



Consolidated financial statements of Rakovina Therapeutics Inc.

(Expressed in Canadian Dollars)

(Unaudited)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 & 2024

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Section 4.3(3)(a) of National Instrument 51-102, Continuous Disclosure Obligations, provides that if an auditor has not performed a review of the consolidated interim financial statements, the interim consolidated financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of Rakovina Therapeutics Inc. (the "Company" or "Rakovina") have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's independent auditor.

RAKOVINA THERAPEUTICS INC.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**

For the three- and nine-month periods ended September 30, 2025, and 2024

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

	<i>Note</i>	Three months ended <u>30-Sep-25</u> \$	Three months ended <u>30-Sep-24</u> \$	Nine months ended <u>30-Sep-25</u> \$	Nine months ended <u>30-Sep-24</u> \$
Expenses					
Research and development	16	1,102,371	676,200	3,774,071	1,594,967
General and administrative	16	539,174	266,920	2,711,878	794,194
Total expenses		1,641,545	943,120	6,485,950	2,389,161
Other expense (income)					
Interest income		0	(437)	(24)	(5,819)
Interest expense	7	73,320	45,793	128,258	63,072
Accretion expense	7	66,432	22,193	169,960	136,384
Foreign exchange loss		460	472	3,273	1,783
Total other expense (income)		140,212	68,021	301,467	195,420
Net loss and comprehensive loss		(1,781,757)	(1,011,141)	(6,787,417)	(2,584,580)
Loss per share					
Basic and diluted	11	(\$0.08)	(\$0.11)	(\$0.40)	(\$0.34)
Weighted average shares outstanding:					
Basic and diluted	11	21,148,038	8,966,762	17,070,884	7,666,014

RAKOVINA THERAPEUTICS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2025, and 2024

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

	<i>Note</i>	Nine months ended September 30, 2025	Nine months ended September 30, 2024
		\$	\$
<u>CASH PROVIDED BY (USED IN):</u>			
OPERATING ACTIVITIES			
Net loss		(6,787,417)	(2,588,630)
<i>Adjustments for non-cash items</i>			
Amortization	5	400,980	402,449
Share-based payments	10	598,044	68,764
Interest paid in shares		16,740	20,340
Accretion of convertible debt	7	128,252	63,072
<i>Changes in non-cash working capital</i>			
Prepaid expenses		153,814	(622,824)
Amounts receivable		(72,034)	(121,491)
Accounts payable and accrued liabilities		179,085	627,281
Interest payable on convertible debt		81,973	
Due to related parties		-	55,591
NET CASH USED IN OPERATING ACTIVITIES		(5,300,563)	(2,095,448)
FINANCING ACTIVITIES			
Issuance of convertible debt	7	1,350,000	-
Stock issued in lieu of debt settlements	7,8	60,957	-
Proceeds from private placement	8	3,555,150	1,995,000
Obligation to issue units		-	-
Financing costs, net		(155,993)	(80,816)
NET CASH PROVIDED BY FINANCING ACTIVITIES		4,810,114	1,914,184
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(490,449)	(181,264)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		1,312,742	436,313
CASH AND CASH EQUIVALENTS, END OF PERIOD		822,293	255,049

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

RAKOVINA THERAPEUTICS INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As of the nine-month periods ended September 30, 2025 and 2024

(All figures expressed in Canadian dollars unless otherwise noted)

(Unaudited)

	<i>Note</i>	Share Capital	Share Subscription Receivable	Equity Component of Convertible Debt	Equity Contributed Surplus	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balance at December 31, 2023 (audited)		13,597,046	-	77,841	910,260	(10,925,467)	3,659,836
Issuance of shares and warrants - July		1,276,800	-	-	718,200	-	1,995,000
Issuance of shares and warrants - December		1,830,000	-	-	1,170,000	-	3,000,000
Share and warrant issuance costs		(217,583)	-	-	(135,134)	-	(352,717)
Issuance of finders warrants		(97,300)	-	-	97,300	-	-
Issuance of shares for interest		59,495	-	-	-	-	59,495
Share subscription receivable		-	(75,000)	-	-	-	(75,000)
Share-based payments		-	-	-	84,919	-	84,919
Net loss		-	-	-	-	(4,072,617)	(4,072,617)
Balance at December 31, 2024 (audited)		16,448,458	(75,000)	77,841	2,845,545	(14,997,929)	4,298,916
Conversion of convertible debt	7, 8	60,000	-	-	(4,670)	-	55,330
Conversion of convertible debt interest	7, 8	16,740	-	-	-	-	16,740
Share-based payments	10	-	-	-	598,044	-	598,044
Issuance of shares	8	1,927,254	-	-	1,532,861	-	3,460,115
Contributed Surplus, net		-	-	-	245,963	-	245,963
Net loss		-	-	-	-	(6,787,417)	(6,787,417)
Balance at September 30, 2025 (unaudited)		18,452,452	(75,000)	77,841	5,217,743	(21,785,345)	1,887,690

RAKOVINA THERAPEUTICS INC.

Notes to the Interim Condensed Consolidated Financial Statements

For the three- and nine-month periods ending September 30, 2025, and 2024

(All figures expressed in Canadian dollars unless otherwise noted)

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." On February 7, 2020, the Company listed its shares on the TSX Venture Exchange ("TSX-V") as a capital pool company ("CPC") (as defined in the TSX-V Policy 2.4 – *Capital Pool Companies*). On March 25, 2021, the Company completed a qualifying transaction with NewGen Therapeutics Inc. by way of a "three-cornered" amalgamation.

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.

As part of the Qualifying Transaction, the Company acquired certain rights to three classes of novel preclinical small-molecule drug candidates with established *in vitro* proof-of-concept data. The Company 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. The Company has also been granted an exclusive option to patents claiming the initial kt-3000 and kt-4000 series drug candidates under the terms of an Evaluation and Option Agreement with the inventor of the kt-2000 series.

During 2024, the Company entered into strategic collaborations that integrate artificial intelligence (AI) algorithms into its drug discovery and lead optimization platform. The Company conducts lead optimization research activities on its drug discovery and development programs 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 720, 999 West Broadway, Vancouver, British Columbia, V5Z 1K5.

Fiscal Year and Reporting Period

The Company's fiscal year ends on December 31 ("FY"). These condensed interim financial statements present results for the three-month period (Q3) ended September 30, 2025 ("Q3 2025") and the nine-month period ("YTD") ended September 30, 2025 ("YTD 2025"), with comparative information for the three-month period ended September 30, 2024 ("Q3 2024") and the nine-month period ended September 30, 2024 ("YTD 2024"). The FY 2025 statements are unaudited.

2. Basis of presentation and going concern

a) Statement of compliance

These interim consolidated financial statements ("financial statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

These financial statements were approved by the Company's Board of Directors and authorized for issue on November 20, 2025.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss, which are stated at their fair value or at amortized cost.

c) Functional and presentation currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

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(All figures expressed in Canadian dollars unless otherwise noted)

d) Principles of consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiary, Rakovina Research Ltd. Subsidiaries are fully consolidated from the date at which control is determined to have occurred. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies. Intercompany transactions, balances, and gains and losses on transactions between subsidiaries are eliminated.

e) Uses of significant estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make estimates and judgements that affect the application of accounting policies, the reported amounts of assets and liabilities, expenses and related disclosures of contingent assets and liabilities, as well as the Company's ability to continue as a going concern. These estimates and judgements take into account historical and forward-looking factors that the Company believes are reasonable. Actual results could differ materially from these estimates and judgments. The Company reviews its estimates and underlying judgements on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods.

Management has applied significant estimates and judgments to the following:

- **Going concern** – These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. For the three- and nine-month periods ended **September 30, 2025**, the Company reported a **net loss of \$6,726,250** (Q3 2024 – \$2,584,580) and had **working capital deficit of \$489,279** (December 31, 2024 – \$321,442) and an **accumulated deficit of \$21,785,345** as at September 30, 2025. The Company will require additional financing to fund its operations and advance its research programs.

The Company is in the process of raising capital and expects to secure sufficient financing during the second half of 2025 to fund operations over the next 12 months. While management believes financing will be obtained, there is no assurance that such funding will be available on acceptable terms, or at all. If not obtained, the Company may be required to curtail operations, reduce expenditures, or seek alternative funding sources. These circumstances cast significant doubt on the Company's ability to continue as a going concern.

These financial statements do not reflect any adjustments that would be necessary if the going concern assumption were inappropriate. Such adjustments could be material.

- **Impairment of finite-life intangible assets** – The Company assesses intangible assets for impairment when indicators exist. Recoverable amounts are based on the higher of value in use or fair value less costs to sell, requiring estimates of future cash flows, discount rates, and market assumptions.
- **Valuation of share-based payments warrants and convertible debt** – The Company uses option-pricing models to measure the fair value of equity-based awards and financial instrument components. These valuations require estimates of volatility, interest rates, expected life, dividend yields, forfeiture rates, and other inputs subject to management's judgement.

3. Material accounting policy information

a) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rate as of the period end. All differences are recognized in the statement of net loss and comprehensive loss. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate as of the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate as of the date the fair value was determined.

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b) *Research and development expenses*

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in net loss and comprehensive loss as incurred. Investment tax credits related to current expenditures are included in the determination of net loss and comprehensive loss as the expenditures are incurred and when there is reasonable assurance they will be realized.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The Company will deem these criteria to have been met when revenue is received by the Company and a determination is made that it has sufficient resources to market and sell its product offerings. Upon a determination that the criteria to capitalize development expenditures have been met, the expenditures capitalized will include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures will be expensed as incurred.

Capitalized development expenditures will be measured at cost less accumulated amortization and accumulated impairment losses. No development costs have been capitalized to date.

c) *Government assistance*

Government grants, including grants from similar bodies, consisting of investment tax credits, are recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

Research grants that compensate the Company for expenses incurred are recognized in net loss and comprehensive loss in the same period in which the expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in the net loss and comprehensive net loss on a systematic basis over the asset's useful life.

d) *Leases*

The Company assesses whether a contract is or contains a lease at the inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

The Company currently has one short-term lease for office space, which it has elected to account for using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the monthly lease payment is recognised as an expense in profit or loss on a straight-line basis over the lease term.

e) *Intangible assets*

The Company owns certain patents, intellectual property licenses and options to acquire intellectual property. The Company expenses patent costs, including license fees and other maintenance costs, until such time as the Company has certainty over the future recoverability of the intellectual property, at which time it capitalizes the costs incurred. The Company capitalizes costs directly related to the acquisition of existing license patents.

The Company does not hold any intangible assets with an indefinite life.

Intangible assets with finite lives that are acquired separately are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as

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appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized as part of research and development expenses. Amortization of intangible assets is recognized in research and development expense on a straight-line basis over the useful economic lives of intangible assets from the date they are available for use.

f) *Impairment*

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

The Company applies a forward-looking expected credit loss ("ECL") model, which requires a loss allowance to be recognized based on expected credit losses, to financial assets measured at amortized cost. The estimated present value of future cash flows associated with the financial asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the financial asset is reduced to estimated present value of the future cash flows associated with the financial asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to the financial asset measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

The carrying amounts of the Company's intangible assets with finite lives are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

For impairment testing, assets that cannot be tested individually are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or cash-generating units. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. Impairment losses for intangible assets are recognized in research and development expenses. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

g) *Provisions*

Provisions are recognized when a present legal, statutory or constructive obligation exists as a result of past events where it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, if the effect is material, its carrying amount is the present value of those cash flows.

h) *Income taxes*

Current tax and deferred tax are recognized in the Company's profit and loss, except to the extent that they relate to a business combination or items recognized directly in equity or in net loss and comprehensive loss.

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Current income taxes are recognized for the estimated 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 period end date.

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 assets can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

i) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. The inclusion of the Company's options and warrants in the computation of diluted loss per share has an anti-dilutive effect on the loss per share and, therefore, has been excluded from the calculation of diluted loss per share.

j) Share capital

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. For compound financial instruments, the relative fair value method is used to separate the components where the Company issues common shares and warrants as part of its equity financing activities.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded to the warrants reserve. Upon the expiry of warrants, reserves are transferred into share capital.

k) Share-based payments

The Company uses the fair value-based method of accounting for options granted. The Company calculates the fair value of each option grant using the Black Scholes option pricing model at the grant date. The share-based payment expense of the options is recognized over the relevant vesting period of the options and a corresponding increase to contributed surplus. Forfeitures are estimated and accounted for at the grant date and adjusted, if necessary, in subsequent periods.

Options awarded to non-employees are accounted for at the fair value of the goods received or the services rendered. 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.

The Company accounts for options forfeited due to failure to meet vesting conditions by reversing the fair value of the unvested portion of the forfeited options and recognizing a credit to share-based compensation expense in the period of forfeiture.

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(All figures expressed in Canadian dollars unless otherwise noted)

l) *Convertible debentures*

Convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible debenture in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Upon conversion, the carrying value of the equity portion is transferred to common shares.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability component is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

m) *Financial instruments*

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The Company recognizes financial instruments based on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net loss and comprehensive loss. The Company has implemented the following classifications:

- Cash and cash equivalents are classified at amortized cost.
- Amounts receivable are classified as amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method; and
- Accounts payable and accrued liabilities, due to related parties and convertible debt, are measured at amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

4. **New Standards and Interpretations Not Yet Adopted**

On April 9, 2024, the IASB issued a new standard – IFRS 18, "Presentation and Disclosure in Financial Statements" with a focus on updates to the statement of profit and loss. The key new concepts introduced in IFRS 18 related to:

- i. The structure of the statement of profit and loss.
- ii. Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- iii. Enhanced principles on aggregation and disaggregation, which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information.

Adoption of IFRS 18 will not impact recognition or measurement of items in the financial statements, but it might change what entity reports as its "operating profit or loss".

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Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2025. The Company has reviewed these updates and determined that many of these updates are not applicable to or consequential to the Company and have been excluded from discussion with these material accounting policies.

5. Intangible assets

In conjunction with the Qualifying Transaction, which closed on March 25, 2021, the Company acquired the worldwide rights, excluding the People's 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.

The Company is amortizing the value of the acquired patents on a straight-line basis over the patent's useful life. The Company performed an assessment for indicators of impairment as at **September 30, 2025**, in accordance with IAS 36, *Impairment of Assets*. As part of this assessment, the Company considered its market capitalization relative to its net asset carrying amount. As at **September 30, 2025**, the Company's market capitalization exceeded its net asset carrying amount by a significant margin and therefore the Company concluded that there are no impairment indicators.

<u>Intangibles - Continuity Table</u>	<u>Acquired Patents</u>
	\$
Cost	
Balance as at December 31, 2024	6,000,000
Accumulated amortization	
Balance as at December 31, 2024	2,022,527
Amortization	400,980
Balance as at September 30, 2025	2,423,507
Net book value	
Balance as at September 30, 2025	3,576,493
Balance as at December 31, 2024	3,977,473

6. Prepaid expenses

<u>Description</u>	<u>30-Sep 2025</u>	<u>31-Dec 2024</u>
	\$	\$
Consulting agreements	324,056	465,050
Marketing agreements	-	176,715
UBC research contract	363,500	181,750
Conference fees	18,000	40,500
D&O insurance	10,000	5,355
	715,556	869,370

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7. Convertible Debt

FY 2025 Transactions

During the nine-month period ended September 30, 2025, the Company recorded accretion expense of \$169,960 (YTD 2024 – \$136,384). This represents the difference between stated interest payable and effective interest expense using the effective interest rates of 19.6% for the May 2023 and the June 2025 debentures.

On January 6, 2025, a holder of the Company's convertible debentures elected to convert \$60,000 of principal into 300,000 common shares at a conversion price of \$0.20 per share. The carrying amount of the liability extinguished upon conversion was \$55,330. Further details are provided in Note 8.

During the three-month period ended **September 30, 2025**, the Company recorded additional **accretion expense of \$66,432** (Q3 2024 – \$22,193).

Interest settlement – May 29, 2025 (Paid June 9 & 13, 2025)

On May 29, 2025, the Company accrued interest of \$87,240 owing to debenture holders. In accordance with the terms of the indenture, certain holders elected to receive common shares in lieu of cash for a portion of the interest.

- On June 9, 2025, the Company paid \$70,500 in cash applied against the interest outstanding of the debentures.
- On June 13, 2025, the Company issued 334,800 common shares (pre-consolidation; post-consolidation-33,480) at a deemed price of \$0.05 per share pre-consolidation (\$0.50 post-consolidation), with a total value of \$16,740, in full settlement of the remaining interest obligation. The TSX Venture Exchange approved the issuance on June 12, 2025.

All interest payable relating to the May 29, 2025 transaction has been fully settled.

June 2025 Debenture Financing

On June 6, 2025, the Company completed a non-brokered private placement of unsecured convertible debentures for gross proceeds of \$1,350,000. The debentures bear interest at 12% per annum, payable semi-annually in arrears in cash or common shares at the holder's option and mature on June 6, 2028.

Each debenture is convertible, at the holder's option, into common shares of the Company at a fixed conversion price of \$0.15 per share (post-consolidation \$1.50). Each \$50,000 debenture unit also included 100,000 common share purchase warrants, exercisable at \$0.15 per share (post-consolidation \$1.50).

The debentures have a **36-month maturity date (June 6, 2028)**, whereas the accompanying **debenture warrants expire after 24 months (June 6, 2027)**.

The gross proceeds were allocated between the liability and equity components (conversion option and detachable warrants) consistent with the accounting treatment applied to prior debenture issuances. The liability component was initially recognized at \$1,104,037, with the residual amount allocated to equity and recorded within contributed surplus. Transaction costs were allocated proportionately between the liability and equity components in accordance with their relative fair values.

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(A) Convertible Debenture - Liability Continuity (excluding interest payable)

Description	Debenture Liabilities
Opening balance, December 31, 2024	\$ 1,419,459
Activities	
Liability recognized - June 2025 issuance	1,104,037
Accretion expense - YTD 2025	128,252
conversion (January 6, 2025 -liability extinguished)	(55,330)
Closing balance, September 30, 2025	\$ 2,596,418

(B) The equity components of the convertible debentures consist of (i) the conversion option and (ii) detachable warrants, which were recognized in equity at fair value on initial recognition. The residual equity value from the September 2025 issuance was allocated proportionally to these components. The following table summarizes changes in the related equity reserves during the period:

Convertible Debenture - Equity Components

Description	Conversion Option	Warrants
Opening balance, December 31, 2024	\$ 84,108	\$ 36,791
Activities		
Transfer on conversion (Jan. 6, 2025)	(4,670)	-
Allocation from June 6 issuance	122,963	123,000
Closing balance, September 30, 2025	\$ 202,401	\$ 159,791

(C) As of September 30, 2025, the Company has accrued debenture interest payable of **\$99,145**. This represents interest owing on both the May 2023 and June 2025 convertible debentures, net of payments and share settlements made during the period.

Interest Payable Continuity

Description	Total
Accrued to May 29, 2025	\$ 87,240
Activities	
Paid in cash	(70,500)
Settled in shares	(16,740)
Accrued after issuance	99,145
Closing Balance, September 30, 2025	\$ 99,145

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Activity summary:

- Accretion expense represents the difference between the stated coupon and effective interest using EIRs of 19.6% for the May 2023 and June 2025 debentures.
- On January 6, 2025, \$60,000 principal was converted; \$55,330 of the liability was derecognized, and \$4,670 was transferred from the conversion-option reserve to share capital.
- On May 29, 2025, interest of \$87,240 was accrued; \$70,500 was paid in cash on June 9, 2025, and \$16,740 was settled by issuing 334,800 pre-consolidation shares on June 13, 2025.

FY 2024 Transactions

On May 29, 2023, the Company closed a non-brokered financing of unsecured convertible debenture units ("Debenture Units") for gross proceeds of \$1,514,000. Each Debenture Unit is deemed to consist of \$50,000 in principal amount of unsecured convertible debenture of the Company and 100,000 common share purchase warrants.

The convertible debenture bears interest at 12% per annum, is paid semi-annually in arrears in cash or common shares at the holder's option and matures on November 29, 2025. Each warrant is exercisable at **\$0.15 per share pre-consolidation** (\$1.50 post-consolidation) for a period of 30 months. The convertible debentures are convertible at the holder's option into common shares at a fixed conversion price of **pre-consolidation \$0.20 per share** (\$2.00 post-consolidation).

The component parts of the convertible debt, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. The warrants have also been classified as equity.

At initial recognition, the Convertible Debt proceeds of \$1,514,000 were allocated between the debt and equity components. The fair value of the debt portion was estimated at \$1,289,301 net of transaction costs of \$103,800 using a discounted cash flow model method with an expected life of 30 months and a discount rate of 16.0%, which was the estimated rate for a similar instrument without a conversion feature. This amount is recorded as a financial liability on an amortized cost basis using an effective interest rate of 19.6% until extinguished upon conversion or at its maturity date.

The conversion option and warrants are classified as separate components in equity, and fair value was estimated based on the residual value of \$111,891 net of transaction costs of \$9,008. The residual value was allocated between the conversion option and warrant components based on their relative fair values using the Black Scholes option pricing model with the following assumptions at the time of the transaction:

<u>Descriptions</u>	<u>Conversion</u>	
	<u>Warrants</u>	<u>Option</u>
Grant date share price	\$0.13	\$0.13
Exercise price	\$0.15	\$0.20
Risk-free interest rate	4.33%	4.33%
Expected life (years)	2.5	2.5
Expected annualized volatility	115%	115%
Expected dividend yield	0%	0%
Fair value	\$0.08	\$0.07

This amount is not subsequently remeasured and will remain in equity until the conversion option and warrants are exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will be reclassified to contributed surplus.

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Total transaction costs of \$112,808 that relate to the issuance of the Convertible Debt were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debentures using the effective interest method.

8. Share capital

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

Share Consolidation – Effect of 1-for-10 Consolidation

On June 24, 2025, the Company completed a 1-for-10 consolidation of its issued and outstanding common shares. The consolidation did not affect the Company's authorized share capital or par value of the common shares. All references to share and per-share amounts in these financial statements have been retrospectively adjusted. All common shares were consolidated on the basis of one post-consolidation share for every ten pre-consolidation shares.

The table below presents the number of shares outstanding pre- and post-consolidation:

<u>Date / Transaction</u>	<u>Pre- Consolidation (#)</u>	<u>Post- Consolidation (#)</u>	<u>Notes</u>
Balance at Dec 31, 2024	140,492,575	14,049,259	Opening balance
Debt conversion (Jan 6, 2025)	300,000	30,000	Conversion at \$0.20 pre (\$2.00 post) per share; liability extinguished \$55,330; \$4,670 moved from contributed surplus to share capital (see Note 7).
Subscription receivable reversal (Q1 2025)	(750,000)	(75,000)	Cancelled July 2024 financing units
Shares for accrued interest (May 28, 2025)	334,800	33,480	Issued at \$0.05 pre (\$0.50 post), total value \$16,740 (see Note 7).
Private placement (Jun 6, 2025)	71,103,000	7,110,300	Units issued at \$0.05 pre (\$0.50 post), gross proceeds \$3,555,150. Includes 71,103,000 pre (7,110,300 post) common shares and warrants. Finder warrants issued: 1,220,710 pre (122,071 post) valued at ~\$26,200.
Closing balance at September 30, 2025	211,480,375	21,148,039	

FY 2025 Q3 YTD Transactions

Debt Conversion– January 6, 2025

A holder of the Company's convertible debentures converted \$60,000 of principal into **300,000 pre-consolidation shares** (30,000 post-consolidation) at a price of **\$0.20 pre (\$2.00 post)** per share. The carrying amount of the extinguished liability was \$55,330. A portion of the equity component (\$4,670) previously recognized in contributed surplus was reversed and transferred to share capital upon conversion (See Note 7).

Interest Settlement-May 29, 2025 (paid June 9 & 13, 2025)

On May 29, 2025, the Company accrued semi-annual interest owing under the debenture indenture. Certain debenture holders elected to receive common shares in partial satisfaction of this obligation. In connection with this election, the Company issued 334,800 common shares pre-consolidation (33,480 post-consolidation) at a deemed price of \$0.05 per share pre-consolidation (\$0.50 post-consolidation), valued at \$16,740. The balance of the May 29, 2025, interest was paid in cash on June 9, 2025. See Note 7.

Private Placement of Units -June 6, 2025 (see note 9 for warrant details)

On June 6, 2025, the Company completed a non-brokered private placement of **71,103,000 equity units** at a **pre-consolidation price of \$0.05 per unit** for gross proceeds of **\$3,555,150**. Each unit consisted of one

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common share and one common share purchase warrant. A total of **71,103,000 common shares** and **71,103,000 warrants** were issued. See *Notes 7 and 9*.

Of the total units issued, **14,700,000 units** were purchased by existing insiders of the Company for gross proceeds of **\$735,000**. These were accounted for on the same terms as other investors. See *Note 14*.

Total share issuance costs related to the June 6, 2025, financing were **\$86,945**, consisting of:

- **\$60,350** in cash-based finder's fees, and
- **\$26,200** attributed to the fair value of **1,220,710 finder warrants**.

FY 2024 Transactions

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

The share and per-share amounts below are presented on both a **pre-consolidation basis** (prior to the June 24, 2025, 1-for-10 consolidation) and a **post-consolidation basis** (retroactively adjusted).

Share capital activities for the year ended December 31, 2024:

i) Private Placement-July 2024

In July 2024, the Company completed a multi-tranche private placement of **19,950,000 units pre (1,995,000 post)** at \$0.10 pre (\$1.00 post) per unit for gross proceeds of \$1,995,000.

- Each unit consisted of one common share and one warrant exercisable at \$0.20 pre (\$2.00 post) for three years.
- The placement included **12,000 finder's warrants pre (1,200 post)** valued at \$600 (see Note 9).
- Cash share issuance costs totalled \$80,816.
- As at December 31, 2024, \$75,000 remained in share subscription receivable; this was reversed in Q1 2025, and the related **750,000 pre (75,000 post)** shares and warrants were cancelled.

ii) Shares Issued for Interest- June 26, 2024

On June 26, 2024, the Company issued **254,250 shares pre (25,425 post)** at a deemed price of \$0.08 pre (\$0.80 post) to settle \$20,340 of accrued interest.

- The fair value on issuance was \$0.11 pre (\$1.10 post), resulting in a \$7,628 loss on debt settlement.

iii) Private Placement-December 13, 2024

On December 13, 2024, the Company completed a private placement of **50,000,000 units pre (5,000,000 post)** at \$0.06 pre (\$0.60 post) for gross proceeds of \$3,000,000.

- Each unit consisted of one common share and one warrant exercisable at \$0.10 pre (\$1.00 post) for two years.
- In addition, **3,021,872 finder's warrants pre (302,187 post)** were issued with a fair value of \$96,700 (see Note 9).
- Share issuance costs included the finder's warrants and \$271,901 in cash costs.

The fair value of finder warrants issued in December 2024 was determined to be \$96,700 using the Black-Scholes option pricing model. The key assumptions were as follows:

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- Grant date share price: \$0.11
- Exercise price: \$0.10
- Risk-free interest rate: 3.0%
- Expected life: 2 years
- Volatility: 123%
- Dividend yield: 0%

iv) Shares Issued for Interest- December 23, 2024

On December 23, 2024, the Company issued **203,400 shares pre (20,340 post)** at a deemed price of \$0.10 pre (\$1.00 post) to settle \$20,340 of accrued interest.

- The fair value was \$0.155 pre (\$1.55 post), resulting in a \$11,187 loss on debt settlement.

v) Escrow Release- December 31, 2024

As of December 31, 2023, **4,612,500 shares pre (461,250 post)** remained in escrow. These were released on March 31, 2024.

- This release did not impact the Company's share capital in 2025 but is included here for completeness of FY 2024 activity.

9. Warrants

In connection with various equity financings, the Company has issued warrants to purchase common shares of the Company.

Share Consolidation Impact – June 24, 2025

On June 24, 2025, the Company completed a 1-for-10 share consolidation of its issued and outstanding common shares (see Note 8). As a result, all outstanding warrants were also consolidated on a 1-for-10 basis, with the exercise price of each warrant increased by a factor of ten. The consolidation did not affect the expiry dates or other substantive terms of the warrants.

All warrant disclosures in these financial statements have been retrospectively adjusted to reflect the share consolidation.

FY 2025 YTD Activity

Private Placement Warrants – June 6, 2025

(i) Private Placement:

In connection with a private placement completed on June 6, 2025, the Company issued:

- 7,110,300 investor warrants (post; originally 71,103,000 pre)
- 122,071 broker/finder warrants (post; originally 1,220,710 pre)

Each warrant is exercisable at \$1.00 (post; \$0.10 pre) per share for a period of 24 months from issuance, subject to acceleration if the Company's common shares trade at \$2.50 (post; \$0.25 pre) or greater for five consecutive trading days.

The fair value of the finder warrants was estimated at **\$26,200**, using the Black-Scholes model with the following assumptions:

- Share price on grant date: \$0.50 (post; \$0.05 pre)
- Exercise price: \$1.00 (post; \$0.10 pre)
- Risk-free interest rate: 3.9%
- Expected life: 2 years

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- Expected volatility: 90%
- Dividend yield: 0%

(ii) Convertible Debenture:

In connection with the June 6, 2025, private placement of convertible debenture units (see Note 7), the Company issued 270,000 debenture warrants (post-consolidation; originally 2,700,000 pre-consolidation). Each warrant entitles the holder to purchase one common share at \$1.50 (post-consolidation; \$0.15 pre-consolidation).

The debenture warrants expire on June 6, 2027 (24 months after issuance), which is earlier than the maturity of the related debentures (June 6, 2028).

FY 2024 Activity

FY 2024 Transactions (carried forward)

- **July 2024 Private Placement:** 1,995,000 investor warrants (post; 19,950,000 pre) at \$2.00 (post; \$0.20 pre) for 3 years; 1,200 finder's warrants (post; 12,000 pre) valued at \$600.
- **December 2024 Private Placement:** 5,000,000 investor warrants (post; 50,000,000 pre) at \$1.00 (post; \$0.10 pre) for 2 years; 302,187 finder's warrants (post; 3,021,872 pre) valued at \$96,700.
- **Warrant Expirations:** On March 24, 2024, 1,141,475 warrants (post; 11,414,750 pre) expired at \$4.00 (post; \$0.40 pre).
- **Cancellation (Q1 2025):** 1,996,200 warrants (post; 19,962,000 pre) from the July 2024 financing were cancelled when the related subscription receivable was reversed.

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Warrants Continuity Schedule (Post-Consolidation)

The following table summarizes the activities from December 31, 2023, through September 30, 2025:

<u>Date / Transaction</u>	<u>Warrants (#)</u>	<u>Weighted Avg. Exercise Price (\$)</u>
Balance at December 31, 2023	1,444,275	\$1.50
Expiry – March 24, 2024	(1,141,475)	\$4.00
July 2024 Private Placement – investor	1,995,000	\$2.00
July 2024 Private Placement – finder	1,200	\$2.00
December 2024 Private Placement – investor	5,000,000	\$1.00
December 2024 Private Placement – finder	302,187	\$1.00
Balance at December 31, 2024	7,601,187	\$1.28
Cancellation of July 2024 warrants – Q1 2025	(1,996,200)	-
June 6, 2025 Placement – investor	7,110,300	\$1.00
June 6, 2025 Placement – broker/finder	122,071	\$1.00
June 6, 2025 - Debenture Warrants	270,000	\$1.50
Balance at June 30, 2025	13,107,358	\$1.02
Q3 - No issuances, expiries or cancellations	-	
Balance at September 30, 2025	13,107,358	\$1.02

Warrants Outstanding by Expiry Date (Post-Consolidation)

At September 30, 2025, the Company had **13,107,358 warrants outstanding** with a weighted average exercise price of **\$1.02** and a weighted average remaining contractual life of approximately **1.76 years**, detailed as follows:

- November 29, 2025: **302,800 warrants @ \$1.50** (Convertible Debenture – May 2023)
- December 13, 2026: **5,302,187 warrants @ \$1.00** (December 2024 Placement)
- June 6, 2027: **7,232,371 warrants @ \$1.00** (June 2025 Placement – investor/finder)
- June 6, 2027: **270,000 warrants @ \$1.50** (June 2025 Placement – Debenture Warrants)

10. Share-based Compensation

Long-term incentive plan ("LTI Plan")

The Company maintains an LTI Plan which provides the Company with the 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. 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 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. The Board of Directors determines vesting terms at the time of grant.

The Company recognizes share-based payment expense using the **graded-vesting method** prescribed by IFRS 2, whereby each vesting tranche is treated as a separate grant and expensed over its respective vesting period.

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Effect of 1-for-10 Share Consolidation

On June 24, 2025, the Company completed a 1-for-10 share consolidation. As a result, all outstanding stock options were adjusted on the basis of one new option for every ten options previously outstanding, with the exercise price multiplied by ten.

All option disclosures in these financial statements are presented on a post-consolidation basis unless otherwise noted.

The table below summarizes the impact:

<u>Stock Option Continuity</u>	<u>Pre- consolidation</u>	<u>Post- consolidation</u>
Options outstanding at Dec 31, 2024	7,302,500	730,250
Options granted Jan 2, 2025	6,570,000	657,000
Options granted July 28, 2025	n/a	540,000
Total at September 30, 2025	13,872,500	1,927,250
Weighted avg. exercise price	\$0.19	\$1.55

Stock Option Activity (Post-consolidation)

<u>Activity</u>	<u>Number of Options</u>	<u>Weighted Avg. Exercise Price (\$)</u>
Balance at Dec 31, 2024	730,250	\$ 1.90
Granted (Jan 2, 2025)	657,000	\$ 1.90
Granted (July 28, 2025)	540,000	\$ 0.70
Balance at September 30, 2025	1,927,250	\$ 1.55

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Outstanding Options as at September 30, 2025

Item	Exercise Price (\$)	Number Outstanding	Weighted Avg. Remaining Life (Years)	Weighted Avg.	
				Number Exercisable	Exercise Price (\$)
1	\$ 2.00	529,500	0.75	529,500	\$ 2.00
2	\$ 2.40	17,000	1.38	17,000	\$ 2.40
3	\$ 1.50	15,000	1.90	15,000	\$ 1.50
4	\$ 1.00	136,750	3.16	68,377	\$ 1.50
5	\$ 1.00	32,000	4.03	-	\$ 1.00
6	\$ 1.90	657,000	4.51	-	\$ 1.90
7	\$ 0.70	540,000	4.99	-	\$ 0.70
Total	\$ 1.55	1,927,250	3.46	629,877	\$ 1.95

Fair Value of Options – Black-Scholes Assumptions

(a) July 28, 2025 Grant (540,000 options)

Fair value: **\$0.46** per option

- Grant date: July 28 2025
- Exercise price: \$0.70
- Expiry: July 28 2030
- Vesting: 1/6 every six months over three years

Inputs:

- Share price at grant date: \$0.61
- Exercise price: \$0.70
- Risk-free rate: 3.0%
- Expected life: 5 years
- Volatility: 100%
- Dividend yield: 0%

January 2, 2025 Grant (657,000 options)

Fair value: **\$0.154** per option

Inputs:

- Share price: \$0.19
- Exercise price: \$0.19
- Risk-free rate: 3.0%
- Expected life: 5 years
- Volatility: 120%
- Dividend yield: 0%

July 11, 2024 Grant (32,000 options)

Fair value: **\$0.083** per option

Inputs:

- Share price: \$0.10
- Exercise price: \$0.10
- Risk-free rate: 3.4%
- Expected life: 5 years

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- Volatility: 120%
- Dividend yield: 0%

Stock-Based Compensation Expense

During the three months ended September 30, 2025, the Company recorded share-based compensation expense of approximately **\$225,000**, which includes a cumulative adjustment of **\$200,000** related to option grants that vested during the six months ended June 30, 2025 but were not previously recognized. The cumulative adjustment had no impact on the Company's net loss or total equity as the corresponding reduction in research and development expenses offsets the increase in share-based compensation expense. The correction has been reflected in the current period on a **year-to-date** basis.

For the nine-month period ended September 30, 2025, the Company recorded **stock-based compensation expense of \$598,044** (2024 – \$68,765), recorded as an increase to contributed surplus

FY 2024 transactions

On July 11, 2024, the Company issued an aggregate of 320,000 stock options to a new scientific advisory board member and lead consultant managing the Company's AI program. The fair value of each option granted was determined using the Black-Scholes option pricing model with the following assumptions:

<u>Descriptions</u>	<u>Value</u>
Grant date share price	\$ 0.10
Exercise price	\$ 0.10
Risk-free interest rate	3.4%
Expected life (years)	5
Expected Annualized volatility	120%
Expected dividend yield	0%
Fair value	\$ 0.08

11. Note 11 – Loss Per Share

Basic loss per share is calculated by dividing the net loss for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted loss per share reflects the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted into common shares. As the Company incurred a net loss for all periods presented, the effect of potential issuances would be anti-dilutive, and therefore, basic and diluted loss per share are the same.

Share consolidation

On June 24, 2025, the Company completed a 1-for-10 consolidation of its issued and outstanding common shares (see Note 8). All share and per-share amounts, including prior-year comparatives, have been retrospectively adjusted to reflect this consolidation.

For the three- and nine-month periods ended September 30, 2025, all outstanding options, warrants, and convertible debentures were excluded from the calculation of diluted loss per share as their impact would have been anti-dilutive.

The table below reconciles the denominator used in the basic and diluted loss per share calculation:

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Period	Basic weighted average shares	Effect of dilutive instruments	Diluted weighted average shares
Three months ended September 30, 2025	21,148,038	–	21,148,038
Three months ended September 30, 2024	8,966,762	–	8,966,762
Nine months ended September 30, 2025	17,070,884	–	17,070,884
Nine months ended September 30, 2024	7,666,014	–	7,666,014

12. Capital risk management

The Company's objectives when managing capital are to advance its programs in a timely manner, while safeguarding the Company's cash and cash equivalents and its ability to continue as a going concern, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to support the development and commercialization of its technologies. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development and commercialization of the business. The Company defines capital that it manages as shareholders' equity. The intellectual property in which the Company currently has an interest is in the development stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess sources of working capital and financing available and to assess the potential for collaboration with interested partners with a view to managing its current financial resources, in the interest of sustaining the long-term viability of the Company's research and development programs.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the stage of the Company, is reasonable. There have been no changes to the Company's approach to capital management during Q3 2025.

13. 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 classified 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, accrued liabilities, due to related parties, and convertible debt.

Fair values

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

- 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 based on the lowest level input that is significant to the fair value measurement in its entirety. There were no transfers from levels 1, 2, and 3 during Q3 2025.

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

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 equivalents and amounts receivable. The Company's cash and cash equivalents consist of funds held in a reputable Canadian bank. The amounts receivable are related to GST receivable from the Government of Canada and accrued interest from a reputable Canadian bank. Management actively reviews the risk of the financial institutions and/or the counterparty to underlying financial instruments failing to meet its obligations and adjusts if and when any undue risk is identified. As at September 30, 2025, 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. Liquidity risk is managed by maintaining adequate cash reserves and by closely monitoring forecast and actual cash flows. 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 over anticipated needs.

As at September 30, 2025, the Company had the following undiscounted contractual obligations:

<u>Obligations</u>	<u>Total</u>	<u>Maturity Date/Terms</u>
	\$	
Trade and other payables	623,289	Due within 1 year
Convertible debt - 2023 tranche	1,513,745	Due November 29, 2025 (1)
Convertible debt - 2025 Tranche	1,390,500	Due June 6, 2028 (2)
<u>Total contractual obligations</u>	<u>3,527,534</u>	

Notes:

(1) Includes principal of \$1,455,100 and accrued interest of \$58,645 on the Company's 12.0% unsecured convertible debentures maturing November 29, 2025. Interest is payable semi-annually and may be settled in common shares at the holder's option. The principal amount can be settled at the holder's option, and the related interest, into common shares. The conversion price is \$1.00 per share post-consolidation (\$0.10 pre-consolidation).

(2) Includes principal of \$1,350,000 and accrued interest of \$40,500 on 12.0% convertible debentures maturing June 6, 2028. Interest is payable semi-annually in cash or shares, subject to TSXV approval. It is convertible in common shares at a price of \$0.90 per share post-consolidation. See Note 7.

The Company's 12.0% unsecured convertible debentures with a carrying amount of \$1,513,745 mature on November 29, 2025. Management is evaluating refinancing or repayment alternatives prior to the maturity date.

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Foreign currency risk

The Company is exposed to foreign currency risk due to fluctuations in foreign exchange rates for any cash, 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.

There has been no significant change in the credit risk and concentrations, interest rate risk, liquidity risk or foreign currency risk since September 30, 2025.

14. 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.

Summary of Related Party Transactions:

Description	9-months	9-months
	2025	2024
Share based Payments	\$ 398,533	\$ 383,730
Board fees	111,682	90,700
Compensation	665,350	58,607
Interst	5,918	-
	<u>\$ 1,181,483</u>	<u>\$ 533,037</u>

As of September 30, 2025, the Company had amounts due to related parties of \$61,167 (\$101,735 as at December 31, 2024), comprised of board fees, management compensation and reimbursable expenses.

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.

Changes in amounts due to related parties are included within changes in accounts payable and accrued liabilities in the statements of cash flows.

June 6, 2025 Private Placement

During the three months ended June 30, 2025, certain insiders of the Company subscribed for 14,700,000 equity units in the private placement completed on June 6, 2025, for total gross proceeds of \$735,000. Each unit consisted of one common share and one warrant exercisable at \$0.10 per share for a period of 24 months.

The issuance of these units constitutes a related party transaction under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions and TSXV Policy 5.9. The Company relied on exemptions from the formal valuation and minority shareholder approval requirements under MI 61-101 on the basis that neither the fair market value of the units issued to insiders nor the consideration received exceeded 25% of the Company's market capitalization.

No new insiders were created, and no change of control occurred as a result of this transaction.

15. Income taxes

For the three months ended **September 30, 2025**, the Company incurred a net loss and has **not recorded any current or deferred income tax expense**.

As of **September 30, 2025**, the Company has accumulated **tax losses**, which may be available to offset future taxable income. The **deferred tax asset** associated with these losses has **not been recognized**, as the Company has been **unable to determine** when it is probable that sufficient future taxable income will be

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available to utilize the deferred tax asset. The Company will continue to assess the recognition of deferred tax assets at each reporting period.

There have been **no material changes** to the Company's **tax reporting** or **deferred tax balances** compared to the **Fiscal Year ending December 31, 2024**.

16. Components of expenses

	3-month Q3 2025	3-month Q3 2024	9-month YTD 2025	9-month YTD 2024
Research and Development Expenses	\$	\$	\$	\$
Contract research	3,691	181,750	548,941	472,000
Amortization	135,129	135,129	400,980	402,449
Consulting	311,496	201,126	1,398,669	348,992
Chemistry and AI research	334,333	131,665	875,018	278,169
Share based payments	295,738	10,073	400,207	34,522
Patent and legal fees	21,985	16,457	150,258	58,835
	<u>1,102,371</u>	<u>676,200</u>	<u>3,774,071</u>	<u>1,594,967</u>
	3-month Q3 2025	3-month Q3 2024	9-month YTD 2025	9-month YTD 2024
General and Administrative Expenses				
Legal and professional	95,708	1,811	247,916	89,984
Investor & public relations	37,283	86,613	777,520	231,745
Compliance & custodian fees	60,000	60,882	344,357	149,674
Share based payments	84,961	8,138	197,837	34,242
Consulting	118,437	39,000	794,615	117,000
Director fees	61,167	30,233	111,682	90,700
	<u>539,174</u>	<u>266,920</u>	<u>2,711,878</u>	<u>794,194</u>

During the three months ended September 30, 2025, the Company adjusted previously recorded accruals related to research contracts with the University of British Columbia. The adjustment resulted in a reduction of approximately **\$200,000** to research and development expenses recognized in prior periods. The change reflects updated information received from the counterparty regarding project timing and billing, and has been recorded in the current period as a **change in estimate**. The adjustment had no impact on the Company's net loss or total equity on a year-to-date basis.

17. Subsequent Events

The Company has evaluated events occurring after September 30, 2025 through November 20, 2025, the date the financial statements were approved by the Board of Directors. There were no events requiring adjustment to, or disclosure in, these financial statements subsequent to September 30, 2025.

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