Interim condensed consolidated financial statements

GeneTether Therapeutics Inc.

For the three months ended March 31, 2024 and 2023
(expressed in United States dollars)
(unaudited)

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

As at	Notes	**March 31, 2024**	December 31, 2023
		$	$
Assets			
Current assets			
Cash and cash equivalents		**1,252,662**	1,363,577
Prepaid expenses and other receivables		**1,496**	47,272
Total current assets		**1,254,158**	1,410,849
Total assets		**1,254,158**	1,410,849
Liabilities			
Current liabilities			
Trade and other payables		**54,864**	38,593
Total current liabilities		**54,864**	38,593
Total liabilities		**54,864**	38,593
Shareholders' equity			
Share capital	3	**4,196,801**	4,196,801
Contributed surplus	3, 4	**1,636,182**	1,632,885
Accumulated deficit		**(4,426,778)**	(4,282,556)
Accumulated other comprehensive loss		**(206,911)**	(174,874)
Total shareholders' equity		**1,199,294**	1,372,256
Total liabilities and shareholders' equity		**1,254,158**	1,410,849
Nature of business and going concern	1		
Commitments and contingencies	7		

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

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

	Notes	**Three months ended March 31, 2024**	Three months ended March 31, 2023
		$	$
Expenses			
Research and development	10	**11,212**	14,389
General and administrative	10	**147,885**	197,353
Total operating expenses		**159,097**	211,742
Loss from operations		**(159,097)**	(211,742)
Interest income		**15,087**	7,760
Foreign exchange gain (loss)		**(212)**	(356)
Net loss for the year		**(144,222)**	(204,338)
Cumulative translation adjustment		**(32,037)**	(18,334)
Comprehensive loss for the year		**(176,259)**	(222,672)
Net loss per share, basic and diluted	6	**(0.00)**	(0.00)
Weighted average number of shares outstanding – basic and diluted	6	**38,744,674**	48,409,139

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

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
	$	$
Operating activities		
Net loss for the year	**(144,222)**	(204,338)
Add items not affecting cash		
Share-based compensation expense	**3,297**	(42,680)
Foreign exchange loss	**212**	356
Changes in non-cash working capital balances		
Deferred share issuance cost	**—**	—
Prepaid expenses	**45,776**	137,481
Trade and other payables	**16,271**	10,680
Cash used in operating activities	**(78,666)**	(98,501)
Effect of foreign exchange on cash	**(32,249)**	(18,688)
Net increase (decrease)	**(110,915)**	(117,190)
Cash, beginning of period	**1,363,577**	1,795,630
Cash, end of period	**1,252,662**	1,678,440

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GeneTether Therapeutics Inc.
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States dollars, except share amounts)
(Unaudited)

	Notes	Common shares #	Common shares $	Contributed surplus $	Deficit $	Accumulated other comprehensive loss	Total $
Balance, December 31, 2022		**48,376,563**	**4,175,438**	**1,476,381**	**(3,594,197)**	**(200,918)**	**1,856,704**
Issuance of common shares for the vesting of restricted common stock	3	197,628	9,678	—	—	—	9,678
Share-based compensation, vesting of stock options	4	—	—	(52,359)	—	—	(52,359)
Currency translation adjustment		—	—	—	—	(18,334)	(18,334)
Net loss		—	—	—	(204,338)	—	(204,338)
Balance, December 31, 2022		**48,574,191**	**4,185,116**	**1,424,023**	**(3,798,534)**	**(219,252)**	**1,591,352**
Balance, December 31, 2023		**38,744,674**	**4,196,801**	**1,632,885**	**(4,282,556)**	**(174,874)**	**1,372,256**
Share-based compensation expense, vesting of stock options	4	—	—	3,297	—	—	3,297
Currency translation adjustment		—	—	—	—	(32,037)	(32,037)
Net loss		—	—	—	(144,222)	—	(144,222)
Balance, March 31, 2024		**38,744,674**	**4,196,801**	**1,636,182**	**(4,426,778)**	**(206,911)**	**1,199,294**

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

1. Nature of business

GeneTether Therapeutics Inc. ("GeneTether") and together with its wholly-owned subsidiary GeneTether Inc., the "Company") is a biopharmaceutical company that was focused on the development of high efficiency precision gene editing for human therapeutics applications. The Company has a wholly-owned subsidiary, GeneTether Inc. ("GT Inc."), which was incorporated in Delaware on February 12, 2018, with the initial capitalization occurring on March 30, 2018. The Company's registered and records office is located at 301 – 1665 Ellis St., Kelowna, British Columbia, Canada V1Y 2B3.

The Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "GTTX" on March 30, 2022.

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

Going concern

The interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2024, the Company is pre-revenue, has not initiated commercial sale of product and has an accumulated deficit of $4,426,778 (December 31, 2023 - $4,282,556). The Company's had excess of current assets over current liabilities at March 31, 2024 of $1,199,294 (December 31, 2023- $1,372,256). Management has forecast that the Company will have sufficient working capital to operate for the ensuing 12 months. While the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing, or that such financing will be on terms acceptable to the Company, to meet future operational needs which may result in the delay, reduction, or discontinuation of ongoing developments. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These interim condensed financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of presentation

Statement of compliance

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

These interim condensed consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on May 29, 2024.

Principles of Consolidation

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

Basis of measurement

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

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

Functional currency and presentation currency

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

These interim condensed consolidated financial statements are presented in U.S. dollars, and all references to "$" are to U.S. dollars. References to "C$" are to Canadian dollars.

Use of estimates and judgments

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

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
The key assumptions concerning the future, and other key sources of estimation uncertainty, as of the date of the unaudited interim condensed consolidated financial statements, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities, within the next fiscal year arise in connection with the valuation of share-based compensation.

Material accounting policy information

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand the financial statements. The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Company’s audited consolidated financial statements for the year-ended December 31, 2023.

New accounting policy

No new standards, amendments to standards, or interpretations which may have a material impact on the Company’s unaudited interim condensed consolidated financial statements have taken effect or have been applied in preparing these financial statements.

3. Share capital

(a) Authorized

Unlimited common shares.

(b) Share issuances

Restricted common shares

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

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

All restricted common shares were fully vested as at December 31, 2023, and no share-based compensation expense related to restricted common shares were recognized during the three months ended March 31, 2024 (March 31, 2023 - $9,700).

(expressed in United States dollars unless otherwise indicated)

(c) Escrowed securities

In connection with the Offering completed on March 29, 2022, the directors, officers, and insiders have entered into an escrow agreement pursuant to which their securities will be held in escrow and released over a period of 36 months. As at March 31, 2024, 4,493,835 common shares, 882,574 warrants, and 738,071 stock options remain under escrow.

4. Stock options

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

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

On January 26, 2022, the Company’s Board of Directors approved the GeneTether Equity Plan (the “Plan”), under which any future stock options and incentive awards will be granted.

During the three months ended March 31, 2024 and 2023, there were no stock options granted. During the three months ended March 31, 2023, 1,534,400 stock options were forfeited due to the amendments of certain consulting contracts.

The following table is a summary of the Company’s stock options at March 31, 2024:

	Options Outstanding			**Options Exercisable**	
Exercise Price	Outstanding #	Weighted average remaining contractual life (years) #	Weighted Average Exercise price $	Exercisable #	Weighted Average Exercise price $
US$0.146	6,913,902	7.5	US$0.146	6,609,116	US$0.146
C$0.05	650,000	9.1	C$0.05	151,250	C$0.05
	7,563,902	**7.6**	**C$0.18**	**6,760,366**	**C$0.18**

As at March 31, 2024, of the 7,563,902 stock options outstanding, 738,071 stock options remain in escrow (see note 3c).

The Company recognized approximately $3,297 of share-based compensation expense during the three months ended March 31, 2024 (2023 –$52,400 reversal) related to stock options vesting, net of forfeitures.

5. Warrants

No warrants were issued during the three months ended March 31, 2024. The following table summarizes warrants outstanding and exercisable as at March 31, 2024:

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

(expressed in United States dollars unless otherwise indicated)

6. Loss per share

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

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

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the stock options, restricted shares, and warrants. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the three months ended March 31, 2024 and 2023 presented are as follows:

	2024	2023
	#	#
Stock options	**7,563,902**	8,263,736
Warrants	**8,144,720**	8,144,720
Restricted common shares	**-**	592,470
Outstanding as at March 31	**15,708,622**	17,000,926

7. Commitments and contingencies

Commitments

As at March 31, 2024, the Company had no long-term commitments.

Contingencies

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

8. Related party transactions

Key management personnel compensation during the three months ended March 31, 2024, and 2023 consisted of the following:

	2024	2023
	$	$
Share-based compensation	**3,171**	43,086
Other (consulting fees, fees paid to related parties)	**65,472**	56,340
Total	**68,643**	99,426

Following reduction of the CEO's cash compensation to zero in Q3 2024 and the Chairman of the Board's assumption of the ongoing lead role in sourcing and evaluating potential strategic transactions beginning in Q1 2023, the Board authorized reinstatement of the Chairman's director fees at a rate of $16,667 per month beginning January 1, 2024. The Chairman's director fees are included in "Other" related party transactions for the three months ended March 31, 2024.

(expressed in United States dollars unless otherwise indicated)

9. Financial instruments and risk management

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Liquidity risk

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

As at March 31, 2024, the Company does not have any material contractual maturities and the Company's liabilities consist of current accounts payable.

Market risk

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

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is exposed to currency risk from the consulting fees as well as the purchase of goods and services primarily in the United States and cash and cash equivalent balances held in foreign currencies. Fluctuations in the U.S. dollar exchange rate could have a significant impact on the Company's results. Assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in approximately $81,000 increase or decrease in loss and comprehensive loss for the period ended March 31, 2024.

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

	March 31, 2024
	$
Cash	**1,203,964**
Accounts payable and accrued liabilities	**(30,885)**
Total	**1,173.079**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no outstanding debt and is not exposed to interest rate risk as at March 31, 2024.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at March 31, 2024.

Fair values

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

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

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.

- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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

(expressed in United States dollars unless otherwise indicated)

10. Components of expenses

	Three months ended March 31, 2024	2023
	$	**$**
Research and development ("R&D") expenses		
Consulting fees	6,000	49,311
Patent and IP	4,673	3,189
Research contracts and laboratory expenses	-	25,078
Laboratory rent and insurance	-	16,000
Share-based compensation	-	(80,115)
Other R&D	539	926
	11,212	**14,389**

	Three months ended March 31, 2024	2023
	$	**$**
General and administrative ("G&A") expenses		
Consulting fees	70,312	44,430
Investor relations and filing fees	5,612	27,003
Legal and professional fees	15,422	17,780
Share-based compensation	3,297	37,433
Insurance and other G&A	53,241	70,797
	147,885	**197,353**