



Consolidated Financial Statements of

Medicenna Therapeutics Corp.

(Expressed in Canadian Dollars)

For the years ended March 31, 2025 and 2024

To the Shareholders of Medicenna Therapeutics Corp.:

Opinion

We have audited the consolidated financial statements of Medicenna Therapeutics Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2025 and March 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2025 and March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Blair Michael Mabee.

Mississauga, Ontario

June 25, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Medicenna Therapeutics Corp.

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian Dollars, except for share and per share amounts)

	March 31, 2025 \$	March 31, 2024 \$
Assets		
Current assets		
Cash and cash equivalents (Note 7)	24,837	16,982
Prepays and deposits	639	931
Other receivables (Note 8)	2,695	1,164
	<u>28,171</u>	<u>19,077</u>
Right of use asset (Note 10)	141	-
Property and equipment	18	-
Intangible assets	52	57
	<u>28,382</u>	<u>19,134</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 9,16)	4,386	2,863
Current portion of lease liability (Note 6)	49	-
	<u>4,435</u>	<u>2,863</u>
Lease liability (Note 10)	119	-
Warrant derivative (Note 14)	4,733	11,080
	<u>9,287</u>	<u>13,943</u>
Shareholders' Equity		
Common shares (Note 11)	116,297	100,924
Pre-funded warrants (Note 11)	9,831	-
Contributed surplus (Note 11,12)	11,216	10,695
Accumulated other comprehensive (loss) income	3	19
Deficit	(118,252)	(106,447)
	<u>19,095</u>	<u>5,191</u>
	<u>28,382</u>	<u>19,134</u>
Commitments (Note 15)		
Subsequent event (Note 19)		

Approved by the Board

/s/ Albert Beraldo Director
/s/ Karen Dawes Director

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

Medicenna Therapeutics Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in thousands of Canadian Dollars, except for share and per share amounts)

	Year Ended March 31, 2025	Year Ended March 31, 2024
	\$	\$
Operating expenses		
General and administration (Note 18)	5,962	7,874
Research and development (Note 18)	14,444	10,800
Total operating expenses	20,406	18,674
Finance income	(1,350)	(1,198)
Change in fair value of warrant derivative (Note 14)	(6,347)	7,920
Foreign exchange (gain) loss	(904)	70
	(8,601)	6,792
Net loss for the period	(11,805)	(25,466)
Cumulative translation adjustment	(16)	(38)
Comprehensive loss for the year	(11,821)	(25,504)
Basic and diluted loss per share	(0.15)	(0.37)
Weighted average shares outstanding (Note 11)	76,671,175	69,637,469

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

Medicenna Therapeutics Corp.

Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)

	Year ended March 31, 2025	Year ended March 31, 2024
	\$	\$
Operating activities		
Net loss for the year	(11,805)	(25,466)
Items not involving cash		
Depreciation	53	4
Interest expense	13	-
Stock based compensation	2,214	1,209
Government grant expense recoveries (Note 8)	(1,030)	(984)
Unrealized foreign exchange	(904)	316
Change in fair value of warrant derivative (Note 14)	(6,347)	7,920
Changes in non-cash working capital		
Other receivables and deposits	(209)	1,678
Accounts payable and accrued liabilities	1,523	(937)
	(16,492)	(16,260)
Investing activities		
Purchase of property and equipment	(33)	-
	(33)	-
Financing activities		
Principal repayment - long term lease	(19)	-
Issuance of share capital and prefunded warrants, net of issuance costs (Note 11)	19,714	-
Warrant and option exercises (Note 12)	3,797	-
	23,492	-
Effect of foreign exchange on cash and cash equivalents	888	(354)
Net increase (decrease) in cash and cash equivalents	7,855	(16,614)
Cash and cash equivalents, beginning of year	16,982	33,596
Cash and cash equivalents, end of year	24,837	16,982

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

Medicenna Therapeutics Corp.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian Dollars, except for share and per share amounts)

	Common shares issued and outstanding		Pre-funded warrants		Contributed surplus	Accumulated other comprehensive (loss) income	Deficit	Total shareholders' equity
	Number	Amount	Number	Amount				
	#	\$	#	\$				
Balance, March 31, 2023	69,637,469	100,924	-	-	9,486	57	(80,981)	29,486
Stock based compensation	-	-	-	-	1,209	-	-	1,209
Cumulative translation adjustment	-	-	-	-	-	(38)	-	(38)
Net loss for the year	-	-	-	-	-	-	(25,466)	(25,466)
Balance, March 31, 2024	69,637,469	100,924	-	-	10,695	19	(106,447)	5,191
Balance, March 31, 2024	69,637,469	100,924	-	-	10,695	19	(106,447)	5,191
Stock based compensation	-	-	-	-	2,214	-	-	2,214
Issuance of common stock, net of issuance costs	5,141,388	9,883	-	-	-	-	-	9,883
Issuance of pre-funded warrants, net of issuance costs	-	-	5,141,388	9,831	-	-	-	9,831
Warrant and option exercises	3,436,878	5,490	-	-	(1,693)	-	-	3,797
Cumulative translation adjustment	-	-	-	-	-	(16)	-	(16)
Net loss for the year	-	-	-	-	-	-	(11,805)	(11,805)
Balance, March 31, 2025	78,215,735	116,297	5,141,388	9,831	11,216	3	(118,252)	19,095

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

Medicenna Therapeutics Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

1. Nature of business and liquidity

The Company's principal business activity is the development and commercialization of IL-2, IL-4 and IL-13 Superkines and Empowered Superkines for the treatment of cancer, inflammation and immune-mediated diseases. Medicenna has four wholly owned subsidiaries, Medicenna Therapeutics Inc. ("MTI") (British Columbia), Medicenna Biopharma Inc. ("MBI") (Delaware), Medicenna Biopharma Inc. ("MBIBC") (British Columbia) and Medicenna Australia PTY Ltd ("MAL") (Australia). Medicenna is traded on the Toronto Stock Exchange under the symbol "MDNA".

As at March 31, 2025, the head and registered office is located at Suite 903, 2 Bloor St W, Toronto, Ontario, Canada.

Since inception, the Company has devoted its resources to funding research and development ("R&D") programs, including securing intellectual property rights and licenses, conducting discovery research, manufacturing drug supplies, initiating preclinical and clinical studies, submitting regulatory dossiers and providing administrative support to R&D activities, which has resulted in an accumulated deficit of \$118.3 million as of March 31, 2025. With current finance income only consisting of interest earned on excess cash, cash equivalents and marketable securities, losses are expected to continue while the Company's R&D programs are advanced.

At present, the Company does not earn any revenues from product candidates and is therefore considered to be in the development stage. The Company will continue to secure funding for its operations through the issuance of equity or the pursuit of non-dilutive financing sources, as necessary. The continuation of the Company's research and development activities for bizaxofusp (formerly MDNA55), MDNA11 and the BiSKITs™ platform and the commercialization of bizaxofusp is dependent upon the ability to successfully finance and complete research and development programs through a combination of equity financing and revenues from strategic partners. There is no guarantee of future financing or that research and development activities associated with bizaxofusp, MDNA11 and the BiSKITs platform will be successful, which may require a change in plans of the Company.

Management has forecasted that the Company's current level of cash will be sufficient to execute its current planned expenditures through mid-2026.

2. Basis of presentation and material accounting policies

a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on June 25, 2025.

b) *Principles of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly owned Subsidiaries MTI, MBI, MAL, and MBIBC (British Columbia, Inactive). Subsidiaries are fully consolidated from the date at which control is determined to have occurred and are deconsolidated from the date that the Company no longer controls the entity. 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.

c) *Functional and presentation currency*

The functional currency of an entity and its subsidiary is the currency of the primary economic environment in which the entity operates. The functional currency of the parent company is the Canadian dollar and the functional currency of MBI is the US dollar, the functional currency of MTI and MBI BC is the Canadian dollar, the functional currency of MAL is the Australian dollar, and the presentation currency of the parent company is the Canadian dollar.

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(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

d) *Foreign currency translation*

Foreign currency translation of monetary assets and liabilities, denominated in currencies other than the Corporation's functional currency are converted at the rate of exchange in effect at the consolidated statements of financial position date. Revenue and expense items are translated at the rate of exchange in effect at the transaction date. Translation gains or losses are included in determining income or loss for the year.

e) *Cash and cash equivalents*

Cash equivalents include guaranteed investment certificates of \$23.6 million as at March 31, 2025 (March 31, 2024 – \$11.2 million) with a maturity of 90 days or less and are readily redeemable for cash. The Company has classified its cash and cash equivalents at fair value through profit or loss.

f) *Research and development costs*

Expenditures on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Investment tax credits related to current expenditures are included in the determination of net income as the expenditures are incurred 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. These criteria will be deemed by the Company to have been met when revenue is received by the Company and a determination 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.

g) *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 profit, or loss in reduction thereof on a systematic basis in the same years in which the expenses are recognized.

Grants that compensate the Company for the cost of an asset are recognized in profit or loss on a systematic basis over the useful life of the asset.

h) *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 asset with an indefinite life.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment

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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 is 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 appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in general and administrative expenses.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use to August 31, 2035.

i) *Income taxes*

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

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 has been probable that future taxable profit will allow the deferred tax asset to be recovered.

j) *Basic and diluted loss per common share*

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share. Since the Company has losses, the effect of outstanding options and warrants have not been included in this calculation as it would be anti-dilutive.

k) *Equipment*

The Company's fixed assets comprise of computer equipment for use in general and administrative and research and development activities.

Depreciation is recognized using the straight-line method based on an expected life of the assets:

Computer equipment	2 years
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Impairment of long-lived assets

The Company's long-lived assets are reviewed for indications of impairment at the date of preparing each statement of financial position. If an indication of impairment exists, the asset's recoverable amount is estimated.

Medicenna Therapeutics Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

An impairment loss is recognized when the carrying value of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. For the purpose of impairment testing, the Company has determined it has one cash-generating unit. The recoverable amount is the greater of the asset's fair value less cost to sell and value in use.

l) Warrant derivative

When a warrant exercise price is denominated in a currency which differs from the Company's functional currency, the financial instruments are treated as liabilities and measured at fair value. The fair value of the warrants are calculated using the Black-Scholes model. The change in the liability has been recorded in the consolidated statement of loss and comprehensive loss.

m) Stock-based compensation

The Company has a stock-based compensation plan (the "Plan") available to officers, directors, employees and consultants with grants under the Plan approved by the Company's Board of Directors. Under the Plan, the exercise price of each option equals the closing trading price of the Company's stock on the day prior to the grant or a higher price as determined by the Board of Directors. Vesting is provided for at the discretion of the Board of Directors and the expiration of options is to be not greater than 10 years from the date of grant. The Company uses the fair value-based method of accounting for employee awards granted under the Plan. The Company calculates the fair value of each stock option grant using the Black Scholes option pricing model at the grant date. The stock-based compensation cost of the options is recognized as stock-based compensation expense over the relevant vesting period of the stock options using an estimate of the number of options that will eventually vest.

Stock 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 shared based compensation expense in the period of forfeiture.

n) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of equity.

The Company has adopted a 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 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 contributed surplus.

o) 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.

Medicenna Therapeutics Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

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 fair value through profit or loss;
- Other receivables are classified as amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method;
- Accounts payable and accrued liabilities are classified as other amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method; and
- Warrant derivative is classified at fair value through profit or loss

p) Impairment of financial assets

The Company applies the simplified method of the expected credit loss model required under IFRS 9. Under this method, the Company estimates a lifetime expected loss allowance for all receivables. Receivables are written off when there is no reasonable expectation of recovery.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

q) Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid in short-term cash bonuses if the Company expects to pay these amounts as approved by the Board of Directors as a result of past services provided by the employee and the obligation can be estimated reliably.

r) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs. A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. No provisions have been recognized as at March 31, 2025 or 2024.

s) Research and development tax credits

Research and development tax credits and refundable investment tax credits relating to Research and Development Tax Incentive ("RDTI") are recorded in the accounts in the fiscal period in which the qualifying expenditures are incurred provided there is reasonable assurance that the tax credits will be realized. Refundable investment tax credits, in connection with RDTI activities, are accounted for using the cost reduction method and included in government assistance on the statements of loss and comprehensive loss. Amounts recorded for refundable investment tax credits are calculated based on the expected eligibility and tax treatment of qualifying RDTI expenditures recorded in the Company's consolidated financial statements.

Medicenna Therapeutics Corp.

Notes to the Consolidated Financial Statements

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(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

t) *Research and development tax credits*

The Company determines if an arrangement is a lease at contract inception by evaluating if the contract conveys the right to control the use of identified assets during the period of use. A right-of-use ("ROU") asset represents the Company's right to use an identified asset for the lease term and a lease liability represents the Company's obligation to make payments as set forth in the lease agreement. ROU assets and lease liabilities are included on the Company's consolidated statements of financial position and are recognized based on the present value of the future lease payments at the lease commencement date over the expected lease term which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The interest rate used to determine the present value of the future lease payments is the Company's incremental borrowing rate at lease inception, because the interest rate implicit in the lease is generally not readily determinable. A ROU asset initially equals the lease liability, adjusted for any lease payments made prior to lease commencement and any lease incentives.

All leases are recorded on the consolidated statements of financial position except for leases with an initial term of less than 12 months. ROU assets are amortized on a straight-line basis over the shorter of the remaining useful life of the asset and lease term. Depreciation expense is recognized in the consolidated statements of operations and comprehensive loss.

3. New standards and interpretations adopted and not yet adopted

The Company adopted the following standards during the year ended March 31, 2025:

Amendments to IAS 1 Presentation of Financial Statements ("IAS 1")

In October 2022, the IASB published amendments to IAS 1 Presentation of Financial Statements to clarify whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current (based on a substantive right to defer settlement). This amendment is effective for annual reporting periods beginning on or after January 1, 2024. Adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

IFRS 7 Financial Instruments and IAS 7 - Statement of Cash Flows

In May 2023, the IASB issued disclosure-only amendments to IFRS 7 and IAS 7 which were incorporated into Part I of the CPA Canada Handbook – Accounting in August 2023. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity's liabilities and cash flows, as well as on its liquidity risk and risk management. The adoption of the amendments to IFRS 7 and IAS 7 did not have a significant impact on the consolidated financial statements.

In May 2024, the International Accounting Standards Board (IASB) issued narrow scope amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the consolidated financial statements of the Company.

4. Key sources of estimation uncertainty and judgement

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are accounted for prospectively.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are discussed below:

Medicenna Therapeutics Corp.

Notes to the Consolidated Financial Statements

For the years ended March 31, 2025 and 2024

(Tabular amounts expressed in thousands of Canadian Dollars, except for share and per share amounts)

Valuation of stock-based compensation and warrants

Management measures the costs for stock-based compensation and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected risk-free interest rate, future employee turnover rates, future exercise behaviors and corporate performance. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of stock-based compensation and warrants.

Estimate of prepaid expenses and accruals for research and development expenses

The Company records an estimate of accrued expenses for research and development. The period-end process involves assessing the status of research and development activities by analyzing open purchase orders and having discussions with the Company's personnel and service providers. This information is used to identify services that have been performed and estimate the level of service performed on the Company's behalf and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of the actual cost.

For research and development activities, the majority of service providers invoice the Company in arrears for services performed, either on a pre-determined schedule or when contractual milestones are met; however, some require advanced payments, such that payments to the service providers exceed the level of services provided. This impacts the amount of accrued expenses and prepaid balances related to research and developments costs as of period end.

The Company estimates its accrued expenses and prepaid expenses as of each statement of financial position date in its financial statements based on facts and circumstances known at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust research and development expenses in subsequent periods.

Valuation of warrant derivative

Estimating the fair value of the warrant derivative at initial measurement, at each exercise date and at each reporting period requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life, share price volatility, and dividend yield, and making assumptions about them. Changes in the inputs and assumptions used affect the fair value estimate of the warrant derivative.

Going concern

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company.

5. Capital disclosures

The Company's objectives, when managing capital, are to safeguard cash and cash equivalents as well as maintain financial liquidity and flexibility in order to preserve its ability to meet financial obligations and deploy capital to grow its businesses.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue shares or issue debt (secured, unsecured, convertible and/or other types of available debt instruments).

There were no changes to the Company's capital management policy during the year. The Company is not subject to any externally imposed capital requirements.

6. Financial risk management

a) Fair value

The Company's financial instruments recognized on the consolidated statements of financial position consist

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of cash and cash equivalents, other receivables, and accounts payable and accrued liabilities. The fair value of these instruments, approximate their carrying values due to their short-term maturity.

Classification of financial instruments

Financial instruments measured at fair value on the consolidated statements of financial position are summarized into the following fair value hierarchy levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below: Cash and cash equivalents are measured using Level 1 inputs and changes in fair value are recognized through profit or loss, with changes in fair value being recorded in net income. The warrant derivative is measured using Level 2 inputs with assumptions as outlined in Note 14 and changes in fair value are recognized through profit or loss, with changes in fair value being recorded in net income.

The Company has exposure to the following risks from its use of financial instruments: credit, interest rate, currency, and liquidity risk. The Company reviews its risk management framework on a quarterly basis and makes adjustments as necessary.

b) Credit risk

Credit risk arises from the potential that a counterparty will fail to fulfil its obligations. The financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents and other receivables.

The Company manages credit risk associated with its cash and cash equivalents by investing its cash and cash equivalents in liquid investments with high-quality financial institutions. Other receivables have low credit risk as they are from government agencies.

c) Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company believes that its exposure to interest rate risk is not significant.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles all of its financial obligations out of cash and cash equivalents. The ability to do so relies on the Company maintaining sufficient cash in excess of anticipated needs. As at March 31, 2025, the Company's liabilities consist of accounts payable and accrued liabilities that have contracted maturities of less than one year.

e) Currency risk

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk primarily from the purchase of goods and services denominated in United States dollars and cash and cash equivalent balances held in foreign currencies. Fluctuations in the US 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 an increase or decrease in loss and comprehensive loss for the

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year ended March 31, 2025 of \$1.8 million (March 31, 2024 - \$1.0 million).

Balances in US dollars are as follows:

	March 31, 2025	March 31, 2024
	\$	\$
Cash and cash equivalents	12,330	8,177
Accounts payable and accrued liabilities	(1,084)	(1,061)
	11,246	7,116

7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	March 31, 2025	March 31, 2024
	\$	\$
Cash held at banks	1,278	5,782
Short-term cashable instruments	23,559	11,200
	24,837	16,982

8. Other receivables

	March 31, 2025	March 31, 2024
	\$	\$
Investment tax credits receivable	2,006	984
Sales tax receivable	689	180
	2,695	1,164

Investment tax credits

The Company expects to receive \$1.1 million through the Australian R&D incentive program relating to the year ended March 31, 2025 (March 31, 2024 - \$1.0 million). The amount receivable for the year ended March 31, 2024 was received subsequent to the year ended March 31, 2025. The Australian refundable tax credit is recorded as a reduction to R&D expenses for the years ended March 31, 2024 and March 31, 2025, respectively.

Sales tax receivable of \$0.5 million was received subsequent to year end relating to refundable Canadian GST for the year ended December 31, 2024 (\$0.3 million) and refundable Australian GST for the three quarters ended December 31, 2024 (\$0.2 million).

9. Accounts payable and accrued liabilities

	March 31, 2025	March 31, 2024
	\$	\$
Trade payables	2,701	2,070
Accrued liabilities	1,685	793
	4,386	2,863

10. Right of use asset and lease liability

The Company entered into an operating lease agreement for office space in Toronto. The lease has a commencement date of September 1, 2024, and expires on November 30, 2027. The lease included a fixturing period until November 30, 2024 and two months of free rent.

Right of use asset	(\$)
Cost	
Balance, March 31, 2024	-
Additions	174
Depreciation expense	(33)

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Balance, March 31, 2025	141
Net carrying value	
At March 31, 2024	-
At March 31, 2025	141

When measuring the lease liability, the Company discounted the lease payments using its incremental borrowing rate. The lease liability was valued as at the commencement date with lease payments discounted with a 15% interest rate.

At March 31, 2025, the Company's lease obligation related to its right of use assets is as follows:

Lease obligation	(\$)
Balance, March 31, 2024	-
Lease Additions	174
Repayments	(19)
Interest Expense	13
Balance, March 31, 2025	168
Current portion	49
Non-current	119
	168

At March 31, 2025 the Company is committed to minimum lease payments as follows:

Maturity analysis	(\$)
Less than one year	71
One to five years	136
Total undiscounted lease liabilities	207

11. Share capital and pre-funded warrants

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

Equity Issuances

Year ended March 31, 2025

On April 30, 2024, the Company closed a \$20 million financing through a private placement with RA Capital Management ("RA"), a multi-stage investment manager based in Boston, MA, by way of a non-brokered private placement (the "Offering"). Pursuant to the terms of the Offering, RA subscribed for 5,141,388 common shares in the capital of the Company (the "Shares") at a price of CA\$1.95 per share and 5,141,388 pre-funded common share purchase warrants (the "Pre-funded Warrants") to purchase 5,141,388 common shares at a purchase price of CA\$1.94 per pre-funded warrant with no expiry date, for gross proceeds of \$20 million.

The costs associated with the Offering were \$0.3 million which consisted of legal and regulatory costs and were allocated to share capital and prefunded warrants based on the relative investment amounts.

Year ended March 31, 2024

None

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Calculation of loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. For the years ended March 31, 2025, and 2024, the calculation was as follows:

	Year ended March 31,	
	2025	2024
Common shares issued and outstanding, beginning of year	69,637,469	69,637,469
Common shares issued from private placement	4,718,808	–
Exercise of Options and Warrants	2,314,897	–
Weighted average common shares issued and outstanding, end of year	76,671,175	69,637,469

The effect of any potential exercise of the Company's stock options, pre-funded warrants and warrants outstanding during the year has been excluded from the calculation of diluted loss per common share as it would be anti-dilutive.

12. Warrants

Warrants have been issued as part of equity financing transactions. The pre-funded warrants are defined in Note 11 above and are listed separately on the Statements of Financial Position and on the Statements of Changes in Shareholders Equity and are excluded from the tables below.

The following is a summary of changes in warrants:

	Number of Warrants #	Weighted average exercise price \$
Warrants outstanding at March 31, 2023	16,185,386	2.23
Warrants expired during the year	(200,000)	1.20
Warrants outstanding at March 31, 2024	15,985,386	2.25
Warrants exercised during the year	(2,495,917)	1.52
Warrants expired during the year	(156,135)	1.38
Warrants outstanding at March 31, 2025	13,333,334	2.66

During the year ended March 31, 2025, there were 2,495,917 warrants exercised for proceeds of \$3.8 million and 156,135 warrants that expired unexercised.

There were no warrants exercised during the year ended March 31, 2024. There were 200,000 warrants held by insiders that expired.

At March 31, 2025, the following warrants were outstanding and exercisable:

Number of Warrants #	Exercise Price \$	Expiry Date	Remaining Average Life (years)
13,333,334	US 1.85	August 9, 2027	2.36

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13. Stock options

Changes to the stock option balance are summarized as follows:

	Number of options #	Weighted average exercise price \$
Balance outstanding at March 31, 2023	5,610,353	\$ 1.84
Granted	5,104,000	0.53
Expired	(700,000)	1.35
Forfeited	(1,792,463)	0.79
Balance outstanding at March 31, 2024	8,221,890	1.28
Granted	1,734,000	1.74
Exercised	(1,457,371)	0.85
Expired	(92,725)	2.86
Forfeited	(185,000)	0.92
Balance outstanding at March 31, 2025	8,220,794	1.47

During the year ended March 31, 2025, the Company granted 1,734,000 options with a weighted average exercise price of \$1.74 per share. Of these granted, 850,000 were granted to the Company's officers with 650,000 vesting 50% after one year, 25% after two years and 25% after three years, and 200,000 vesting 50% after six months and 50% after one year, each tranche with a ten-year life. Another 579,000 options were granted to the Board and advisors of the Company and vest 50% upon issuance and 50% after 1 year and have a five-year life. There were 25,000 options issued to employees of the Company with 50% vesting after one year, 25% after two years and 25% after three years, with a ten-year life. The Company also issued 200,000 options to a consultant which vest in equal tranches over 3 years with a ten year life. Finally, 80,000 options were issued to consultants of the Company which vest in equal tranches over 1 year and have a five year life.

During the year ended March 31, 2025, 1,457,371 options were exercised on a cashless basis which resulted in the issuance of 940,961 common shares. Pursuant to the Company's stock option plan, optionees can elect to exercise stock options on a cashless basis which results in a net number of shares issued to account for the exercise price of the options.

The following table summarizes information about stock options outstanding at March 31, 2025:

Exercise Price \$	Options Outstanding			Options Exercisable	
	Options #	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Options #	Weighted average exercise price \$
0.38-1.99	6,272,480	6.5	1.13	4,024,648	1.03
2.00-2.99	1,329,000	2.3	2.03	1,329,000	2.03
3.00-5.19	619,314	5.2	3.73	619,314	3.73
	8,220,794	5.6	1.47	5,972,962	1.54

The following assumptions were used in the Black-Scholes option-pricing model to determine the fair value of stock options granted during the year:

	March 31, 2025	March 31, 2024
Exercise price	\$0.99-\$1.84	\$0.38-\$0.96
Grant date share price	\$0.99-\$1.84	\$0.38-\$0.96
Risk free interest rate	2.80%-3.14%	5.00%
Expected life of options	5-10 years	5-10 years
Expected volatility	92%-96%	90%-103%
Expected dividend yield	-	-
Forfeiture rate	0%	0%
Weighted average fair value of options granted during the year	\$1.44	\$0.53

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14. Warrant Derivative

On August 11, 2022, pursuant to an underwritten public offering, 13,333,334 units were sold at a purchase price of US\$1.50 per unit for gross proceeds of US\$20.0 million (\$25.6 million). Each unit included one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of US\$1.85 until August 9, 2027. The Company incurred transaction costs of \$2.2 million (US\$1.7 million) of which \$1.6 million (US\$1.2 million) were allocated to share issue costs and \$0.6 million (US\$0.5 million) were allocated to operating expenses, based on their relative fair values.

Under IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation, warrants with an exercise price denominated in a currency that differs from an entity's functional currency are treated as a derivative measured at fair value with subsequent changes in fair value accounted for through the consolidated statements of loss and comprehensive loss. The \$US denominated warrants issued by the Company meet this requirement and have therefore been presented as a non-current liability on the consolidated statements of financial position. Upon exercise, the recorded liability will be included in share capital along with the proceeds from the exercise. If these warrants expire, the related liability is reversed through the consolidated statements of loss. There is no cash flow impact as a result of the accounting treatment for changes in the fair value of the warrant derivative or when warrants expire unexercised.

Estimating the fair value of the warrant derivative requires determining the most appropriate valuation model which is dependent on the terms and conditions of the issuance. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the warrant derivative, expected share price volatility and expected dividend yield and making assumptions about them.

A reconciliation of the change in fair value of the warrant derivative is as follows:

	Fair value of Warrant Derivatives \$
Balance, March 31, 2023	3,160
Change in fair value of warrant derivative	8,032
Foreign exchange loss	(112)
Balance, March 31, 2024	11,080
Change in fair value of warrant derivative	(6,725)
Foreign exchange gain	378
Balance, March 31, 2025	4,733

Historical data is used to estimate the expected dividend yield and expected volatility of the Company's stock in determining the fair value of the warrants. The risk-free interest rate is based on U.S. Department of Treasury benchmark treasury yield rates in effect at the time of valuation and the expected life of the warrants represents the estimated length of time the warrants are expected to remain outstanding.

The following table summarizes the key assumptions used in the Black-Scholes valuation of the warrant derivative at March 31, 2025. The expected hold period to exercise was increased as at March 31, 2025 to be consistent with the term of the warrants based on the Company's share price relative to the warrant's exercise price.

	March 31, 2025	March 31, 2024
Exercise price of warrants (US \$1.85)	\$2.66	\$2.50
Underlying share price	\$0.98	\$1.87
Risk free interest rate	2.46%	5.00%
Expected hold period to exercise	2.35 years	1.5 years
Expected share price volatility	103%	109%
Expected dividend yield	Nil	Nil

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The following table summarizes the outstanding warrant derivative for the year ended March 31, 2025:

Exercise Price	Outstanding Beginning of the year	Granted during the year	Outstanding, End of the year	Weighted Average Remaining Contractual Life (years)
US\$1.85	13,333,334	-	13,333,334	2.35

15. Commitments

Intellectual property

On August 21, 2015, the Company exercised its right to enter into two license agreements (the "Stanford License Agreements") with the Board of Trustees of the Leland Stanford Junior University ("Stanford"). In connection with this licensing agreement, the Company issued 649,999 common shares with a value of \$0.1 million to Stanford and affiliated inventors. The value of these shares has been recorded as an intangible asset that is being amortized over the life of the underlying patents. As at March 31, 2025, the Company's intangible assets have a remaining capitalized net book value of \$52 (March 31, 2024 - \$57).

The Company has entered into various license agreements with respect to accessing patented technology. To maintain these agreements, the Company is obligated to pay certain costs based on timing or certain milestones within the agreements, the timing of which is uncertain. These costs include ongoing license fees, patent prosecution and maintenance costs, royalty and other milestone payments. As at March 31, 2025, the Company is obligated to pay the following:

Contractual obligations	Less than 1 year	1-3 years	3-5 years	Total
Patent licensing and milestone costs	\$ 259	\$ 589	\$ 503	\$ 1,351

16. Related party disclosures

(a) Key management personnel

Key management personnel, which consists of the Company's officers (President and Chief Executive Officer, Chief Financial Officer (current and former), former Chief Development Officer, former Chief Medical Officer and former Chief Scientific Officer) and directors, earned the following compensation for the following years:

	2025	2024
Salaries and wages	\$ 1,384	\$ 2,224
Board fees	319	329
Stock option expense	1,471	814
	3,174	3,367

(b) Amounts payable to related parties

As at March 31, 2025, the Company had trade and other payables in the normal course of business owing to directors and officers of \$0.1 million, (March 31, 2024 - \$0.2 million) related to board fees.

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17. Income taxes

(a) Provision for Income Tax

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2025	2024
	\$	\$
Loss before income taxes	(11,805)	(25,465)
Tax rate	27%	27%
Expected tax recovery	(3,187)	(6,876)
Change in statutory rates and foreign exchange rates	-	-
Change in fair value of warrant derivative & other permanent differences	(1,112)	2,467
Share issuance costs	(67)	(67)
Change in unrecognized deductible temporary difference	4,366	4,476
Total income tax expense (recovery)	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included in the consolidated statements of financial position are as follows:

Type	Amount \$	Expiry
Non-capital losses carry-forward	113,925	2038-2044
Property and equipment	186	N/A
Share issuance costs	854	2041-2044

18. Components of expenses

	2025	2024
	\$	\$
General and Administration Expenses		
Public company expenses	2,280	4,731
Salaries and benefits	1,528	1,711
Stock based compensation	1,501	636
Facilities and operations	598	791
Depreciation expense	55	5
	5,962	7,874
	2025	2024
	\$	\$
Research and Development Expenses		
Clinical	8,781	4,695
Salaries and benefits	2,714	2,544
Discovery and pre-clinical	1,863	1,407
Licensing, patent, legal fees and royalties	965	1,370
Chemistry, manufacturing, and controls	167	923
Stock based compensation	713	573
Regulatory	291	107
Other research and development expenses	175	170
Research and development tax credits	(1,225)	(989)
	14,444	10,800

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19. Subsequent events

On April 14, 2025 the Company issued 5,141,388 common shares for the exercise of pre-funded warrants issued to RA Capital for proceeds of \$51,414. The pre-funded warrants were issued as part of a non-brokered private placement whereby RA Capital subscribed for 5,141,388 Common Shares at a price of \$1.95 per share and, in lieu of Common Shares, Pre-Funded Warrants to purchase 5,141,388 Common Shares at a purchase price of \$1.94 per Pre-Funded Warrant.