# MARVEL BIOSCIENCES CORP.

**Condensed Interim Consolidated Financial Statements**

**For the Three Months Ended October 31, 2024 and 2023**

***(Unaudited - expressed in Canadian Dollars)***

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

# MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

| | Notes | October 31, 2024 $ | July 31, 2024 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash | | 83,288 | 345,769 |
| Goods and services taxes receivable | | 124,840 | 115,925 |
| Prepaid expenses and deposits | | 20,517 | 29,617 |
| | | 228,645 | 491,311 |
| **Total assets** | | **228,645** | **491,311** |
| **Liabilities and Shareholders' Deficit** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 3 | 1,601,212 | 1,607,115 |
| | | 1,601,212 | 1,607,115 |
| **Non-current liabilities** | | | |
| Convertible debentures | 4 | 1,710,000 | 1,710,000 |
| | | 1,710,000 | 1,710,000 |
| **Total liabilities** | | **3,311,212** | **3,317,115** |
| **Shareholders' deficit** | | | |
| Share capital | 5 | 7,578,608 | 7,578,608 |
| Reserves | | 316,093 | 294,611 |
| Accumulated deficit | | (10,977,268) | (10,699,023) |
| Total shareholders' deficit | | (3,082,567) | (2,825,804) |
| **Total liabilities and shareholders' deficit** | | **228,645** | **491,311** |

Going concern (Note 2)

Approved on behalf of the Board of Directors

*/s/ "J. Roderick Matheson"*
Roderick Matheson
CEO and Director

*/s/ "Randall Smallbone"*
Randall Smallbone
Director

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

## MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - expressed in Canadian Dollars)

| | Notes | October 31, 2024 | October 31, 2023 |
|---|---|---|---|
| | | $ | $ |
| **Expenses:** | | | |
| Clinical study | 6 | 11,423 | 211,664 |
| Management, director & consulting fees | 7 | 85,458 | 122,594 |
| Marketing and promotion | | 17,750 | |
| Professional fees | 7 | 36,881 | 24,639 |
| General and administrative | 7 | 48,231 | 65,758 |
| Interest and bank charges | 4 | 35,788 | 20,707 |
| Transfer agent fees | | 9,390 | 2,606 |
| Travel | | 1,365 | 2,786 |
| Share-based compensation | 5,7 | 21,482 | 9,693 |
| Loss before other items | | (267,768) | (460,447) |
| **Other items:** | | | |
| Foreign exchange loss | | (10,477) | (57,851) |
| **Net loss and comprehensive loss** | | (278,245) | (518,298) |
| **Basic and diluted net loss per share** | | (0.01) | (0.01) |
| **Weighted average number of shares outstanding** | | 44,786,231 | 39,786,231 |

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

## MARVEL BIOSCIENCES CORP.

Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended October 31, 2024 and 2023
(Unaudited - expressed in Canadian Dollars)

| | October 31, 2024 $ | October 31, 2023 $ |
|---|---|---|
| **Operating Activities** | | |
| Net loss | (278,245) | (518,298) |
| Non-cash items: | | |
| Share-based compensation | 21,482 | 9,693 |
| | (256,763) | (508,605) |
| Change in: | | |
| Goods and services taxes receivable | (8,915) | (10,759) |
| Prepaid expenses and deposits | 9,100 | 8,763 |
| Accounts payable and accrued liabilities | (5,903) | 270,963 |
| **Net cash used in operating activities** | **(262,481)** | **(239,638)** |
| | | |
| Net decrease in cash | (262,481) | (239,638) |
| Cash, beginning of the period | 345,769 | 556,622 |
| **Cash, end of the period** | **83,288** | **316,984** |

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

## MARVEL BIOSCIENCES CORP.

Consolidated Statements of Changes in Shareholders' (Deficit) Equity
For the Three months Ended October 31, 2024 and 2023
(Unaudited - expressed in Canadian Dollars)

| | Common Shares # | Share capital $ | Reserves $ | Accumulated deficit $ | Total $ |
|---|---|---|---|---|---|
| **Balance, July 31, 2023** | **39,786,231** | **7,126,719** | **202,137** | **(9,048,944)** | **(1,720,088)** |
| Share-based compensation (Note 5) | - | - | 9,693 | - | 9,693 |
| Net loss and comprehensive loss | - | - | - | (518,298) | (518,298) |
| **Balance, October 31, 2023** | **39,786,231** | **7,126,719** | **211,830** | **(9,567,242)** | **(2,228,693)** |
| Private placement (Note 5) | 5,000,000 | 500,000 | - | - | 500,000 |
| Share issuance costs (Note 5) | - | (31,357) | - | - | (31,357) |
| Finder's warrants (Note 5) | - | (16,754) | 16,754 | - | - |
| Share-based compensation (Note 5) | - | - | 66,027 | - | 66,027 |
| Net loss and comprehensive loss | - | - | - | (1,131,781) | (1,131,781) |
| **Balance, July 31, 2024** | **44,786,231** | **7,578,608** | **294,611** | **(10,699,023)** | **(2,825,804)** |
| Share-based compensation (Note 5) | - | - | 21,482 | - | 21,482 |
| Net loss and comprehensive loss | - | - | - | (278,245) | (278,245) |
| **Balance, October 31, 2024** | **44,786,231** | **7,578,608** | **316,093** | **(10,977,268)** | **(3,082,567)** |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Marvel Biosciences Corp. ("Marvel" or the "Company") is a biotechnology company that was incorporated on August 1, 2018, under the laws of the Province of British Columbia. The Company continued from British Columbia to Alberta on June 14, 2021. The address of Company's head office is 420, 505 8th Ave SW, Calgary, Alberta T2P 1G2 and of its registered and records office is 600, 815 8th Avenue SW, Calgary Alberta T2P 3T2.

The Company's common shares are listed on the TSXV (the "Exchange") under the symbol "MRVL". The Company is classified as a Tier 2 issuer pursuant to TSXV policies and a reporting issuer in each of the Provinces of British Columbia, Alberta, and Ontario.

The Company is currently a pre-clinical stage pharmaceutical development biotechnology company that utilizes a "drug redevelopment" approach to drug development. Historically, when a new class of drug is developed, it is optimized for a particular target, but typically only approved for a specific disease. Often, a new disease is identified which involves the same target, however, pending the remaining patent life, the originally approved drug may not have sufficient time left for it to be commercially viable to be developed for the new disease indication. Marvel develops new synthetic chemical derivatives of the original approved drug for the new disease indication. Patent protection is sought as the new potential asset is developed by the Company. The Company believes the business model results in significantly less risk, cost and time to develop its assets compared to traditional biotechnology companies.

The Company has currently developed several new chemical entities, using synthetic chemical derivatives of known, off-patent drugs, that inhibit the A2a adenosine receptor with application to neurological diseases (depression & anxiety, Alzheimer's, ADHD), and the non-neurological conditions of cancer and non-alcoholic steatohepatitis. Marvel is also exploring additional undisclosed targets to expand its asset pipeline.

## 2. BASIS OF PREPARATION

**Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim consolidated financial statements have been prepared on the basis of the accounting policies, methods of computation, and estimates and judgements consistent with those applied in the Company's July 31, 2024 annual audited consolidated financial statements.

These condensed interim financial statements do not include all of the information required of the full audited consolidated financial statements and therefore these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2024.

**Going concern**

These condensed interim consolidated financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

During the period ended October 31, 2024, the Company incurred a net loss and comprehensive loss of $278,245 (2023 - $518,298) and utilized cash totalling $262,481 (2023 - $239,638) in operating activities and as at that date, its current liabilities exceeded its current assets by $1,372,567 (2023 – $1,228,694) and has an accumulated deficit of $10,977,268 (July 31, 2024 - $10,699,023).

The Company will need to raise sufficient funds to maintain operations. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company has incurred operating losses from inception, has no revenue and does not currently have the financial resources to sustain operations in the long-term.

The Company actively manages its cash flow and investment in research to match its cash generated from financing activities including eligible government programs. In order to conserve cash, the Company plans to focus on developing compounds with positive indicators of activity that can be patented or are patentable and commercialized; minimize operating expenses where possible; and limit capital expenditure. As the Company continues to expend on research and development, these activities will be financed through eligible government programs and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements for its pipeline of compounds it has identified. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed here, or that sufficient financing from outside sources will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months.

The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows. These factors indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classification used.

**Basis of presentation**
These condensed interim consolidated financial statements been prepared on a historical cost basis.

**Basis of Consolidation**
The condensed interim consolidated financial statements include the accounts of Marvel Biotechnologies Inc., which was incorporation on August 1, 2018 and is a wholly owned subsidiary of the Company.

**Functional and presentation currency**
The financial statements are presented in Canadian Dollars, which is the Company and its subsidiary's functional and presentation currency.

**Approval of the financial statements**
The condensed interim consolidated financial statements of the Company for the period ended October 31, 2024, were approved and authorized for issuance by the Board of Directors on December 18, 2024.

(Unaudited - expressed in Canadian Dollars)

## 3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are non-interest bearing and detailed below:

| | **October 31, 2024 $** | **July 31, 2024 $** |
|---|---|---|
| Trade accounts payable | 1,344,193 | 1,347,884 |
| Accrued accounts payable | 75,375 | 112,875 |
| Interest payable (Note 4) | 181,644 | 146,356 |
| | **1,601,212** | **1,607,115** |

## 4. CONVERTIBLE DEBENTURES

On February 24, 2023, the Company raised gross proceeds of $1,000,000 through the issuance of unsecured convertible debentures. The convertible debentures units will mature on February 24, 2026, and bear simple interest of 8% per annum. Interest is payable annually in arrears.

On January 19, 2024, the Company raised additional gross proceeds of $500,000 through the issuance of unsecured convertible debentures. The convertible debentures units will mature on January 19, 2027, and bear simple interest of 12% per annum. Interest is payable annually in arrears.

The entire principal amount of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of $0.12 per share at any time prior to the maturity date. The conversion is subject to certain price adjustment clauses as provided in the unsecured convertible debentures agreement, which may change the number of shares that would be issued if conversions were exercised.

The accrued interest may be paid in cash or common shares, at the option of the Company, based on a conversion price equal to the 20-day WVAP of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In line with the Company's accounting policies, the Company designated these convertible debenture as measured at fair value in their entirety (debt host as well as the conversion feature). The Company utilized a convertible bond pricing model to determine the fair value of the convertible debentures that was estimated to be $1,710,000 as at October 31, 2024 (July 31, 2024 - $1,710,000), as such, a fair value increase of $nil (2023 - $nil) was recorded in profit or loss.

Significant inputs include use of risk-free rate, credit spread, the Company's share prices and historical volatility at the measurement date.

During the three months ended October 31, 2024, $35,288 (2023 - $20,164) of interest expense was recorded on the convertible notes. As at October 31, 2024, $181,644 (July 31, 2024 - $146,356) of accrued interest is recorded in accounts payable and accrued liabilities (Note 3).

(Unaudited - expressed in Canadian Dollars)

## 5. SHARE CAPITAL

### (a) Common Shares

*Authorized:*

Unlimited number of common shares without par value.

*Issued and outstanding:*

During the three months ended October 31, 2024, the Company did not complete any financings.

During the three months ended October 31, 2023, the Company did not complete any financings.

*Escrow:*

11,400,098 shares issued to Principals pursuant to the Qualifying Transaction are subject to a Tier 2 Value Security Escrow Agreement to be released over a 36-month period. 150,000 shares issued to non-Principals pursuant to the Qualifying Transaction are subject to a Tier 2 Value Security Escrow Agreement to be released over a 36-month period, in accordance with the Exchange's Seed Share Resale Restrictions. 2,700,000 shares are subject to a CPC Escrow Agreement to be released over an 18-month period. As at October 31, 2024, all common shares issued pursuant to the Qualifying Transaction have been released from escrow.

### (b) Warrants

Warrant transactions are summarized as follows as at October 31, 2024 and 2023:

| | Number of warrants | Weighted Average Exercise Price $ | Weighted Average Remaining Life (years) |
|---|---|---|---|
| **Balance, July 31, 2023** | **2,700,000** | **0.15** | **0.02** |
| Issued | 5,252,000 | 0.15 | 1.97 |
| Expired | (2,700,000) | 0.19 | - |
| **Balance, July 31, 2024 and October 31, 2024** | **5,252,000** | **0.15** | **1.72** |

### (c) Stock Options

The Company has established a stock option plan (the "Plan") whereby it provides for a rolling number of Common Shares to be reserved and available to be granted. This number is approved by the Company's Shareholders from time to time and not to exceed 10% of the Company's issued and outstanding common shares on an undiluted basis and including securities authorized under any equity compensation plans, at the time of approval. The exercise price of the common shares subject to each stock option is determined by the Board of Directors and may not be less than the Discounted Market Price.

(Unaudited - expressed in Canadian Dollars)

The balance of options outstanding and related information for the three months ended October 31, 2024 and 2023 are as follows:

| | Number of options | Weighted Average Exercise Price $ | Weighted Average Remaining Life (years) |
|---|---|---|---|
| **Balance, July 31, 2023** | **3,350,000** | **0.20** | **3.46** |
| Granted | 1,475,000 | 0.125 | 4.98 |
| Forfeited | (750,000) | 0.33 | - |
| **Balance, July 31, 2024 and October 31, 2024** | **4,075,000** | **0.16** | **3.21** |

The balance of options outstanding as at October 31, 2024 was as follows:

| Expiry Date | Exercise price $ | Number of options outstanding | Unvested | Exercisable |
|---|---|---|---|---|
| July 14, 2026 | 0.25 | 975,000 | - | 975,000 |
| July 14, 2027 | 0.10 | 1,425,000 | - | 1,425,000 |
| October 19, 2027 | 0.14 | 200,000 | 66,667 | 133,333 |
| July 23, 2029 | 0.125 | 1,475,000 | 983,333 | 491,667 |
| | | **4,075,000** | **1,050,000** | **3,025,000** |

During the three months ended October 31, 2024, the Company did not grant share options.

During the year ended July 31, 2024, the Company granted 1,475,000 share purchase options, expiring on July 23, 2029 with an exercise price of $0.125 per share purchase option respectively. The options vest one-third on the grant date, one-third on the first anniversary of the grant and the remainder on the second anniversary of the grant. The Company recorded share-based payments expense of $75,720 (2023 - $80,115) for the year ended July 31, 2024. The fair value was determined using the Black-Scholes Option Pricing model using the following assumptions: Risk-free rate – 3.28% per annum; expected life – 5 years; expected volatility – 116.33%; expected forfeiture and dividends – nil.

During the three months ended October 31, 2024 the Company recorded $21,482 (2023 - $75,720) relating to the vesting of previously granted options.

**(e) Loss per share**

The calculation of weighted average shares outstanding for the diluted loss per share calculation excludes the impact of the options and warrants outstanding as at October 31, 2024 and 2023 as the effect is anti-dilutive.

## 6. CLINICAL STUDY EXPENSE

During the three months ended October 31, 2024, the Company continued conducting ongoing clinical studies to determine if the Company had indications of viable active compounds, that could lead to drugs being developed to be made commercially, totaling $11,423 (2023 – $211,644). Since the costs incurred were to determine if a viable active compound existed and further development should be undertaken, the amounts have been expensed. These costs incurred during the periods broken down by nature, are as follows:

(Unaudited - expressed in Canadian Dollars)

| | October 31, 2024 $ | October 31, 2023 $ |
|---|---|---|
| Consultants | 1,063 | - |
| Research, laboratory works and supplies | 10,360 | 211,664 |
| | **11,423** | **211,664** |

## 7. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The compensation incurred in respect of key personnel, being the executive and non-executive officers and directors of the Company, for services provided during the three months ended October 31, 2024 and 2023 are as follows:

| | October 31, 2024 $ | October 31, 2023 $ |
|---|---|---|
| General and administrative | 9,918 | 9,918 |
| Management and director & consulting fees | 82,500 | 82,500 |
| Professional fees | 21,000 | 21,000 |
| Share based compensation (Note 5) | 21,482 | 9,693 |
| | **134,900** | **123,111** |

Included in accounts payable and accrued liabilities at October 31, 2024 are amounts due to related parties of $20,578 (July 31, 2024 - $20,578) for the above services. The amounts owing are non-interest bearing and due on demand.

During the three months ended October 31, 2024, the Company paid $2,750 (2023 - $1,150) in general and administrative expenses to a family member of the CEO.

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

During the year ended July 31, 2023, the Company issued $500,000 in convertible debentures to the CEO of the Company (Note 4). During the three months ended October 31, 2024, the Company recorded $17,644 (2023 - $10,082) in interest expense on the convertible debt related to the CEO and as at October 31, 2024, $90,822 (July 31, 2024 - $57,315) remains unpaid and is recorded as interest payable (Note 4).

## 8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); amortized costs; and fair value through other comprehensive income. Cash, accounts payable and accrued liabilities are classified as measured at amortized costs. Convertible debentures are classified as measured at FVTPL.

As at October 31, 2024 and 2023, the carrying amounts for cash and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The convertible debentures are measured at fair value.

**Risk management**

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 potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. As at October 31, 2024 and 2023, the Company's credit risk is primarily related to cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

*Liquidity risk*
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2024, the Company had a cash balance of $83,288 (July 31, 2024 - $345,769) to settle current liabilities of $1,601,212 (July 31, 2024 - $1,607,115).

All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. Interest on convertible debentures is payable annually. The convertible debentures totalling $1,000,000 and $500,000 are due on February 24, 2026 and January 19, 2027 respectively.

To maintain liquidity, the Company is currently exploring financing opportunities.

*Market risk*
Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

*Interest rate risk*
Interest rate risk is part of market risk and is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate on the Company's convertible debentures is fixed during the term of the convertible debentures.

*Foreign currency risk*
A portion of the Company's financial assets and liabilities are denominated in US dollars and give rise to risks from changes in foreign exchange rate between the Canadian dollar (functional currency) and US dollar. As at October 31, 2024, included in the Company's cash balance was US dollars with a Canadian dollar equivalent of $2,629 (July 31, 2024 - $291,034) and included in accounts payables were US dollar liabilities with a Canadian dollar equivalent of $1,170,828 (July 31, 2024 – $1,121,160). A 10% increase (decrease) in the Canadian Dollar/U.S. dollar exchange rates on that date would have resulted in an increase or decrease of approximately $117,000 (July 31, 2024 - $83,000). The Company does not use derivative financial instruments to reduce its foreign exchange exposure and is subject to fluctuations in exchange rate between Canadian dollars and US dollars.