



Interim condensed consolidated  
financial statements of  
**Rakovina Therapeutics Inc.**

*(Formerly Vincero Capital Corp.)*

(Expressed in Canadian Dollars)

(Unaudited)

For the three and nine months ended September 30, 2022

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**RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)****INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

	<i>Note</i>	September 30, 2022	December 31, 2021
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,346,760	2,811,541
Prepaid expenses	6	315,775	185,407
Amounts receivable		16,856	74,025
		<b>1,679,391</b>	<b>3,070,973</b>
<b>Non-current assets</b>			
Intangible assets	5	5,186,289	5,587,269
<b>Total assets</b>		<b>6,865,680</b>	<b>8,658,242</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		171,932	39,664
Due to related parties	12	74,839	74,315
		<b>246,771</b>	<b>113,979</b>
<b>EQUITY</b>			
Share capital	7	13,579,166	13,574,617
Contributed surplus		704,703	490,798
Deficit		(7,664,960)	(5,521,152)
		<b>6,618,909</b>	<b>8,544,263</b>
<b>Total liabilities and equity</b>		<b>6,865,680</b>	<b>8,658,242</b>

Nature and description of the company (Note 1)

Going concern (Note 2)

Commitments (Note 13)

**APPROVED BY THE BOARD**

"Jeffrey Bacha" Director

"Michael Liggett" Director

*The accompanying notes are an integral part of the interim condensed consolidated financial statements*

## RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

	<i>Note</i>	<b>Three months ended Sept 30, 2022</b>	Three months ended Sept 30, 2021	<b>Nine months ended Sept 30, 2022</b>	Nine months ended Sept 30, 2021
		\$	\$	\$	\$
<b>Expenses</b>					
Research and development	14	541,447	509,995	1,427,949	1,028,640
General and administrative	14	185,903	229,281	736,671	693,984
Listing costs and transaction fees	3	-	-	-	3,051,607
<b>Total expenses</b>		<b>727,350</b>	739,276	<b>2,164,620</b>	4,774,231
<b>Other expense (income)</b>					
Finance expense (income)		(10,474)	(2,836)	(21,082)	(5,703)
Foreign exchange loss (gain)		(996)	912	270	1,258
<b>Total other expense (income)</b>		<b>(11,470)</b>	(1,924)	<b>(20,812)</b>	(4,445)
<b>Net loss and comprehensive loss</b>		<b>(715,880)</b>	(737,352)	<b>(2,143,808)</b>	(4,769,786)
<b>Loss per share</b>					
Basic and diluted	10	<b>(0.01)</b>	(0.01)	<b>(0.03)</b>	(0.10)

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

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

## INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

	<i>Note</i>	Nine months ended September 30, 2022	Nine months ended September 30, 2021
		\$	\$
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss		(2,143,808)	(4,769,786)
Adjustments for non-cash items			
Amortization	5, 14	400,980	277,602
Share-based payments	9, 14	216,304	282,410
Direct listing costs	3	-	2,576,004
Changes in non-cash working capital			
Prepaid expenses		(130,368)	(359,750)
Amounts receivable		57,169	(55,016)
Accounts payable and accrued liabilities		132,268	105,833
Due to related parties		524	83,133
		<b>(1,466,931)</b>	<b>(1,859,570)</b>
<b>FINANCING ACTIVITIES</b>			
Issuance of common shares net of share issuance costs	7	-	4,294,717
Exercise of agent options	9	2,150	25,000
		<b>2,150</b>	<b>4,319,717</b>
<b>INVESTING ACTIVITIES</b>			
Cash received on amalgamation with Vincero	3	-	800,000
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,464,781)</b>	<b>3,260,147</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>		<b>2,811,541</b>	<b>7</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>		<b>1,346,760</b>	<b>3,260,154</b>
<b>Other non-cash transactions</b>			
Fair value reversal upon exercise of agent options		2,399	27,905

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

## RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

### Interim Condensed Consolidated Statements of Changes in Equity

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

	<i>Note</i>	Share Capital	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$
Balance at December 31, 2020		1	-	(13)	(12)
Cancellation of incorporation share		(1)	-	-	(1)
Effect of the reverse acquisition	3	3,345,700	30,304	-	3,376,004
Issuance of shares and warrants	4	4,565,900	-	-	4,565,900
Share and warrant issuance costs	4	(271,183)	-	-	(271,183)
Issuance of common shares to NewGen	7	6,000,000	-	-	6,000,000
Issuance of finders warrants	4	(118,705)	118,705	-	-
Exercise of Agent options		52,905	(27,905)	-	25,000
Share-based payments	9	-	141,205	-	141,205
Net loss		-	-	(4,769,786)	(4,769,786)
<b>Balance at September 30, 2021</b>		<b>13,574,617</b>	<b>262,309</b>	<b>(4,769,799)</b>	<b>9,067,127</b>
Balance at December 31, 2021		13,574,617	490,798	(5,521,152)	8,544,263
Exercise of agent options	9	<b>4,549</b>	<b>(2,399)</b>	-	<b>2,150</b>
Share-based payments	9	-	<b>216,304</b>	-	<b>216,304</b>
Net loss		-	-	<b>(2,143,808)</b>	<b>(2,143,808)</b>
<b>Balance at September 30, 2022</b>		<b>13,579,166</b>	<b>704,703</b>	<b>(7,664,960)</b>	<b>6,618,909</b>

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

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

## Notes to the Interim Condensed Consolidated Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

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#### 1. Nature and description of the Company

Rakovina Therapeutics Inc. (the “Company” or “Rakovina”) was incorporated under the *Business Corporations Act* (British Columbia) on May 6, 2019 under the name “Vincero Capital Corp.” Prior to completing its qualifying transaction on March 25, 2021, the Company listed its shares on the TSX Venture Exchange (“TSX-V”) on February 7, 2020 as a capital pool company (“CPC”) (as defined in the TSX-V Policy 2.4 – *Capital Pool Companies*). As a CPC, the Company had no assets other than cash and did not carry on any operations.

On March 25, 2021, the Company announced that, pursuant to a business combination agreement dated August 28, 2020, as amended from time to time (the “Business Combination Agreement”), between the Company and NewGen Therapeutics, Inc. (“NewGen”), the Company had completed its qualifying transaction (the “QT” or “Qualifying Transaction”). The Qualifying Transaction was effected by way of a “three-cornered” amalgamation, in which: (a) a subsidiary of NewGen (the “Subco”) was to amalgamate with a wholly-owned subsidiary of the Company (“Vincero Subco”) to form an amalgamated company (“Amalco”); (b) all issued and outstanding shares of the Subco were exchanged for shares of the Company on a 1:1 basis; (c) all issued and outstanding warrants of the Subco were replaced by warrants of the Company on the same terms; and (d) Amalco became a wholly-owned subsidiary of the Company. The Qualifying Transaction was a reverse-takeover of the Company and upon completion thereof, the Company changed its name to “Rakovina Therapeutics Inc.”. On April 1, 2021 following the completion of the Qualifying Transaction, the common shares of the Company (the “Common Shares”) resumed trading on the TSX-V under the symbol “RKV”. The Company’s first financial year-end subsequent to the completion of the Qualifying Transaction was December 31, 2021. Subco has been identified for accounting purposes as the acquirer, and accordingly the reporting entity is considered to be a continuation of Subco and the net assets of Vincero are deemed to have been acquired by Subco.

Following completion of the Qualifying Transaction, the Company continued to conduct the biotechnology business previously conducted by Subco until March 23, 2021, when Subco and a subsidiary of the Company were amalgamated, with Amalco being the successor entity. The Company has acquired certain rights to three classes of novel preclinical small-molecule drug candidates with established *in vitro* proof-of-concept data. The Company has acquired worldwide rights, excluding the People’s Republic of China, Hong Kong and Taiwan, to develop and commercialize the kt-2000 series under the terms of a purchase and patent assignment agreement dated March 19, 2021 between Subco and NewGen. The Company has also been granted an exclusive option to the kt-3000 and kt-4000 series under the terms of an Evaluation and Option Agreement with the inventor of the kt-2000 series. The Company is conducting lead optimization research on all three series in collaboration with the University of British Columbia (“UBC”) under the terms of a collaborative research agreement.

The Company’s head office and registered and records office is located at Suite 105, 1008 Beach Avenue, Vancouver, British Columbia, V6E 1T7.

#### COVID-19 Update

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic and the Company continues to evaluate the COVID-19 situation and monitor any impacts or any potential impacts to the business. Rakovina has implemented health and safety measures in accordance with health officials and guidance from local government authorities. While the pandemic has had a limited impact on the Company’s operations to date, future research activities could be impacted as a result of the pandemic. As the COVID-19 health crisis continues, the Company will continue to rely on guidance and recommendations from local health authorities, Health Canada and the Centers for Disease Control and Prevention to update the Company’s policies.

#### 2. Basis of presentation and going concern

These interim condensed consolidated financial statements (“consolidated financial statements”) have been prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” using accounting policies consistent 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. Accordingly, certain information or footnote disclosure normally included in the annual consolidated financial statements prepared in accordance with IFRS have been condensed or omitted.

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

## Notes to the Interim Condensed Consolidated Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

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These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Rakovina Research Ltd. and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021 which are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

The consolidated financial statements have been prepared using the same accounting policies and methods as those used in the audited consolidated financial statements for the year ended December 31, 2021. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

The consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on November 16, 2022.

These consolidated financial statements have been prepared using IFRS, as issued by the IASB applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. For the nine months ended September 30, 2022, the Company reported a net loss of \$2,143,808 and has experienced operating losses and net cash outflows from operations since its inception. As at September 30, 2022, the Company had positive working capital of \$1,432,620 and will require additional funds to develop and commercialize its technologies. These factors may cast significant doubt upon the Company's ability to continue as a going concern.

While the Company has been successful in arranging financing in the past, the success of such initiatives cannot be assured. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

### 3. Reverse acquisition

On March 25, 2021, the Company completed the QT in accordance with the policies of the TSX Venture exchange. In connection with the transaction, the following occurred:

- Vincero and NewGen each incorporated a new subsidiary ("Vincero Subco") and ("Subco"), respectively.
- Subco acquired the rights to the kt-2000 PARP inhibitor intellectual property from NewGen in exchange for 30,000,000 Subco shares.
- Subco completed the financing transactions described in Note 4, resulting in the issuance of 22,829,500 common shares and 11,414,750 common share purchase warrants for gross proceeds of \$4,565,900.
- Vincero Subco and Subco amalgamated, with the newly formed Amalco becoming a wholly owned subsidiary of Vincero.
- The registered holders of shares and warrants of Subco became registered holders of Vincero common shares and warrants.
- Vincero became the registered holder of all of Amalco's issued and outstanding common shares.
- Vincero changed its name to Rakovina.

As Vincero does not meet the definition of a business, the QT is accounted for as a reverse acquisition of net assets, pursuant to IFRS 3, *Business Combinations*. The consideration paid was determined as an equity settled share-based payment under IFRS 2, *Share-based payment* and measured at the fair value of the equity interest Rakovina would have had to give to the owners of Vincero, before the reverse acquisition, to provide the same percentage equity interest in the combined entity that results from the reverse acquisition and is recorded as an increase in share capital in the interim condensed consolidated statement of financial position.

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

For the nine months ended September 30, 2021, the Company recorded total listing costs and transaction fees of \$3,051,607 in the interim condensed consolidated statements of net loss and comprehensive loss, calculated as follows:

Consideration comprised of non-cash consideration of:	\$
Fair value of Rakovina shares (16,728,500 shares at \$0.20 per share)	3,345,700
Fair value of agent's options assumed	30,304
<b>Total consideration paid</b>	<b>3,376,004</b>
Consideration paid	3,376,004
Less: net assets of Vincero (cash)	(800,000)
Direct listing costs	2,576,004
Transaction costs related to the QT	475,603
<b>Total listing costs and transaction fees</b>	<b>3,051,607</b>

The fair value of the agent's options of \$30,304 assumed by Rakovina was determined based on the Black Scholes pricing model using the following assumptions:

Grant date share price	\$0.20
Exercise price	\$0.10
Risk-free interest rate	0.16%
Expected life (years)	1 year
Expected annualized volatility	80%
Expected dividend yield	0%

Transaction costs of \$475,603 relating to professional and consulting fees incurred in connection with the QT were expensed during the nine months ended September 30, 2021.

#### 4. Private placement financing

On March 25, 2021, the Company completed a private placement non-brokered financing (the "Financing") immediately prior to, and as a condition of, the completion of the QT. The Financing consisted of 22,829,500 units at a price of \$0.20 per unit for aggregate gross proceeds of \$4,565,900. Each unit consisted of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one Company common share at a price of \$0.40 per share before March 25, 2023, subject to an acceleration of expiry in the event that the common shares trade at a volume weighted average of \$0.50 per share or more for a period of at least 10 consecutive trading days.

In connection with the Financing, the Company entered into finder's fee arrangements with three arm's length finders and incurred cash finder's fees of \$262,288 and issued 1,318,940 finder's warrants to the finders of the financing described above. Each finder's warrant is exercisable into one common share of the Company at an exercise price of \$0.20 per share and are exercisable for a period of 24 months from the date of issuance. The fair value of the finder's warrants was determined to be \$118,705. A total of \$389,888 representing the cash finder's fees, fair value of the finders warrants, and other direct costs related to the issuance of shares, was deducted from share capital as share issuance costs.

#### 5. Intangible assets

In conjunction with the QT which closed on March 25, 2021, the Company acquired the world-wide rights, excluding the Peoples Republic of China, Hong Kong and Taiwan, to the kt-2000 series of PARP inhibitors from NewGen in exchange for 30,000,000 shares with a value of \$6,000,000. The Company has been issued patents and patent pending applications related to the kt-2000 asset extending to at least 2032.

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

The Company is amortizing the value of the acquired patents on a straight-line basis over the patent's remaining useful life of 9.5 years.

	<b>Acquired Patents</b>
	<b>\$</b>
<b>Cost</b>	
Balance at December 31, 2021	6,000,000
Additions	-
<b>Balance at September 30, 2022</b>	<b>6,000,000</b>
<b>Accumulated amortization</b>	
Balance at December 31, 2021	412,731
Amortization	400,980
<b>Balance at September 30, 2022</b>	<b>813,711</b>
<b>Net book value</b>	
Balance at December 31, 2021	5,587,269
<b>Balance at September 30, 2022</b>	<b>5,186,289</b>

## 6. Prepaid expenses

The Company had prepaid expenses as follows:

	<b>September 30, 2022</b>	December 31, 2021
	<b>\$</b>	<b>\$</b>
UBC (Note 13)	<b>304,500</b>	152,250
Marketing agreement	-	22,500
D&O insurance	<b>11,275</b>	5,125
Conference registration	-	5,532
	<b>315,775</b>	185,407

## 7. Share capital

The Company is authorized to issue an unlimited number of voting and participating common shares.

Share capital activities for the nine months ended September 30, 2022:

- i) On January 13, 2022, there were 21,500 agent options exercised for proceeds of \$2,150.

Share capital activities for the year ended December 31, 2021:

- i) Immediately prior to the QT, 1,500,000 Vincero common share options and 228,500 Vincero agent options were exercised, which in combination with the 15,000,000 Vincero common shares issued and outstanding resulted in 16,728,500 common shares continuing as common shares in the Company. Proceeds of \$172,850 related to the exercise of the common share options and agent options is included in the net assets acquired of Vincero as detailed in Note 3.
- ii) On March 25, 2021, concurrent with the QT described in Note 1, Subco issued 30,000,000 common shares to NewGen at a deemed price of \$0.20 per share to acquire the rights to the kt-2000 series of PARP inhibitors. The Company was also granted an exclusive option to the kt-3000 and kt-4000 series under the terms of an Evaluation and Option Agreement with the inventor of the kt-2000 series.
- iii) On March 25, 2021, in connection with the QT, the Company issued 22,829,500 units at a price of \$0.20 per unit for gross proceeds of \$4,565,900. Each unit was comprised of one common share and one-half of one share purchase warrant. No value was attributed to the warrant component of the unit. In addition, 1,318,940 finder's warrants with a fair value of \$118,705 (Note 8) were issued in conjunction with the

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

## Notes to the Interim Condensed Consolidated Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

financing. The fair value of the finder's warrants, in addition to cash costs directly attributable to the financing of \$271,183 were recorded as share issuance costs.

- iv) On April 16, 2021 there were 250,000 agent options exercised for proceeds of \$25,000.

The number of common shares outstanding and their carrying values for the periods presented are as follows:

	#	\$
Balance at December 31, 2020	1	1
Cancelation of incorporation share	(1)	(1)
Reverse acquisition of Vincero	16,728,500	3,345,700
Issuance of common shares to NewGen	30,000,000	6,000,000
Issuance of common shares pursuant to private placement	22,829,500	4,565,900
Share issuance costs	-	(389,888)
Exercise of agent options	250,000	52,905
Balance at December 31, 2021	69,808,000	13,574,617
Common shares issued upon exercise of agent options	<b>21,500</b>	<b>4,549</b>
<b>Balance at September 30, 2022</b>	<b>69,829,500</b>	<b>13,579,166</b>

The 30,000,000 common shares issued to NewGen are subject to escrow agreements whereby 10% were released from escrow upon close of the QT and 15% are released every six months with full release after 36 months.

During the three months ended September 30, 2022, the Company received exchange approval to amend the CPC Escrow Agreement with respect to the 10,000,000 escrowed Vincero shares. The amended escrow agreement reduced the escrow release period from 36 months to 18 months to reflect the new escrow release terms set forth in Section 10.2 of TSXV Policy 2.4. As a result, the final tranche of Vincero shares were released from escrow on October 1, 2022.

## 8. Warrants

Changes to the warrant balance during the nine months ended September 30, 2022 and the year ended December 31, 2021 are as follows:

	Number #	Weighted-average exercise price \$	Expiry Date
Balance at December 31, 2020	-	-	-
Investor warrants issued	11,414,750	0.40	March 25, 2023
Finder's warrants issued	1,318,940	0.20	March 25, 2023
<b>Balance at December 31, 2021 and September 30, 2022</b>	<b>12,733,690</b>	<b>0.38</b>	

## 9. Share-based payments

### Option plan details

The aggregate number of common shares of the Company's capital stock issuable pursuant to the option plan may not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the option plan will have a maximum term of ten years. The exercise price of options granted will not be less than the market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the day on which the Company announces the granting of the options), or such other price as may be agreed to by the Company and accepted by the TSX-V. Vesting terms are determined by the Board of Directors at the time of grant.

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

### *New long term incentive plan ("LTI Plan")*

On September 29, 2021, the Company's shareholders voted to adopt the LTI Plan which provides the Company with enhanced flexibility to attract, retain and motivate employees, officers, directors, advisors, and consultants through the ability to issue options and additional award types such as performance share units, restricted share units, restricted shares and deferred share units. On September 23, 2022, the shareholders of the Company approved an amended and restated omnibus equity incentive plan that was revised to comply with the revised provisions of the TSX Venture Exchange *Policy 4.4 – Securities Based Compensation*. The maximum number of common shares that may be issued under the LTI Plan and any share-based payment arrangements may not exceed 10% of the common shares issued and outstanding.

### *Options*

Changes to the option balance during the nine months ended September 30, 2022 and the year ended December 31, 2021 are as follows:

	Number #	Weighted-average exercise price \$
Balance at December 31, 2020	-	-
Granted	5,630,000	0.20
Assumed agent options	271,500	0.10
Exercised agent options	(250,000)	0.10
Balance at December 31, 2021	5,651,500	0.20
Exercise of agent options	(21,500)	0.10
Issuance of options	150,000	0.15
<b>Balance at September 30, 2022</b>	<b>5,780,000</b>	<b>0.20</b>

As at September 30, 2022 the following options were outstanding:

Weighted average exercise Price \$	Number #	Weighted average remaining contractual life	Exercisable #	Weighted-average exercise price \$
0.20	5,420,000	3.5 years	2,710,011	0.20
0.24	210,000	4.1 years	34,997	0.24
0.15	150,000	4.7 years	-	-
<b>0.20</b>	<b>5,780,000</b>	<b>3.6 years</b>	<b>1,841,675</b>	<b>0.20</b>

### *Fair Value of options Issued during the period*

On May 25, 2022, the Company issued 150,000 stock options to a contract researcher. The fair value of each option granted was determined using the Black-Scholes option pricing model with the following assumptions:

Grant date share price	\$0.15
Exercise price	\$0.15
Risk-free interest rate	2.6%
Expected life (years)	5 years
Expected annualized volatility	100% (historical volatility of similar listed entities)
Expected dividend yield	0%
Fair value	\$0.11

The Company recognized share-based payments expense of \$62,759 and \$216,304 for the three and nine months ended September 30, 2022 which was allocated between research and development expenses and general and administrative expenses as detailed in Note 14.

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

### 10. Loss per share

Loss per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the reporting period. For the three and nine months ended September 30, 2022 and 2021, respectively, the Company excluded all dilutive instruments as their inclusion would be anti-dilutive.

The following table reconciles the denominator used for the basic and diluted loss per share calculation:

	<b>Three months ended September 30, 2022</b>	Three months ended September 30, 2021	<b>Nine months ended September 30, 2022</b>	Nine months ended September 30, 2021
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Basic weighted average shares	<b>69,829,500</b>	69,808,000	<b>69,828,555</b>	48,252,608
Effect of dilutive instruments	-	-	-	-
Diluted weighted average shares	<b>69,829,500</b>	69,808,000	<b>69,828,555</b>	48,252,608

### 11. Financial instruments and risk management

The Company classifies its financial assets into the following specified categories: “amortized cost”; “fair value through other comprehensive income” (“FVTOCI”); and “fair value through profit or loss” (“FVTPL”). Financial liabilities are designated as FVTPL or classified as loans and borrowings measured at amortized cost. Classification depends on the purpose for which the financial assets and liabilities were acquired or incurred. Management determines the classification of its financial instruments at initial recognition.

Financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and due to related parties.

#### *Fair values*

The Company has classified its financial instrument fair values based on the required three level hierarchies:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1, but that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The Company records cash and cash equivalents at fair value using level 1 inputs. There were no transfers from levels 1, 2 and 3 during the three and nine months ended September 30, 2022.

The fair values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and due to related parties approximate the carrying values due to the short-term nature of these instruments.

There has been no significant change in the credit risk and concentrations, interest rate risk or liquidity risk during the three and nine months ended September 30, 2022.

#### **Financial risk factors**

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

#### *Credit risk*

Credit risk is the risk of loss associated with the counterparty’s inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist of cash and cash

# RAKOVINA THERAPEUTICS INC. (FORMERLY VINCERO CAPITAL CORP.)

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### For the three and nine months ended September 30, 2022 and 2021

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(Unaudited)

equivalents and amounts receivable. The Company's cash and cash equivalents consists of funds held in a reputable bank. The amounts receivable is related to GST receivable from the Canada Revenue Agency. At September 30, 2022, the Company does not believe it is currently exposed to any significant credit risk.

#### *Interest rate risk*

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company is not exposed to any significant interest rate risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company's ability to raise equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

#### *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations in foreign exchange rates for any cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities that are denominated in foreign currencies. The Company's foreign currency risk is primarily related to expenses denominated in United States dollars.

## 12. Related party transactions

The key management personnel of the Company are the Directors, Executive Chairman, President and Chief Scientific Officer, Chief Operating Officer, and Chief Financial Officer. Amounts due to related parties, including amounts due to key management personnel, at the period-end are unsecured, interest free and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

As at September 30, 2022, the Company had amounts due to related parties of \$74,839 (December 31, 2021 - \$74,315) comprised of board fees, management compensation and reimbursable expenses. Compensation to key management personnel for the reporting period is as follows:

	<b>Three months ended September 30, 2022</b>	Three months ended September 30, 2021	<b>Nine months ended September 30, 2022</b>	Nine months ended September 30, 2021
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Compensation / short term benefits	<b>130,939</b>	127,910	<b>386,196</b>	274,318
Board fees	<b>30,186</b>	43,676	<b>95,099</b>	82,566
Share-based payments	<b>53,693</b>	141,205	<b>189,237</b>	282,410
	<b>214,818</b>	312,791	<b>670,532</b>	639,294

For the three and nine months ended September 30, 2022, the Company incurred rent expense of \$10,500, and \$28,000, respectively (2021 - \$10,000 and \$20,000, respectively) to a Director of the Company, pursuant to a short-term lease agreement for office space.

All related party transactions, whether monetary or non-monetary, are conducted in the normal course of business and are measured at fair value, which is the consideration established and agreed to by the related parties.

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#### 13. Commitments

Pursuant to a collaborative research agreement with UBC the Company has committed to payments as follows:

	<u>\$</u>
March 31, 2023	217,000
September 30, 2023	217,000
	<u>434,000</u>

#### 14. Components of expenses

	Three months ended September 30, 2022 \$	Three months ended September 30, 2021 \$	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 \$
<b>Research and development</b>				
Contract research per the UBC Agreement	152,500	152,250	456,750	304,500
Amortization (Note 5)	135,129	135,129	400,980	277,602
Consulting	68,325	91,271	225,682	198,422
Chemistry and manufacturing	112,206	-	130,754	-
Share-based payments (Note 9)	42,889	89,960	146,234	179,920
Patent and legal fees	30,648	41,385	67,549	68,196
	<u>541,447</u>	<u>509,995</u>	<u>1,427,949</u>	<u>1,028,640</u>
<b>General and administrative</b>				
Legal and professional	36,811	34,859	250,387	242,133
Corporate communications	18,610	40,571	90,824	146,635
Share-based payments (Note 9)	19,870	51,245	70,070	102,490
Consulting	39,000	39,000	117,020	81,000
Director fees	30,186	43,676	95,099	82,566
Rent	10,500	10,000	28,000	20,000
Other expenses	30,926	9,930	85,271	19,160
	<u>185,903</u>	<u>229,281</u>	<u>736,671</u>	<u>693,984</u>