (2023) regarding the availability of a sNDA pathway for the marketing approval for etripamil for the indication of AFib-RVR. The sNDA pathway potentially permits a single pivotal efficacy study to be sufficient for filing for marketing approval if etripamil is already approved for PSVT. FDA further concurred with respect to key proposed study elements including powering, inclusion criteria, patient population, and statistical analyses, and offered clarification with respect to the endpoints to guide the design of the Phase 3 study. In our mid-2023 Pre-IND meeting, the FDA provided guidance that our primary endpoint can be the reduction of ventricular rate, and the primary analysis would be performed on the intent to treat, or "ITT," population. In addition, the study would have to show statistical significance ($p<0.05$) on the key secondary endpoint of symptom relief as a patient benefit, also in the ITT population. The secondary endpoint

could use a PRO measure, and various PROs were discussed with the FDA. We have finalized the Phase 3 study protocol following FDA's review and obtained concurrence with the FDA to proceed.

The Phase 3 study has been initiated and will be conducted in a medically unmonitored setting (e.g., at-home) in a manner very similar to the conduct of our Phase 3 development program for PSVT. The Phase 3 AFib-RVR study will enroll patients with a history of symptomatic AFib episodes, and uses a self-administered, repeat-dose regimen of 70 mg per dose (the dose and dosing approach that was studied in the RAPID trial in patients with PSVT). The Phase 3 study's target population is patients with verified history of AFib-RVR, and the ITT population is all patients self-administering the study drug for perceived AFib-RVR. The primary endpoint is the mean change from baseline ventricular rate to nadir ventricular rate for patients treated with etripamil versus placebo, as was studied in the ReVeRA trial in AFib-RVR. The key secondary endpoint will be based on a PRO of symptomatic improvement, discussed with the FDA, which is similar to the PRO questions utilized in our PSVT and AFib-RVR programs. The study has been powered and sized based upon approximately 150 events from 150 unique patients with a history of symptomatic episodes of AFib-RVR.

Operations Overview

Since the commencement of our operations in 2003, we have devoted substantially all of our resources to performing research and development activities in support of our product development efforts, hiring personnel, raising capital to support and expand such activities, providing general and administrative support for these operations and, more recently, commercialization. We have historically operated our business using a significant outsourcing model. As such, our team is currently composed of a relatively smaller core of employees who direct a significantly larger number of team members who are outsourced in the forms of vendors and consultants to enable execution of our operational plans. On December 12, 2025, we announced that the FDA approved our first commercial product, CARDAMYST™ (etripamil) nasal spray, a prescription medication for the conversion of acute symptomatic episodes of paroxysmal supraventricular tachycardia, or "PSVT," to sinus rhythm in adults. As a result, we expect our future commercial expenses will increase as we invest in the infrastructure, personnel, and operational expenses required to commercialize CARDAMYST in the United States. We also expect inventory balances to increase as we capitalize costs related to the production of CARDAMYST for commercial sale in the United States. In addition, we expect to continue to incur significant research and development and general administrative expenses related to our operations as we advance etripamil nasal spray for the treatment of AFib-RVR and continue to invest in the resources needed to support a developing commercialized public company.

Since inception, we have incurred significant operating losses. For the three months ended June 30, 2026 and 2025, we recorded net losses of $28.6 million and $13.0 million, respectively. For the six months ended June 30, 2026 and 2025, we recorded net losses of $54.7 million and $33.7 million, respectively. As of June 30, 2026, we had an accumulated deficit of $485.3 million. We expect to continue to incur significant losses for the foreseeable future. We anticipate that a substantial portion of our capital resources and efforts in the foreseeable future will be focused on commercialization of CARDAMYST and the development of an additional etripamil indication. We had $169.7 million of cash and cash equivalents and $0.9 million of short-term investments as of June 30, 2026.

We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. Our net losses may fluctuate significantly from period to period, depending on the timing of our planned clinical trials and expenditures on other research and development activities. We expect our expenses will increase over time as we:

- continue our ongoing and planned development of etripamil, including future Phase 3 clinical trials for the treatment of AFib-RVR and potential Phase 4 clinical trials for treatment of PSVT;
- seek, either directly or through collaboration with our partners, marketing approval for etripamil nasal spray for the treatment of PSVT from regulatory agencies responsible for regions outside the United States;
- seek marketing approvals for etripamil for the treatment of AFib-RVR and other cardiovascular indications;
- increase our sales, marketing, manufacturing, and distribution capability, either directly or indirectly through third parties;

- build a portfolio of product candidates through development, or by acquiring or in-licensing drugs, product candidates or technologies;
- initiate preclinical studies and clinical trials for etripamil for any additional indications we may pursue, including the clinical trials for the treatment of atrial fibrillation and rapid ventricular rate as well as other areas of unmet medical need, and for any additional product candidates that we may pursue in the future;
- maintain, protect, and expand our intellectual property portfolio;
- hire additional clinical, regulatory, and scientific personnel;
- add operational, financial, and management information systems and personnel, or other general & administrative personnel, including personnel to support our product development and potential expansion of our future commercialization efforts; and
- incur additional legal, accounting, insurance and other expenses associated with operating as a public company.

Recent Developments

On March 27, 2023, we entered into a note purchase agreement, or the "Note Purchase Agreement," with RTW Investments LP and certain of its affiliates, or collectively, "RTW", pursuant to which we issued and sold $50.0 million principal amount of 6.0% Convertible Senior Notes due 2029, or the "2029 Convertible Notes," to the holders. On June 29, 2026, we amended the Note Purchase agreement to extend our option to pay cash interest or payment in-kind interest, at our election, from March 31, 2026 to March 31, 2027.

The Macroeconomic Climate

Inflation rates may materially adversely affect our business and corresponding financial position and cash flows. Inflationary factors, changes to interest rates, and overhead costs may adversely affect our operating results. Interest and inflation rates also present a recent challenge impacting the U.S. economy and could make it more difficult for us to obtain traditional financing on acceptable terms, if at all, in the future. Additionally, geopolitical events, including war and terrorism, banking instabilities, ongoing changes to U.S. and international tariffs and other trade restrictions and trade barriers, renegotiation of international trade agreements, or further escalations of trade tensions, and other U.S. geopolitical issues affecting other territories and employee availability, wage increases and economic markets, all of which may result in additional stress on our working capital resources. The ongoing trade tensions between the U.S. and other jurisdictions have resulted in multiple rounds of tariffs and anticipated tariffs affecting pharmaceuticals and pharmaceutical ingredients, including finished drug products, manufacturing equipment, and related supplies. In any event, the dynamic and unpredictable tariff and trade landscape may create substantial uncertainty and planning challenges for our operations.

Components of Results of Operations

Revenues

Product Revenue

On January 26, 2026, CARDAMYST (etripamil) nasal spray for the management of PSVT became available in the United States through retail pharmacies and our national sales force was deployed mid-February 2026. We initiated shipments of CARDAMYST to customers in the United States, which include major wholesalers, in January 2026. We recognize revenue for products received by our customers net of allowances for customer discounts, service fees, estimated returns, and estimated rebates. Product revenues were $0.6 million and $0.8 million during the three and six months ended June 30, 2026, respectively. We earned no product revenue during the three and six months ended June 30, 2025.

License Revenue

We earn license revenue when milestones are reached pursuant to our License and Collaboration Agreement, dated May 15, 2021, with Corxel. During the three and six months ended June 30, 2026 and 2025, no milestones were achieved, and no revenue was recorded under the Ji Xing License Agreement. On March 23, 2026, Corxel announced that it had entered into an Asset Purchase Agreement with Everest. Pursuant to that Asset Purchase Agreement, Everest acquired the rights to develop, manufacture, and commercialize CARDAMYST™ (etripamil) nasal spray in Greater China, including mainland China, Hong Kong, Macau, and Taiwan.

Cost of product sales

Cost of product sales includes the costs of producing inventory related to CARDAMYST including manufacturing, freight, overhead, and any inventory valuation adjustments. Cost of product sales is recognized in the period in which the related product revenue is earned.

Prior to FDA approval on December 12, 2025, all manufacturing costs for CARDAMYST were expensed as research and development costs. As a result, inventory on hand at the time of approval had a zero-cost basis.

For the three and six months ended June 30, 2026, we recognized a de minimis amount of cost of product sales, consisting primarily of post-approval manufacturing activities, including final packaging costs. Accordingly, cost of product sales does not reflect the full cost of units sold, and gross margin is not representative of our expected long-term cost structure. We expect cost of product sales to increase in future periods as we sell inventory manufactured after FDA approval. We recorded no cost of product sales for the three and six months ended June 30, 2025.

Research and Development Expenses

Research and development expenses consist primarily of salaries and fees paid to external service providers, as well as personnel costs, including share-based compensation expense, and other related compensation expenses. We expense research and development costs in the periods in which they are incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors, collaborators and third-party service providers.

To date, the majority of our research and development expenses have been related to the preclinical and clinical development of etripamil inclusive of manufacturing costs pre-FDA approval. As we advance etripamil or other product candidates for other indications, we expect to allocate our direct external research and development costs across each of the indications or product candidates. Further, we expect our research and development costs to increase for the development of etripamil in AFib-RVR, and we expect our research and development expenses related to the development of etripamil for PSVT to decrease as a percentage of our total research and development expenses.

The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming and is subject to uncertainties and delays. As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of our product candidates, if at all.

We recognize the benefit of Canadian research and development tax credits as a reduction of research and development costs for fully refundable investment tax credits.

Selling, General and Administrative Expenses

Selling, general and administrative expenses are comprised of sales, marketing, and general and administrative expenses. Sales and marketing expenses for CARDAMYST include compensation, benefits, and other costs associated with sales and marketing personnel related to the commercialization of CARDAMYST, market research, marketing, medical affairs, market access, and advertising costs.

General and administrative expenses consist primarily of personnel expenses, including salaries, benefits and stock-based compensation expense, for employees performing general and administrative functions. General and administrative expense also includes corporate facility costs, including rent, utilities, depreciation and maintenance, not otherwise included in research and development expenses, as well as regulatory fees and professional fees for legal, patent, accounting, financial advisory, and other consulting services.

We expect our selling, general and administrative expenses to increase as we continue to invest in the personnel, infrastructure, and operational activities required to commercialize CARDAMYST in the United States. We also expect to continue to incur expenses as a public company, including expenses related to compliance with the rules and regulations of the Securities and Exchange Commission, or "SEC," and those of any national securities exchange on which our securities are traded, additional insurance expenses, investor relations activities, and other administrative and professional services.

Interest Income

Interest income primarily consists of interest income from our cash and cash equivalents and short-term investments.

Interest Expense

Interest expense primarily consists of contractual debt interest expense, amortization of debt costs, and interest related to the royalty financing obligation.

Results of Operations

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

The following table summarizes our results of operations and changes:

	Three months ended June 30,			
(in thousands)	**2026**	**2025**	**$ Change**	**% Change**
Revenue				
Product sales, net	$ 559	$ —	$ 559	100.0%
License and other revenue	—	—	—	0.0%
Total Revenue	559	—	559	100.0%
Operating expenses				
Cost of product sales	$ 32	$ —	$ 32	100.0%
Research and development, net of tax credits	3,509	3,669	(160)	(4.4)%
Selling, general and administrative	22,648	8,862	13,786	155.6%
Total operating expenses	26,189	12,531	13,658	109.0%
Loss from operations	(25,630)	(12,531)	(13,099)	104.5%
Interest income	1,741	516	1,225	237.4%
Interest expense	(4,725)	(951)	(3,774)	396.9%
Net loss	$ (28,614)	$ (12,966)	$ (15,648)	120.7%

	Six months ended June 30,			
(in thousands)	**2026**	**2025**	**$ Change**	**% Change**
Revenue				
Product sales, net	$ 797	$ —	$ 797	100.0%
License and other revenue	—	—	—	0.0%
Total Revenue	797	—	797	100.0%
Operating expenses				
Cost of product sales	$ 46	$ —	$ 46	100.0%
Research and development, net of tax credits	6,760	8,647	(1,887)	(21.8)%
Selling, general and administrative	43,284	24,407	18,877	77.3%
Total operating expenses	50,090	33,054	17,036	51.5%
Loss from operations	(49,293)	(33,054)	(16,239)	49.1%
Interest income	3,473	1,213	2,260	186.3%
Interest expense	(8,860)	(1,886)	(6,974)	369.8%
Net loss	$ (54,680)	$ (33,727)	$ (20,953)	62.1%

Revenue

Product Revenue

On January 26, 2026, CARDAMYST (etripamil) nasal spray for the management of PSVT in the United States became available through U.S. retail pharmacies and our national sales force was deployed mid-February 2026. We initiated shipments of CARDAMYST to customers in the United States, which include major wholesalers, in January 2026. We recognize revenue for product received by our customers net of allowances for customer discounts, service fees, estimated returns, and estimated rebates. Product revenues were $0.6 million and $0.8 million during the three and six months ended June 30, 2026. We earned no product revenue during the three and six months ended June 30, 2025.

License Revenue

During the three and six months ended June 30, 2026 and 2025, no milestones were achieved, and no revenue was recorded.

Research and Development Expenses, Net of Tax Credits

The following table shows our research and development expenses by type of activity for the periods indicated:

	Three months ended June 30,				Six months ended June 30,			
(in thousands)	**2026**	**2025**	**$ Change**	**% Change**	**2026**	**2025**	**$ Change**	**% Change**
Clinical	$ 1,953	$ 1,425	$ 528	37.1%	$ 3,380	$ 3,174	$ 206	6.5%
Drug manufacturing and formulation	914	1,326	(412)	(31.1)%	1,285	3,292	(2,007)	(61.0)%
Regulatory and other costs	732	1,003	(271)	(27.0)%	2,294	2,359	(65)	(2.8)%
Less: R&D tax credits	(90)	(85)	(5)	5.9%	(199)	(178)	(21)	11.8%
Total R&D expenses	$ 3,509	$ 3,669	$ (160)	(4.4)%	$ 6,760	$ 8,647	$ (1,887)	(21.8)%

Research and development expenses, net of tax credits remained consistent for the three months ended June 30, 2026, compared to the three months ended June 30, 2025.

Research and development expenses, net of tax credits, decreased by $1.9 million, or 21.8%, for the six months ended June 30, 2026, compared to the six months ended June 30, 2025, primarily due to a decrease in outside service costs related to drug development and research.

We recognize the benefit of Canadian research and development tax credits as a reduction of research and development costs for fully refundable investment tax credits.

Selling, General, and Administrative

Selling, general, and administrative expenses increased by $13.8 million, or 155.6%, for the three months ended June 30, 2026, compared to the three months ended June 30, 2025, as a result of additional personnel costs, professional costs, and other operational expenses related to the launch of CARDAMYST.

Selling, general, and administrative expenses increased by $18.9 million, or 77.3%, for the six months ended June 30, 2026, compared to the six months ended June 30, 2025, primarily due to additional personnel costs, professional costs, and other operational expenses related to the launch of CARDAMYST.

Interest Income

Interest income was $1.7 million and $0.5 million for the three months ended June 30, 2026 and 2025, respectively. Interest income was $3.5 million and $1.2 million for the six months ended June 30, 2026 and 2025, respectively. The increase in interest income was primarily due to higher average cash, cash equivalents, and short-term investment balances during the three and six months ended June 30, 2026 compared to the same period in 2025, driven by proceeds from the 2025 Offering (as defined below) and the Royalty Purchase Agreement (as defined below).

Interest Expense

Interest expense increased by $3.8 million and $7.0 million for the three and six months ended June 30, 2026 compared to the same period in 2025, primarily a result of interest expense recognized on the royalty financing obligation during the three and six months ended June 30, 2026 (see Note 11, “Royalty Financing Obligation,” in the accompanying notes to our interim condensed consolidated financial statements).

Liquidity and Capital Resources

Sources of Liquidity

We have incurred operating losses and experienced negative operating cash flows since our inception, and we anticipate continuing to incur losses for the foreseeable future. As of June 30, 2026, we had cash, cash equivalents, and short-term investments of $170.6 million and an accumulated deficit of $485.3 million.

On July 11, 2025, we entered into an underwriting agreement, or the “Underwriting Agreement,” related to an underwritten public offering, or the “2025 Offering,” of (i) 31,500,000 of our common shares, accompanying Series A common warrants, or the “Series A Common Warrants,” to purchase an aggregate of 31,500,000 common shares and accompanying Series B common warrants, or the “Series B Common Warrants,” to purchase an aggregate of 31,500,000 common shares, at a combined public offering price of $1.50 per share and accompanying Series A Common Warrant and Series B Common Warrant and (ii) in lieu of common shares to certain investors that so choose, pre-funded warrants or the “2025 Pre-Funded Warrants” and, together with the Series A Common Warrants and the Series B Common Warrants, the “Warrants,” to purchase 3,502,335 common shares, accompanying Series A Common Warrants to purchase an aggregate of 3,502,335 common shares and accompanying Series B Common Warrants to purchase an aggregate of 3,502,335 common shares, at a combined public offering price of $1.499 per Pre-Funded Warrant and accompanying Series A Common Warrant and Series B Common Warrant, which represented the combined public offering price for the Common Shares and accompanying Common Warrants less the $0.001 per share exercise price for each such Pre-Funded Warrant.

Our net proceeds from the 2025 Offering were $48.6 million after deducting underwriting commissions and other offering expenses payable by us, in the amount of $3.9 million.

During the three-month period ended June 30, 2026, 6,678,642 Series A Common Warrants were exercised for net proceeds of $9.4 million, after deducting underwriting commissions paid by us of $0.6 million. During the six-month period ended June 30, 2026, 12,345,308 Series A Common Warrants were exercised for net proceeds of $17.4 million, after deducting underwriting commissions paid by us of $1.1 million.

On July 29, 2020, we entered into an Open Market Sale Agreement℠, or the “Original Sale Agreement,” with respect to an at-the-market offering program, or the “Original ATM Program,” under which we could issue and sell our common shares having an aggregate offering price of up to $50.0 million through Jefferies LLC, or “Jefferies,” as sales agent or principal. On March 18, 2025, we entered into an Amended and Restated Open Market Sale Agreement℠, or the “Amended Agreement,” with Jefferies. The Amended Agreement amends and restates, in its entirety, the Original Sale Agreement. Under the Amended Agreement, we were able to sell our common shares, no par value per share, for an aggregate offering price of up to $77.8 million (which includes the $2.8 million of sales previously made pursuant to the Original Sale Agreement through the date the Amended Agreement was entered into), or the “ATM Shares.” The ATM Shares will be sold pursuant to our shelf registration statement on Form S-3 (File No. 333-283162). We previously issued 361,236 common shares under the Original Sale Agreement, resulting in net proceeds of approximately $2.6 million (net of issuance costs of approximately $0.1 million). We issued 5,526,590 shares under the amended agreement resulting in net proceeds of $10.9 million, after deducting sales agent commissions payable by us of $0.3 million during the first quarter of 2026. On March 6, 2026, we terminated the Amended Agreement.

On May 13, 2026, we entered into a Controlled Equity Offering℠ Sales Agreement, or the "Sales Agreement," with Cantor Fitzgerald & Co., as sales agent, or the "Sales Agent," pursuant to which we may, from time to time, sell common shares, without par value per share, through the Sales Agent. We are not obligated to, and cannot provide any assurances that we will make any sales of our shares under the Sales Agreement.

Upon delivery of a placement notice and subject to the terms and conditions of the Sales Agreement, the Sales Agent may sell the shares by methods deemed to be an "at-the-market" offering as defined in Rule 415(a)(4) promulgated under the Securities Act. Subject to the terms and conditions of the Sales Agreement, the Sales Agent will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares from time to time, based upon our instructions. The Sales Agreement contains customary representations, warranties and agreements, indemnification rights and obligations of the parties. We will pay the Sales Agent a commission for its services as Sales Agent of 3.0% of the aggregate gross proceeds from each sale of the common shares sold through the Sales Agent pursuant to the Sales Agreement.

Based on our current operating plan, we expect our existing cash and cash equivalents and short-term investments to be sufficient to fund our operations for at least the next 12 months from the date of issuance of this Form 10-Q for the quarter ending June 30, 2026. We believe there are currently no events or conditions that may cast substantial doubt on our ability to continue as a going concern for at least the next 12 months from the date of this filing.

Royalty Purchase Agreement

On March 27, 2023, we entered into a purchase and sale agreement, or the “Royalty Purchase Agreement,” with RTW Royalty I DAC, an affiliate of RTW, pursuant to which RTW agreed to purchase, following FDA approval of etripamil for the treatment of PSVT (subject to certain conditions), at a purchase price of $75.0 million, the right to receive tiered quarterly royalty payments, or the “royalty interest,” on net product sales of CARDAMYST (etripamil) in the United States.

On January 12, 2026, the Company closed the sale of the royalty interest under the Royalty Purchase Agreement and received cash of $75.0 million from RTW in exchange for future royalty payments (see Note 11, “Royalty Financing Obligation” in the accompanying notes to our interim condensed consolidated financial statements).

Funding Requirements

We anticipate that we will use our cash and cash equivalents primarily to fund commercialization and research and development expenditures. We expect our expenses to increase as we continue the development of etripamil and invest in the infrastructure, personnel, and operational expenses required to continue commercialization of CARDAMYST in the United States. We expect to incur increasing operating losses for the foreseeable future as we continue the clinical development of subsequent etripamil indications or any future product candidates. At this time, due to the inherently unpredictable nature of clinical development, we cannot reasonably estimate the costs we will incur and the timelines that will be required to complete development, obtain marketing approval, and commercialize subsequent etripamil indications or any future product candidates, if at all. For the same reasons, we are also unable to predict when, if ever, we may achieve profitability generated from product sales. Clinical and preclinical development timelines, the probability of success, and development costs can differ materially from expectations.

In addition, we have exclusive development and commercialization rights for etripamil for all indications that we may pursue, and as such, have the potential to license development and or commercialization rights for etripamil to a potential partner in regions outside of Greater China. We have established commercialization and marketing capabilities using a direct sales force to continue to commercialize CARDAMYST in the United States. Outside of the United States, we are considering commercialization strategies that may include collaborations with other companies.

For other new product candidates, our efforts are focused on licensing development and/or commercialization rights from potential partners. In the case of either in-licensing or out-licensing, we cannot forecast when such arrangements will be secured, if at all, and to what degree such arrangements would affect our development and commercialization plans and capital requirements.

The timing and amount of our operating expenditures will depend largely on:

- the timing, progress and results of our ongoing and planned clinical trials and other development activities of etripamil in AFib-RVR and in other cardiovascular indications;
- the scope, progress, results, and costs of preclinical development, laboratory testing, and clinical trials of etripamil for additional indications or any future product candidates that we may pursue;
- our ability to establish additional collaborations on favorable terms, if at all;
- the ability of vendors and third-party service providers to accurately forecast expenses and deliver on expectations;
- the costs, timing, and outcome of regulatory review of subsequent etripamil indications and any future product candidates;
- the costs and timing of CARDAMYST commercialization activities, including product manufacturing, marketing, sales, and distribution for CARDAMYST and any future product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- the extent to which we acquire or in-license other product candidates and technologies.

Until such time, if ever, as we can generate substantial revenue from product sales, we expect to fund our operations and capital funding needs through equity and/or debt financing. We may also consider entering into collaboration arrangements or selectively partnering for clinical development and commercialization. The sale of additional equity would result in additional dilution to our shareholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that restrict our operations or our ability to incur additional indebtedness or pay dividends, among other items. If we are not able to secure adequate additional funding, we may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, and/or suspend or curtail planned programs. Any of these actions could materially and adversely affect our business, financial condition and results of operations.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Six months ended June 30,			
(in thousands)	**2026**	**2025**	**$ Change**	**% Change**
Net cash (used in) provided by:				
Operating activities	$ (38,767)	$ (26,518)	$ (12,249)	46.2%
Investing activities	31,962	43,527	(11,565)	(26.6)%
Financing activities	103,487	176	103,311	58699.4%
Net increase in cash and cash equivalents during the period	$ 96,682	$ 17,185	$ 79,497	

Operating Activities

Net cash used in operating activities during the six months ended June 30, 2026 was $38.8 million, which consisted primarily of a net loss of $54.7 million, offset by a net cash increase of $4.3 million related to the change in assets and liabilities, non-cash charges of $2.6 million related to share-based compensation, and non-cash interest charges and debt costs of $8.9 million related to the 2029 Convertible Notes and royalty financing obligation.

Net cash used in operating activities during the six months ended June 30, 2025 was $26.5 million, which consisted primarily of a net loss of $33.7 million, offset by a net cash increase of $2.7 million related to the change in assets and liabilities, non-cash charges of $2.7 million related to share-based compensation, and non-cash interest charges of $1.7 million related to the 2029 Convertible Notes.

Investing Activities

In the six months ended June 30, 2026, we acquired $80.0 million of short-term investments, and we redeemed $112.0 million in short-term investments.

In the six months ended June 30, 2025, we acquired $0.9 million of short-term investments, and we redeemed $44.5 million in short-term investments.

Financing Activities

In the six months ended June 30, 2026, our financing activities provided cash proceeds of $103.5 million. These proceeds were primarily a result of the $75.0 million received from the Royalty Purchase Agreement, $17.4 million, net of issuance costs, from the exercise of Series A Common Warrants under the 2025 Offering, and $10.9 million net of issuance costs, for shares sold under the Original ATM Program.

In the six months ended June 30, 2025, our financing activities provided cash proceeds of $0.2 million. These proceeds were primarily a result of common shares issued pursuant to our Employee Stock Purchase Plan and exercised options.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Contractual Obligations

During the six months ended June 30, 2026, there were no material changes to our contractual obligations and commitments described under Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K, filed with the SEC on March 20, 2026.

Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our unaudited interim condensed consolidated financial statements as of June 30, 2026, which have been prepared in accordance with United States generally accepted accounting principles, or "U.S. GAAP," and on a basis consistent with those accounting principles followed by us. The preparation of these consolidated financial statements requires our management to make judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated, and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant estimates and judgments include, but are not limited to:

- Estimate of the percentage of work completed of the total work over the life of the individual trial in accordance with agreements established with contract research organizations, or "CROs," contract manufacturing organizations, or "CMOs," and clinical trial sites which in turn impact the research and development expenses.

- Estimate of the grant date fair value of share options granted to employees, consultants and directors, and the resulting share-based compensation expense, using the Black-Scholes option-pricing model.

- Estimate of the transaction price when recognizing revenue. Net revenue from sales of CARDAMYST is recorded at net selling price (transaction price), which includes reserves for variable consideration.

- Estimates of the timing and amount of future royalty payments to be generated from product sales over the expected repayment term, which are used to determine the effective interest rate and resulting interest expense and carrying amount of the royalty financing obligation.

Accordingly, actual results may differ from these judgments and estimates under different assumptions or conditions and any such differences may be material. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

a) Research and Development Expenses — Accruals

Research and development costs are charged against income in the period of expenditure. Our research and development costs consist primarily of salaries and fees paid to CROs and to CMOs for clinical trial expenses and manufacturing costs prior to FDA approval.

Clinical trial expenses include direct costs associated with CROs, direct CMO costs for the formulation and packaging of clinical trial material, as well as investigator and patient-related costs at sites at which our trials are being conducted. Direct costs associated with our CROs and CMOs are generally payable on a time-and-materials basis, or when milestones are achieved. The invoicing from clinical trial sites can lag several months. We record expenses for our clinical trial activities performed by third parties based upon estimates of the percentage of work completed of the total work over the life of the individual trial in accordance with agreements established with CROs and clinical trial sites. We determine the estimates through discussions with internal clinical personnel, CROs, and CMOs as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services based on facts and circumstances known to us as of each consolidated balance sheet date. The actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including our clinical development plan. If the actual timing of the performance of services and of the level of effort varies from the estimate, we will adjust the accrual accordingly. Adjustments to prior period estimates have not been material. We recognize the benefit of Canadian research and development tax credits as a reduction of research and development costs for fully refundable investment tax credits and as a reduction of income taxes for investment tax credits that can only be claimed against income taxes payable when there is reasonable assurance that the claim will be recovered.

b) Share-Based Compensation

We recognize compensation costs related to share options granted to employees, consultants, and directors based on the estimated fair value of the awards on the date of grant. We estimate the grant date fair value, and the resulting share-based compensation expense, using the Black Scholes option pricing model. This Black Scholes option pricing model uses various inputs to measure fair value, including estimated fair value of our underlying common shares at the grant date, expected term, estimated volatility, risk-free interest rate, and expected dividend yields of our common shares. The estimated volatility creates a critical estimate because we have not been a public company long enough to demonstrate our own historical volatility. The grant date fair value of the share-based awards is recognized on a straight-line basis over the requisite service periods, which are generally the vesting period of the respective awards. Forfeitures are accounted for as they occur.

c) Gross-to-net revenue adjustments

Net revenue from sales of CARDAMYST is recorded at net selling price (transaction price), which includes reserves for variable consideration such as (i) estimated government rebates, such as Medicaid and Medicare Part D reimbursements, and estimated managed care rebates, (ii) estimated chargebacks, (iii) estimated costs of co-payment assistance programs, and (iv) estimated product returns. These reserves, representing our best estimates of the amount of consideration to which we are entitled based on the terms of the applicable contracts and statutory requirements, are based on the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable if no payments are required of

us or a current liability if a payment is required of us. Actual amounts of consideration may differ from our estimates. If actual results vary from estimates, these estimates are adjusted, which would affect net product revenue and earnings in the period such variances become known.

d) Royalty financing obligation

Our accounting for our royalty financing obligation involves significant judgment and estimates and is therefore considered a critical accounting estimate. The obligation is accounted for as debt and measured at amortized cost using the effective interest method. At inception, and in subsequent periods, the carrying value of the royalty financing obligation and the related interest expense depend on estimates of the timing and amount of future royalty payments expected to be generated from product sales over the life of the arrangement, as well as the expected repayment term. These estimates are used to determine the effective interest rate applied to accrete the obligation over time.

The estimation of future royalty payments is inherently uncertain and requires management judgment regarding key assumptions, including expected future net product sales, the timing of commercial production, and the duration of the underlying patent subject to the royalty. Actual royalty payments may differ materially from management's estimates due to changes in production levels, operational performance, or other factors beyond our control.

Changes in the estimated amount or timing of future royalty payments result in a prospective adjustment to the effective interest rate and the pattern of interest expense recognized over the remaining term of the obligation. As a result, revisions to these estimates could have a material impact on future interest expense and the carrying value of the royalty financing obligation. We periodically review and update our estimates based on available information; however, actual results may differ materially from those estimates.

Recent Accounting Pronouncements

Refer to Note 2, "Summary of Significant Accounting Policies," in the accompanying notes to our interim condensed consolidated financial statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to interest rate risks. As of June 30, 2026, we had cash and cash equivalents of $169.7 million and short-term investments of $0.9 million. These cash and cash equivalents and short-term investments consist primarily of bank deposits, guaranteed investment certificates, and U.S. treasury bills. The primary objective of our investment activities is to preserve principal and liquidity while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of our investment portfolio, we do not believe an immediate 10% increase or decrease in interest rates would have a material effect on the fair market value of our portfolio, and accordingly we do not expect our operating results or cash flows to be materially affected by a sudden change in market interest rates.

We undertake certain transactions in Canadian dollars and as such are subject to risk due to fluctuations in exchange rates. Canadian dollar denominated payables are paid at the converted rate as due. We do not use derivative instruments or have a formal hedging program to hedge exposure to foreign exchange rate risk due to the low volume of transactions denominated in foreign currencies. On June 30, 2026, our net monetary exposure denominated in Canadian dollars was $2.2 million.

Our operating results and financial position are reported in U.S. dollars in our consolidated financial statements. The fluctuation of the Canadian dollar in relation to the U.S. dollar might, consequently, have an impact upon our loss and may also affect the value of our assets and the amount of shareholders' equity.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the "Exchange Act," that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2026. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently a party to any material legal proceedings, and we are not aware of any pending or threatened legal proceeding against us that we believe could have an adverse effect on our business, operating results or financial condition.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A. in our Annual Report on Form 10-K, filed with the SEC and under Milestone's SEDAR+ profile at www.sedarplus.com on March 20, 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable

Item 3. Defaults Upon Senior Securities.

Not applicable

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

Rule 10b5-1 Trading Arrangements

On June 18, 2026, Joseph Oliveto, our President and Chief Executive Officer, terminated a Rule 10b5-1 trading plan effective June 18, 2026. As of the termination of the Rule 10b5-1 trading plan, 80,000 shares of our common shares were sold under the plan. Prior to its termination, the plan had provided for the potential sale of up to 2,128,588 common shares. Transactions under Mr. Oliveto's plan were based upon pre-established dates and stock price thresholds and only occurred upon the expiration of the applicable mandatory cooling-off period. Mr. Oliveto's plan had a termination date of January 2, 2027, or the date all shares subject to the plan had been sold.

Item 6. Exhibits.

Exhibit Number		Description
3.1		Amended Articles of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38899), filed with the SEC on May 15, 2019).
3.2		Amended and Restated Bylaws of the Company (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-38899), filed with the SEC on May 15, 2019).
10.1		Controlled Equity Offering℠ Sales Agreement dated May 13, 2026, by and between the Company and Cantor Fitzgerald & Co. (incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 001-38899), filed with the SEC on May 13, 2026).
10.2+		Milestone Pharmaceuticals Inc. 2019 Equity Incentive Plan, as Amended (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-38899), filed with the SEC on June 15, 2026).
10.3		Second Amendment to Note Purchase Agreement, dated as of January 12, 2026.
10.4		Third Amendment to Note Purchase Agreement, dated as of June 29, 2026.
31.1		Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2		Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*		Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS		Inline XBRL Instance Document
101.SCH		Inline XBRL Taxonomy Extension Schema Document
101.CAL		Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF		Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB		Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE		Inline XBRL Taxonomy Extension Presentation Linkbase Document
104		The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, formatted in Inline XBRL.

* Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the "Exchange Act (whether made before or after the date of the Form 10-Q)", irrespective of any general incorporation language contained in such filing.

+ Indicates a management contract or compensatory plan.

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.

MILESTONE PHARMACEUTICALS INC.

Date: August 12, 2026

By: /s/ Joseph Oliveto
Joseph Oliveto
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2026

By: /s/ Amit Hasija
Amit Hasija
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.3

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT

This SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT, dated as of January 12, 2026 ("**Amendment**"), is made by and among Milestone Pharmaceuticals Inc., a corporation existing under the Business Corporations Act (Québec) (the "**Company**"), the Purchasers (defined below), RTW Investments, LP, as agent for the Purchasers (in such capacity, the "**Principal Purchaser**") and acknowledged and agreed by Acquiom Agency Services LLC, as collateral agent for the Purchasers (in such capacity, the "**Collateral Agent**"). Capitalized terms used herein, but not otherwise defined herein shall have the respective meanings set forth in the Note Purchase Agreement (defined below).

W I T N E S S E T H:

WHEREAS, the Company entered into the Note Purchase Agreement, dated as of March 27, 2023 (as amended by the First Amendment to Note Purchase Agreement, dated as of August 4, 2023, the "**Note Purchase Agreement**"), with the purchasers from time to time party thereto (each, a "**Purchaser**", and collectively, the "**Purchasers**"), the Principal Purchaser, and the Collateral Agent, pursuant to which the Company has issued $50,000,000 aggregate principal amount of its 6.0% Convertible Senior Secured Notes due March 31, 2029 (each as amended, restated, supplemented or otherwise modified from time to time, the "**Notes**");

WHEREAS, the Company is expected to close the Permitted Royalty Financing and as a condition to such closing, the Collateral Agent is required to release its Liens in the Revenue Participation Right (as defined in the Purchase and Sale Agreement);

WHEREAS, in accordance with Section 7.15(b) of the Guarantee and Collateral Agreement, the Collateral Agent shall release any of its Liens granted under any Note Document on any property that is sold in connection with any sale not prohibited by any Note Document to a Person that is not a Grantor (as defined in the Guarantee and Collateral Agreement); and

WHEREAS, in accordance with Section 13.6 of the Note Purchase Agreement, the Company, the Purchasers, and the Principal Purchaser have agreed that Section 1 of the Note Purchase Agreement be amended.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments. Effective as of the Amendment Effective Date (as defined below):

(a) Section 1.1 is amended by adding the following term with the following meaning:

"Purchase and Sale Agreement" has the meaning specified in the recital of this Agreement, including any amendment, restatement, supplement or other modification from time to time thereto.

(b) Section 1.1 is amended by replacing clause (a) of definition "Permitted Liens" with the following:

(a) Liens securing indebtedness permitted pursuant to Section 7.1(b)(i), (ii), (iv), (v), (vi), (viii), and (xi) below and Liens securing obligations under the Permitted Royalty Financing;

SECTION 2. Release of Liens. Effective as of the Amendment Effective Date (as defined below):

(a) The Company hereby certifies to the Collateral Agent that the disposition of the Revenue Participation Right is a Permitted Royalty Financing permitted under Section 7.1(c) of the Note Purchase Agreement and a sale or disposition to a Person that is not a Grantor.

(b) In reliance of the foregoing certification and as requested and approved by the Principal Purchaser, the Collateral Agent hereby acknowledges and agrees to release any of its Liens granted under the Note Documents on the Revenue Participation Right upon the consummation of the Closing. The foregoing release shall be effective automatically upon the consummation of the Closing without any further action by any Person.

As used in this Section 2, the terms "Closing" and "Revenue Participation Right" shall have the meaning assigned to such terms in the Purchase and Sale Agreement.

SECTION 3. Conditions to Amendment Effectiveness. The effectiveness of this Amendment is subject to satisfaction of the following conditions precedent (the date of such satisfaction being the "**Amendment Effective Date**"):

(a) (i) the Company shall have executed and delivered a counterpart of this Amendment to each Purchaser and the Principal Purchaser and (ii) each Purchaser and the Principal Purchaser shall have executed and delivered counterparts of this Amendment to the Company;

(b) no Event of Default shall have occurred and be continuing before and immediately after giving effect to this Amendment, and

(c) the Closing under the Purchase and Sale Agreement shall have occurred or shall substantially concurrently have occurred.

SECTION 4. Representations and Warranties. The Company hereby represents and warrants to each Purchaser and the Principal Purchaser, on and as of the Amendment Effective Date, that:

(a) The Company has all requisite corporate power and has taken all necessary corporate action required for the due authorization, execution, delivery and performance by the Company of

this Amendment and the other Note Documents and the consummation of the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Amendment and the consummation by the Company of the transactions contemplated hereby, have been duly authorized by the Board of Directors and no further consent or authorization of the Company, the Board of Directors or its shareholders is required. This Amendment has been duly executed and delivered by the Company, and the other instruments referred to herein, including the Note Documents, to which it is a party and any Note Document to which it is a party will be duly executed and delivered by the Company, and each such instrument or Note Document constitutes or will constitute a legal, valid and binding obligation of the Company enforceable against it in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

SECTION 5. Effects on the Note Purchase Agreement.

(a) On and after the Amendment Effective Date, each reference in the Note Purchase Agreement or any Note Document to the Note Purchase Agreement shall mean and be a reference to the Note Purchase Agreement as amended by this Amendment, and each reference in the Note Purchase Agreement to "this Agreement," "hereunder," "hereof" or words of like import shall mean and be a reference to the Note Purchase Agreement as amended by this Amendment.

(b) This Amendment does not constitute a novation or termination of the obligations under the Note Purchase Agreement; and except as specifically amended or otherwise modified hereby, all of the Note Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed and no provision of the Note Purchase Agreement or the other Note Documents are amended in any way other than as expressly provided herein.

(c) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Purchasers, Principal Purchaser or the Company under any Note Document.

(d) This Amendment shall constitute a Note Document for all purposes of the Note Purchase Agreement and the other Note Documents.

SECTION 6. Miscellaneous.

(a) Sections 13.2, 13.8, 13.9 of the Note Purchase Agreement are hereby incorporated herein by reference *mutatis mutandis.*

(b) The undersigned Purchasers, constituting all of the Purchasers, hereby direct the Collateral Agent to execute this Amendment.

[*Remainder of page intentionally left blank; signature pages follow*.]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

MILESTONE PHARMACEUTICALS INC.

By: /s/ Amit Hasija
Name: Amit Hasija
Title: Chief Financial Officer

[Signature Page to Second Amendment to Note Purchase Agreement]

This Amendment is hereby
acknowledged and agreed to as
of the date first above written.

COLLATERAL AGENT:

Acquiom Agency Services LLC

By: /s/ Lisa Schutz
Name: Lisa Schutz
Title: Director

[Signature Page to Second Amendment to Note Purchase Agreement]

RTW INVESTMENTS, LP,
as the Principal Purchaser

By: /s/ Roderick Wong, M.D.
Name: Roderick Wong, M.D.
Title: Managing Partner

[Signature Page to Second Amendment to Note Purchase Agreement]

RTW MASTER FUND, LTD.

By: /s/ Darshan Patel
Name: Darshan Patel
Title: Director

RTW INNOVATION MASTER FUND, LTD.

By: /s/ Darshan Patel
Name: Darshan Patel
Title: Director

RTW BIOTECH OPPORTUNITIES LTD

By: RTW Investments, LP, its Investment Manager

By: /s/ Roderick Wong, M.D.
Name: Roderick Wong, M.D.
Title: Managing Partner

[Signature Page to Second Amendment to Note Purchase Agreement]

THIRD AMENDMENT TO NOTE PURCHASE AGREEMENT

This THIRD AMENDMENT TO NOTE PURCHASE AGREEMENT, dated as of June 29, 2026 (this "**Amendment**"), is made by and among Milestone Pharmaceuticals Inc., a corporation existing under the Business Corporations Act (Québec) (the "**Company**"), the Purchasers (defined below), RTW Investments, LP, as agent for the Purchasers (in such capacity, the "**Principal Purchaser**"). Capitalized terms used herein, but not otherwise defined herein, shall have the respective meanings set forth in the Note Purchase Agreement (defined below).

WITNESSETH:

WHEREAS, the Company entered into the Note Purchase Agreement, dated as of March 27, 2023, as amended by the First Amendment to Note Purchase Agreement, dated as of August 4, 2023 and the Second Amendment to Note Purchase Agreement, dated as of January 12, 2026 (as amended, the "**Note Purchase Agreement**"), with the purchasers from time to time party thereto (each, a "**Purchaser**," and collectively, the "**Purchasers**"), the Principal Purchaser, and Acquiom Agency Services LLC, as collateral agent for the Purchasers, pursuant to which the Company has issued $50,000,000 aggregate principal amount of its 6.0% Convertible Senior Secured Notes due March 31, 2029 (each as amended, restated, supplemented or otherwise modified from time to time, the "**Notes**"); and

WHEREAS, in accordance with Section 13.6 of the Note Purchase Agreement, the Company, the undersigned Purchasers constituting all of the Purchasers, and the Principal Purchaser have agreed to amend Section 3.2 of the Note Purchase Agreement as set forth herein.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Amendment to the Notes and the Note Purchase Agreement.** Effective as of the Amendment Effective Date (as defined below), the following phrases in each Note and Section 3.2 of the Note Purchase Agreement are amended as follows:

(a) the phrase "until March 31, 2026, the Company may elect to defer payment of accrued but unpaid interest" is amended to read "until March 31, 2027, the Company may elect to defer payment of accrued but unpaid interest";

(b) the phrase "no later than three (3) Business Days prior to each Interest Payment Date prior to the third anniversary of the Closing Date whether it shall pay Cash Interest or PIK Interest" is amended to read "no later than three (3) Business Days prior to each Interest Payment Date ending on or prior to March 31, 2027 whether it shall pay Cash Interest or PIK Interest"; and

(c) the phrase "If the Company fails to give timely written notice to elect a form of interest payment for any Interest Payment Date ending on or prior to March 31, 2026, then the Company will be deemed to have elected PIK Interest for such Interest Payment Date" is amended to read "If the Company fails to give timely written notice to elect a form of interest payment for any Interest Payment Date ending on or prior to March 31, 2027, then the Company will be deemed to have elected PIK Interest for such Interest Payment Date".

2. **Conditions Precedent.** The effectiveness of this Amendment is subject to satisfaction of the following conditions precedent (the date of such satisfaction being the "**Amendment Effective Date**"):

(a) (i) the Company shall have executed and delivered a counterpart of this Amendment to each Purchaser and the Principal Purchaser and (ii) each Purchaser and the Principal Purchaser shall have executed and delivered counterparts of this Amendment to the Company; and

(b) no Event of Default shall have occurred and be continuing before and immediately after giving effect to this Amendment.

3. **Representations and Warranties.** The Company hereby represents and warrants to each Purchaser and the Principal Purchaser, on and as of the Amendment Effective Date, that:

(a) The Company has all requisite corporate power and has taken all necessary corporate action required for the due authorization, execution, delivery and performance by the Company of this Amendment and the consummation of the transactions contemplated hereby and thereby. The execution, delivery and performance by the Company of this Amendment and the consummation by the Company of the transactions contemplated hereby, have been duly authorized by the Board of Directors and no further consent or authorization of the Company, the Board of Directors or its shareholders is required. This Amendment has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against it in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4. **Effect on Note Purchase Agreement.**

(a) On and after the Amendment Effective Date, each reference in the Note Purchase Agreement or any Note Document to the Note Purchase Agreement shall mean and be a reference to the Note Purchase Agreement as amended by this Amendment, and each reference in the Note Purchase Agreement to "this Agreement," "hereunder," "hereof" or words of like import shall mean and be a reference to the Note Purchase Agreement as amended by this Amendment.

(b) This Amendment does not constitute a novation or termination of the obligations under the Note Purchase Agreement; and except as specifically amended or otherwise modified hereby, all of the Note Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Purchasers, the Principal Purchaser or the Company under any Note Document.

(d) This Amendment shall constitute a Note Document for all purposes of the Note Purchase Agreement and the other Note Documents.

5. **Miscellaneous.**

(a) Sections 13.2, 13.8 and 13.9 of the Note Purchase Agreement are hereby incorporated herein by reference, *mutatis mutandis*.

(b) The undersigned Purchasers, constituting all of the Purchasers, hereby ratify and confirm this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

MILESTONE PHARMACEUTICALS INC.

By: /s/ Amit Hasija
Name: Amit Hasija
Title: Chief Financial Officer

RTW INVESTMENTS, LP,
as the Principal Purchaser

By: /s/ Roderick Wong, M.D.
Name: Roderick Wong, M.D.
Title: Managing Partner

This Amendment is hereby accepted and agreed to as of the date hereof by the undersigned Purchasers.

RTW MASTER FUND, LTD.

By: /s/ Darshan Patel
Name: Darshan Patel
Title: Director

RTW INNOVATION MASTER FUND, LTD.

By: /s/ Darshan Patel
Name: Darshan Patel
Title: Director

RTW BIOTECH OPPORTUNITIES LTD
(F/K/A RTW VENTURE FUND LIMITED)

By: RTW Investments, LP, its Investment Manager

By: /s/ Roderick Wong, M.D.
Name: Roderick Wong, M.D.
Title: Managing Partner

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph Oliveto, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Milestone Pharmaceuticals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting 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 generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2026

/s/ Joseph Oliveto
Joseph Oliveto
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Amit Hasija, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Milestone Pharmaceuticals Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting 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 generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2026

/s/ Amit Hasija
Amit Hasija
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Joseph Oliveto, Chief Executive Officer of Milestone Pharmaceuticals Inc. (the "Company"), and Amit Hasija, Chief Financial Officer of the Company, each hereby certifies that, to the best of his or her knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2026, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 12, 2026

/s/ Joseph Oliveto	/s/ Amit Hasija
Joseph Oliveto Chief Executive Officer (Principal Executive Officer)	Amit Hasija Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)