

Consolidated financial statements

**GeneTether Therapeutics Inc.**

For the years ended December 31, 2023 and 2022  
(expressed in United States dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# Independent Auditor's Report

To the Shareholders of GeneTether Therapeutics Inc.

## Opinion

We have audited the consolidated financial statements of GeneTether Therapeutics Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events and conditions that indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

### Vancouver

1500 - 1140 West Pender St.  
Vancouver, BC V6E 4G1  
604.687.4747

### Surrey

200 - 1688 152 St.  
Surrey, BC V4A 4N2  
604.531.1154

### Tri-Cities

700 - 2755 Lougheed Hwy  
Port Coquitlam, BC V3B 5Y9  
604.941.8266

### Victoria

320 - 730 View St.  
Victoria, BC V8W 3Y7  
250.800.4694

## Other Matter

The financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on April 27, 2023.

## Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.



**DALE MATHESON CARR-HILTON LABONTE LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, BC

March 28, 2024

**GeneTether Therapeutics Inc.**  
**Consolidated Statements of Financial Position**  
(Expressed in United States dollars)

As at	Notes	December 31, 2023	December 31, 2022
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,363,577	1,795,630
Prepaid expenses and other receivables		47,272	148,493
Total current assets		<u>1,410,849</u>	<u>1,944,123</u>
<b>Total assets</b>		<u>1,410,849</u>	<u>1,944,123</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	<u>38,593</u>	87,419
Total current liabilities		<u>38,593</u>	87,419
<b>Total liabilities</b>		<u>38,593</u>	87,419
<b>Shareholders' equity</b>			
Share capital	4, 5	4,196,801	4,175,438
Contributed surplus	4, 5, 6	1,632,885	1,476,381
Accumulated deficit		(4,282,556)	(3,594,197)
Accumulated other comprehensive loss		<u>(174,874)</u>	<u>(200,918)</u>
Total shareholders' equity		<u>1,372,256</u>	1,856,704
<b>Total liabilities and shareholders' equity</b>		<u>1,410,849</u>	<u>1,944,123</u>
Nature of business and going concern	1		

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

**GeneTether Therapeutics Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in United States dollars)

		For the year ended December 31,	
		2023	2022
	Notes	\$	\$
<b>Expenses</b>			
Research and development	12	196,212	532,839
General and administrative	12	551,065	1,184,395
<b>Total operating expenses</b>		<b>747,277</b>	<b>1,717,234</b>
<b>Loss from operations</b>		<b>(747,277)</b>	<b>(1,717,234)</b>
Interest income		52,158	4,840
Foreign exchange gain (loss)		6,760	(2,858)
<b>Net loss for the year</b>		<b>(688,359)</b>	<b>(1,715,252)</b>
Cumulative translation adjustment		26,044	(200,918)
<b>Comprehensive loss for the year</b>		<b>(662,315)</b>	<b>(1,916,170)</b>
Net loss per share, basic and diluted	7	<b>(0.01)</b>	(0.04)
Weighted average number of shares outstanding – basic and diluted	7	<b>46,412,495</b>	43,073,925

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

**GeneTether Therapeutics Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in United States dollars)

	Notes	Common shares #	Common shares \$	Contributed surplus \$	Deficit \$	Accumulated other comprehensive loss	Total \$
<b>Balance, December 31, 2021</b>		<b>38,505,450</b>	<b>1,248,027</b>	<b>788,143</b>	<b>(1,878,945)</b>	<b>—</b>	<b>157,225</b>
Issuance of common shares for the Offering	4, 5	7,500,000	3,597,410	—	—	—	3,597,410
Share issuance costs (cash)	4, 5	—	(600,059)	—	—	—	(600,059)
Share issuance costs (Agent's Units and Compensation Warrants)	4, 5, 6	—	(252,059)	252,059	—	—	-
Issuance of common shares for the vesting of restricted common stock	4, 5	2,371,113	182,119	—	—	—	182,119
Share-based compensation, vesting of stock options	4, 5, 6	—	—	436,179	—	—	436,179
Currency translation adjustment		—	—	—	—	(200,918)	(200,918)
Net loss		—	—	—	(1,715,252)	—	(1,715,252)
<b>Balance, December 31, 2022</b>		<b>48,376,563</b>	<b>4,175,438</b>	<b>1,476,381</b>	<b>(3,594,197)</b>	<b>(200,918)</b>	<b>1,856,704</b>
<b>Balance, December 31, 2022</b>		<b>48,376,563</b>	<b>4,175,438</b>	<b>1,476,381</b>	<b>(3,594,197)</b>	<b>(200,918)</b>	<b>1,856,704</b>
Issuance of common shares for the vesting of restricted common stock	4	790,085	21,363	—	—	—	21,363
Cancellation of founder shares repurchased and returned to Treasury	4, 8	(10,421,974)	—	—	—	—	—
Share-based compensation expense, vesting of stock options	4, 5, 6	—	—	156,504	—	—	156,504
Currency translation adjustment		—	—	—	—	26,044	26,044
Net loss		—	—	—	(688,359)	—	(688,359)
<b>Balance, December 31, 2023</b>		<b>38,744,674</b>	<b>4,196,801</b>	<b>1,632,885</b>	<b>(4,282,556)</b>	<b>(174,874)</b>	<b>1,372,256</b>

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

**GeneTether Therapeutics Inc.**  
**Consolidated Statements of Cash Flows**  
(Expressed in United States dollars)

	For the year ended December 31,	
	2023	2022
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(688,359)	(1,715,252)
Add items not affecting cash		
Share-based compensation expense	177,867	618,298
Foreign exchange loss	(6,760)	2,858
Changes in non-cash working capital balances		
Deferred share issuance cost	—	190,614
Prepaid expenses	101,221	(148,493)
Trade and other payables	(48,826)	(125,804)
<b>Cash used in operating activities</b>	<b>(464,857)</b>	<b>(1,177,779)</b>
<b>Financing activities</b>		
Proceeds from issuance of common shares, net of issuance costs	—	2,997,351
<b>Cash provided by financing activities</b>	<b>—</b>	<b>2,997,351</b>
<b>Effect of foreign exchange on cash</b>	<b>32,804</b>	<b>(203,776)</b>
<b>Net increase (decrease)</b>	<b>(432,053)</b>	<b>1,615,796</b>
Cash, beginning of year	1,795,630	179,834
<b>Cash, end of year</b>	<b>1,363,577</b>	<b>1,795,630</b>
<b>Other non-cash transactions:</b>		
Agent units and compensation warrants issued (notes 4 and 5)	—	252,059

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

## **GeneTether Therapeutics Inc.**

### **Notes to the consolidated financial statements**

For the Years Ended December 31, 2023 and 2022  
(expressed in United States dollars unless otherwise indicated)

#### **1. Nature of business and going concern**

GeneTether Therapeutics Inc. (“GeneTether”) and together with its wholly-owned subsidiary GeneTether Inc., the “Company”) is a biopharmaceutical company focused on the development of high efficiency precision gene editing for human therapeutics applications. The Company has a wholly-owned subsidiary, GeneTether Inc. (“GT Inc.”), which was incorporated in Delaware on February 12, 2018, with the initial capitalization occurring on March 30, 2018.

The Company’s registered and records office is located at 301 – 1665 Ellis St., Kelowna, British Columbia, Canada V1Y 2B3.

On March 29, 2022, the Company closed its initial public offering (“IPO”) of the Company’s shares and concurrent private placement for an issuance of 7,500,000 units at a price of C\$0.60 per unit for gross proceeds of C\$4,500,000. The Company’s common shares commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “GTTX” on March 30, 2022 (see Note 4).

In February 2023, the Company announced that, following a comprehensive review of its business in the context of ongoing weakness in the global capital markets, including the status of its programs and available resources, the Company intends to significantly reduce the development of its GeneTether™ platform technology and conduct a review of strategic alternatives focused on maximizing shareholder value. As part of the Company’s pursuit of strategic alternatives, it has entered into agreements with two separate consultants to assist in the identification of potential partners or acquirors of its GeneTether™ platform. These agreements include equity and cash fees that are contingent upon the completion of a transaction facilitated by the consultant. Such fees are variable depending on the economic terms of any such transaction.

#### **Going concern**

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at December 31, 2023, the Company is pre-revenue, has not initiated commercial sale of product and has an accumulated deficit of \$4,282,556 (2022 - \$3,594,197). The Company’s had excess of current assets over current liabilities at December 31, 2023 of \$1,372,256 (2022- \$1,856,704). Management has forecasted the Company will have sufficient working capital to operate for the ensuing 12 months. While the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing, or that such financing will be on terms acceptable to the Company, to meet future operational needs which may result in the delay, reduction, or discontinuation of ongoing developments. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## **GeneTether Therapeutics Inc.**

### **Notes to the consolidated financial statements**

For the Years Ended December 31, 2023 and 2022  
(expressed in United States dollars unless otherwise indicated)

#### **2. Basis of presentation**

##### **Statement of compliance**

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting and Interpretations Committee (“IFRIC”). The policies set out below have been consistently applied to all periods presented, unless otherwise noted.

These consolidated financial statements were approved and authorized for issuance by the Company’s Board of Directors on March 28, 2024.

##### **Principles of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, GT Inc. The financial statements for the subsidiary are prepared for the same reporting period as the Company using consistent accounting policies. Intercompany transactions, balances, and gains and losses on transactions are eliminated upon consolidation.

##### **Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services received. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

##### **Functional currency and presentation currency**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of GeneTether is the Canadian dollar, and the functional currency of GT Inc. is the United States (“US”) dollar.

These consolidated financial statements are presented in U.S. dollars, and all references to “\$” are to U.S. dollars. References to “C\$” are to Canadian dollars.

##### **Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Estimates are based on management’s best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

For the Years Ended December 31, 2023 and 2022  
(expressed in United States dollars unless otherwise indicated)

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

(i) Valuation of share-based payments and warrants

Management measures the costs for share-based payments and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected term, expected risk-free interest rate and the rate of forfeiture. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

(ii) Deferred income taxes

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

### 3. Material accounting policy information

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand the financial statements.

#### a) Research and Development

The Company expenses research and development costs as incurred, with the exception of development costs for new products with proven technical feasibility and for which a defined future market exists. Such development costs are capitalized if all criteria are met. No development costs have been capitalized to date.

Research and development costs include rent related to the laboratory space, lab supplies, outside consulting services and the costs associated with the filing and maintenance of the patent portfolio.

#### b) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

For the Years Ended December 31, 2023 and 2022  
(expressed in United States dollars unless otherwise indicated)

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets.

#### c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

##### (i) Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit and loss ("FVTPL"). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated. Instead, the hybrid financial asset as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

For the Years Ended December 31, 2023 and 2022  
(expressed in United States dollars unless otherwise indicated)

Financial asset	Policy
Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets measured at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

#### (ii) Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as either financial liabilities at FVTPL or other liabilities.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

#### (iii) Financial liabilities and equity instruments

##### *Classification as debt or equity*

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### (iv) Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

For the Years Ended December 31, 2023 and 2022  
(expressed in United States dollars unless otherwise indicated)

Financial assets/liabilities	Classification
Cash	FVTPL
Trade and other payables	Amortized cost

#### (v) Impairment of financial assets

Financial assets, other than those classified as FVTPL, incorporate an allowance for expected credit losses.

#### d) Share-based Compensation

Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value is calculated using the Black-Scholes Option Pricing Model with assumptions applicable at the date of grant. The fair value of such stock options and warrants granted is recognized as an expense over the relevant vesting period on a proportionate basis consistent with the vesting features of each tranche of the grant.

Stock options and warrants awarded to non-employees are accounted for using the fair value of the instrument awarded or services provided. The fair value is measured at the date the Company obtains the goods or the date the counterparty renders the service. If the fair value of the goods or services cannot be reliably measured, the fair value of the options granted will be used.

#### e) Share Capital

The Company engages in equity financing transactions to obtain funds necessary to continue operations and to explore and evaluate additional product development opportunities. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurably component based on fair value and then the residual value, if any, to the less measurable component. The Company considers the fair value of the common shares issued in a unit private placement to be the more easily measured component and the common shares are valued at their fair value, as determined by the closing quote bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded as contributed surplus.

#### f) Foreign Currency Translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to functional currency at the foreign exchange rate applicable at that date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate on the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss when they arise.

The financial position and results of operations whose functional currency is different from the Company's presentation currency are translated as follows: assets and liabilities are translated at period-end exchange rates prevailing at the reporting date; and income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign currency operations are recorded in accumulated other comprehensive income in the consolidated statements of loss and comprehensive loss.

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

For the Years Ended December 31, 2023 and 2022  
(expressed in United States dollars unless otherwise indicated)

#### 4. Share capital

##### (a) Authorized

Unlimited common shares.

##### (b) Share issuances

###### (i) IPO and Concurrent Private Placement (the "Offering")

On March 29, 2022, the Company closed its Offering, following which the Company's common shares commenced trading on the CSE under the symbol "GTTX" on March 30, 2022.

Under the Offering, the Company issued an aggregate of 7,500,000 units ("Offering Unit") at a price of C\$0.60 per unit for aggregate gross proceeds of \$3,597,410 (C\$4,500,000). Each Offering Unit consists of one common share, and one common share purchase warrant ("Offering Warrant"). Each Offering Warrant is exercisable into one common share at an exercise price of C\$0.72 until March 29, 2025.

In connection with the IPO, on March 21, 2022, the Company entered into an agency agreement (the "Agency Agreement") with Research Capital Corporation ("RCC" or the "Agent"), under which the Agent is eligible to receive 8% of the gross proceeds of the IPO in the form of a cash fee and compensation units ("Agent Units"). Each Agent Unit is exercisable into one common share and one common share purchase warrant ("Agent Compensation Warrant") at \$0.60 until March 29, 2025. Each underlying Agent Compensation Warrant entitles the Agent to purchase one additional common share at a price of C\$0.72 until March 29, 2025. In addition, the Agent is entitled to receive a management fee of \$35,974 (C\$45,000), representing 1% on the gross proceeds of the IPO and concurrent private placement, as well as 4% of the gross proceeds of the concurrent private placement in the form of Broker Units, and a corporate finance fee of \$132,704 (C\$166,000) in cash.

Further, in accordance with the terms of the Agency Agreement, directors, officers, and insiders of the Company have agreed to a 180-day lock-up period on the common shares of other securities of the Company (the "Subject Securities") that they each hold. In addition, the directors, officers, and insiders have entered into an escrow agreement pursuant to which their subject securities will be held in escrow and released over a period of 36 months.

Including the cash fees paid to the Agent as described above, the total cash share issuance cost in connection with the Offering is \$600,059 (C\$751,000), resulting in a total share issuance cost of \$852,118 (C\$1,066,000), and net proceeds of \$2,997,351 (C\$3,749,000).

###### (ii) Agent Units and Compensation Warrants issued

In connection with the Agency Agreement, the Agent received the following non-cash compensation for the issuance of Agent Units and Compensation Warrants as part of the Offering:

	#	C\$	US\$
Agent Units			
Common shares		\$193,416	\$154,622
Warrants (C\$0.60 exercise price)	322,360	\$66,567	\$53,215
Agent's compensation Warrants (C\$0.72 exercise price)	322,360	\$55,317	\$44,222
<b>Total Non-Cash Compensation to Agent</b>	<b>644,720</b>	<b>\$315,300</b>	<b>\$252,059</b>

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

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The share issuance cost arising from the grant of Agent Units and the underlying Agent Compensation Warrants recognized during the year ended December 31, 2022 was \$97,437 (C\$121,884) using the Black-Scholes Option Pricing Model, resulting in total non-cash issue cost to the Agent of \$252,059 (C\$315,300). For purposes of fair value calculations, the following summarizes the weighted average assumptions used for the Black-Scholes Option Pricing Model:

	<b>December 31, 2022</b>
Grant date share price (C\$)	\$0.60
Expected dividend yield	-
Risk free interest rate	0.022%
Expected life	1.5 years
Expected volatility	72.77%

#### (iii) Restricted common shares

In December 2020, the Company issued 4,742,217 common shares to each of two members of the Board of Directors, subject to repurchase provisions ("Repurchase Option") whereby the Company has the right to repurchase the common shares at \$0.0001 in the event the relationship with the restricted common shareholders terminates for any reason, no reason with or without cause. The restricted common shares vest (ie. are released from the Repurchase Option) in equal monthly amounts over three years with the last increment vesting on December 15, 2023. Vesting will accelerate to 100% upon the event of a change of control.

Following the completion of the Company's IPO on March 29, 2022, in accordance with the terms of the Restricted Stock Purchase Agreement of one member of the Board of Directors, 1,382,976 restricted common shares, representing the total unvested restricted common shares for the one member of the Board of Directors as at that date, became fully vested, resulting in a non-cash share-based compensation expense of \$98,744 for the accelerated vesting.

The changes in the number of restricted stock units during the years ending December 31, 2023, and 2022 are as follows:

	Number of Vested Restricted Stock Units Outstanding
Balance vested as at December 31, 2021	1,581,008
Vested	2,371,113
Balance vested as at December 31, 2022	3,952,121
Vested	790,085
<b>Balance vested as at December 31, 2023</b>	<b>4,742,206</b>

The Company recognized \$21,363 of share-based compensation expense during the year ended December 31, 2023 (2022 – \$182,119) related to vesting of restricted common shares. As at December 31, 2023, 4,742,217 restricted common shares were outstanding (2022 - 4,742,217), of which all 4,742,206 restricted common shares have vested (2022 - 3,952,121).

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

For the Years Ended December 31, 2023 and 2022  
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#### (c) Escrowed securities

On March 29, 2022, in connection with the Offering, the directors, officers, and insiders have entered into an escrow agreement pursuant to which their securities will be held in escrow and released over a period of 36 months, including 40,380,875 common shares, 5,883,824 warrants, and 6,270,305 stock options.

In September 2023, pursuant to an amendment to his option grant agreement, 1,051,249 stock options of the Company's Chief Executive Officer were cancelled. In October 2023, pursuant to an amendment to his option grant agreement, all 298,586 of the outstanding options of Company's Chief Scientific Officer were cancelled, and 10,421,974 shares acquired by the Company for no consideration and returned to treasury (see Note 8).

As at December 31, 2023, 13,481,506 common shares, 2,647,721 warrants, and 2,214,212 stock options remain under escrow.

#### 5. Share-based compensation

On January 14, 2021, the Board of Directors approved the GT Inc. 2021 Employee, Director and Consultant Equity Incentive Plan (the "2021 Plan" or the "Equity Plan") reserving for the issuance of up to 7,445,689 common shares pursuant to the 2021 Plan. On October 19, 2021, the Board of Directors approved a further increase to the number of common shares available for issuance pursuant to the Equity Plan to 15,862,380.

The 2021 Plan provides for the granting of incentive stock options, non-qualified stock options, share appreciation rights, and restricted share and other share awards. Options granted and shares underlying share awards issued under the 2021 Plan vest over periods determined by the Compensation Committee of the Board of Directors.

All non-qualified stock options were issued to non-employees. The options are exercisable for a period not to exceed ten years and vesting for the options range from being 0% to 6% immediately vested with the remainder vesting over a range of 20 to 36 months.

On November 30, 2021, GeneTether assumed the GT Inc. Equity Plan, including all outstanding options granted under the GT Inc. Equity Plan, with all the same terms and conditions, except that they will be exercisable for GeneTether shares.

On January 26, 2022, the Company's Board of Directors approved the GeneTether Therapeutics Stock Option Plan ("GeneTether Equity Plan"), under which any future stock options and incentive awards will be granted.

##### (a) Stock options

The changes in the number of stock options during the years ending December 31, 2023, and 2022 are as follows:

	Options #	Weighted Average Exercise price \$
Outstanding as at December 31, 2021 and 2022	9,798,135	C\$0.19 (0.15)
Granted	650,000	C\$0.05
Cancelled	(2,884,233)	C\$0.19 (0.15)
<b>Outstanding as at December 31, 2023</b>	<b>7,563,902</b>	<b>\$0.14</b>

The Company recognized \$156,504 in share-based compensation expense related stock options during the year ended December 31, 2023 (2022 - \$436,179).

## GeneTether Therapeutics Inc.

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#### Measurement of fair values

The fair value of stock options granted during the year ended December 31, 2023, was estimated using a Black-Scholes Option Pricing Model with the following inputs:

Grant date share price (\$)	C\$0.015
Exercise price (\$)	C\$0.05
Expected dividend yield	-
Risk free interest rate	2.89%
Expected life	6 years
Expected volatility	300%

The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a term equal to the expected life of the options.

The following table is a summary of the Company's stock options as at December 31, 2023:

Options Outstanding			Options Exercisable		
Exercise Price	Outstanding #	Weighted average remaining contractual life (years) #	Weighted Average Exercise price \$	Exercisable #	Weighted Average Exercise price \$
US\$0.146	6,913,902	7.8	US\$0.146	6,478,477	US\$0.146
C\$0.05	650,000	9.3	C\$0.05	110,000	C\$0.05
	<b>7,563,902</b>	<b>7.9</b>	<b>\$0.14</b>	<b>6,588,477</b>	<b>\$0.14</b>

As at December 31, 2023, of the 7,563,902 stock options outstanding, 2,214,212 stock options remain in escrow (see Note 4c).

#### 6. Warrants

On March 29, 2022, the Company closed its Offering and issued an aggregate of:

- 7,500,000 Offering Warrants, exercisable into one common share at an exercise price of C\$0.72 until March 29, 2025
- 322,360 Agent Units, exercisable into one common share and one Agent Compensation Warrant at an exercise price of C\$0.60 until March 29, 2025
- 322,360 Agent Compensation Warrants, exercisable into one common share at an exercise price of C\$0.72 until March 29, 2025

The changes in the number of warrants during the years ending December 30, 2023, and 2022 are as follows:

	Warrants #	Weighted Average Exercise price \$
Outstanding as at December 31, 2021	-	-
Issued	8,144,720	C\$0.72
<b>Outstanding as at December 31, 2022 and 2023</b>	<b>8,144,720</b>	<b>C\$0.72</b>

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

For the Years Ended December 31, 2023 and 2022  
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The following table summarizes warrants outstanding and exercisable as at December 31, 2023:

Outstanding #	Exercise Price C\$	Expiry Date
7,822,360	0.72	March 29, 2025
322,360	0.60	March 29, 2025
<b>8,144,720</b>		

#### 7. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the year.

Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the year.

For all the years presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the stock options, warrants, and restricted common shares.

#### 8. Commitments and contingencies

##### *Commitments*

As at December 31, 2023, the Company had no long-term commitments.

##### *Contingencies*

In the ordinary course of business, from time to time, the Company may be involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such claims to be material to these consolidated financial statements.

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

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#### 9. Related party transactions

Key management personnel compensation during the years ended December 31, 2023, and 2022 consisted of the following:

	December 31, 2023 \$	December 31, 2022 \$
Share-based compensation expense (recovery)	118,299	480,280
Other (consulting fees, fees paid to related parties)	155,158	380,096
<b>Total</b>	<b>273,457</b>	<b>860,376</b>

At December 31, 2023, \$7,013 (2022 - \$23,796) was payable to directors and officers of the Company and is included in trade and other payables.

On March 29, 2022, two independent members of the Board and the CEO participated in the Offering, and acquired 5,883,824 Units at C\$0.60 per unit for a total of C\$3,530,294, in aggregate. Each Unit consists of one common share, and one common share purchase warrant which is exercisable into one common share at an exercise price of C\$0.72 until March 29, 2025 (see Note 4).

Following the completion of the Company's IPO on March 29, 2022, in accordance with the terms of the Restricted Stock Purchase Agreement of one member of the Board of Directors, 1,382,976 restricted common shares, representing the total unvested restricted common shares for the one member of the Board of Directors as at that date, became fully vested, resulting in a non-cash share-based compensation expense of \$98,744 for the accelerated vesting (see Note 4).

In September 2023, pursuant to an amendment to his option grant agreement, 1,051,249 stock options of the Company's Chief Executive Officer were cancelled. In October 2023, pursuant to an amendment to his option grant agreement, 298,586 stock options of the Company's Chief Scientific Officer were cancelled, and 10,421,974 shares were acquired by the Company for no consideration and returned to treasury (see Note 4c).

#### 10. Financial instruments and risk management

The Company's financial instruments are exposed to certain risks as summarized below.

##### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The Company may have credit risk related to its cash and cash equivalents. The Company manages credit risk associated with its cash and cash equivalents by maintaining its cash balance in a highly rated Canadian financial institution. The Company has not experienced any losses associated with credit risk. Credit risk is low.

##### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

## GeneTether Therapeutics Inc.

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As at December 31, 2023, the Company does not have any material contractual maturities and the Company's liabilities consist of current accounts payable. Liquidity risk is moderate.

#### Market risk

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

##### *Currency risk*

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is exposed to currency risk from the consulting fees as well as the purchase of goods and services primarily in the United States and cash and cash equivalent balances held in foreign currencies. Fluctuations in the U.S. dollar exchange rate could have a significant impact on the Company's results. Assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in approximately \$133,000 increase or decrease in loss and comprehensive loss for the year ended December 31, 2023.

The U.S. dollar equivalent of Canadian dollar denominated items are as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Cash	1,336,438	1,767,935
Trade and other payables	(7,607)	(17,584)
<b>Total</b>	<b>1,332,831</b>	<b>1,750,351</b>

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no outstanding debt and is not exposed to interest rate risk as at December 31, 2023.

##### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at December 31, 2023.

#### Fair values

The carrying values of cash and trade and other payables approximate the fair values due to the short-term nature of these items. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

## GeneTether Therapeutics Inc.

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- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Cash is measured using Level 1 inputs.

#### 11. Income Taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision is as follows:

	December 31 2023	December 31 2022
Loss for the year before income tax recovery	\$ (688,359)	\$ (1,715,248)
Average statutory rate	27%	27%
Income tax recovery based on statutory rates	(185,857)	(463,117)
Non-deductible items and other	(80,391)	(301,737)
Impact of difference in tax rates	(12,125)	(34,934)
Change in non-recognized deferred tax assets	278,373	799,788
Income tax recovery	-	-

Deferred income tax assets are only recognized to the extent that the realization of tax benefits is determined to be probable. As at December 31, 2023, the Company has not recognized the benefit of the following deductible temporary differences:

	December 31 2023	December 31 2022
Deferred tax asset	\$	\$
Losses carried forward	834,037	532,456
Share issuance costs	94,561	124,593
Research and development expenses	149,563	142,739
Unrecognized deferred tax assets	(1,078,161)	(799,788)
Total deferred tax assets	-	-

## GeneTether Therapeutics Inc.

### Notes to the consolidated financial statements

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As at December 31, 2023, the Company has estimated non-capital losses for Canadian income tax purposes of approximately \$971,000 that may be carried forward to reduce taxable income derived in future years, as well as net operating losses for US income tax purposes of approximately \$1,916,000. The Canadian non-capital losses expire between 2042-2043. The Company has share issuance costs of approximately \$350,000 that may be deducted over a five year period.

#### 12. Components of expenses

	December 31, 2023	December 31, 2022
	\$	\$
<b>Research and development ("R&amp;D") expenses</b>		
Consulting fees	76,311	225,938
Patent and IP	10,660	25,347
Research contracts and laboratory expenses	27,810	79,777
Laboratory rent and insurance	16,000	27,272
Share-based compensation	64,504	152,383
Other R&D	927	22,122
	<b>196,212</b>	<b>532,839</b>
	December 31, 2023	December 31, 2022
	\$	\$
<b>General and administrative ("G&amp;A") expenses</b>		
Consulting fees	127,977	309,584
Investor relations and filing fees	39,667	129,207
Legal and professional fees	54,319	55,260
Share-based compensation	113,363	465,915
Insurance and other G&A	215,739	224,429
	<b>551,065</b>	<b>1,184,395</b>