



Consolidated Financial Statements
(Expressed in Canadian Dollars)

WAVERLEY PHARMA INC.

Year ended December 31, 2025

Independent auditor's report

To the Shareholders of
Waverley Pharma Inc.

Opinion

We have audited the consolidated financial statements of **Waverley Pharma Inc.** and its subsidiaries [collectively, the "Company"], which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in (deficit) equity and consolidated statements of 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 December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit 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 audit 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.

Material uncertainty related to going concern

We draw attention to note 2[c] in the consolidated financial statements which indicates that the Company incurred a net loss of \$499,214 during the year ended December 31, 2025, with cash used in operating activities of \$611,033 and, as of that date the Company had a deficit of \$10,841,435. As stated in note 2[c], these events or conditions, along with other matters set forth in note 2[c], indicate that a material uncertainty exists that may cast significant doubt in the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="250 449 472 478"><i>Goodwill Impairment</i></p> <p data-bbox="250 499 812 957">As at December 31, 2025, the carrying amount of goodwill was \$212,949. As disclosed in Note 3, the Company has recognized goodwill from the C&R Pharmacy acquisition which must be tested for impairment at least annually. When performing impairment tests, the Company estimates the recoverable amount of the CGU to which the goodwill has been allocated using a discounted cash flow model. The recoverable amount is based on the higher of the estimated value-in-use and fair value less costs of disposal at the testing date. The Company discloses significant judgments, estimates and assumptions and the result of their analysis in respect of impairment in Note 8 to the consolidated financial statements.</p> <p data-bbox="250 974 812 1243">Auditing management’s annual goodwill impairment test was complex, due to the degree of judgment and subjectivity in evaluating management’s estimates and assumptions in determining the recoverable amount of the CGU. Significant assumptions used in the discounted cash flow model include revenue growth rates, forecasted operating margin and the and discount rate, which are affected by expectations about future economic conditions.</p>	<p data-bbox="850 491 1360 579">To test the estimated recoverable amount of the CGU, we performed the following procedures, among others:</p> <ul data-bbox="850 583 1421 1163" style="list-style-type: none"><li data-bbox="850 583 1421 793">• With the assistance of our valuation specialists, we evaluated the Company’s model, valuation methodology, and certain significant assumptions, including the discount rate. We assessed the selection and application of the discount rate by evaluating the inputs and mathematical accuracy of the calculation.<li data-bbox="850 798 1421 886">• We assessed the cash flow projections through comparison to historical results and internal budgeted projections.<li data-bbox="850 890 1421 953">• We compared the revenue growth rate and operating margin to market and economic trends.<li data-bbox="850 957 1421 1045">• We performed sensitivity analyses on significant assumptions to evaluate any resulting changes to the recoverable amount.<li data-bbox="850 1050 1421 1163">• We assessed the adequacy of the Company’s disclosure with respect to goodwill impairment as included in Note 8 to the consolidated financial statements.

Other information

Other information consists of the information included in the Management’s Discussion and Analysis, other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information.

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 audit 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. 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 IFRSs, 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nabeel Pabani.

Winnipeg, Canada
April 30, 2026

Ernst & Young LLP

Chartered Professional Accountants



Waverley Pharma Inc.
Consolidated Statements of Financial Position
(expressed in Canadian dollars)

As at December 31	Note	2025	2024
Assets			
Current assets:			
Cash		\$ 44,950	\$ 235,929
Accounts receivable	5	33,468	208,681
Inventory	6	306,279	261,485
Prepaid expenses		36,128	23,625
Total current assets		420,825	729,720
Non-current assets			
Property and equipment	7	222,768	263,396
Intangible assets	8	325,505	397,944
Goodwill	8	212,949	223,560
Non-current assets held-for-sale	9	-	264,520
Other asset	12(d)	62,291	166,669
Total non-current assets		823,513	1,316,089
Total assets		\$ 1,244,338	\$ 2,045,809
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 369,850	\$ 1,010,960
Bank indebtedness	10	3,219,983	2,810,383
Income tax payable	13	794	-
Current portion of lease obligation	11	45,532	37,116
Total current liabilities		3,636,159	3,858,459
Non-current liabilities			
Lease obligation	11	178,884	218,912
Total non-current liabilities		178,884	218,912
Total liabilities		4,077,371	4,077,371
(Deficit) Equity:			
Share capital	12(b)	7,000,100	7,000,100
Warrants	12(d)	521,894	521,894
Contributed surplus		809,420	809,420
Accumulated other comprehensive loss		(60,684)	(20,755)
Deficit		(10,841,435)	(10,342,221)
Total (deficit) equity		(2,570,705)	(2,031,562)
Total liabilities and equity		\$ 1,244,338	\$ 2,045,809

Commitments and contingencies (Note 15)

On behalf of the board

"Dr. Albert D. Friesen"
 Director

"Mr. James Kinley"
 Director

See accompanying notes to the consolidated financial statements.



Waverley Pharma Inc.
Consolidated Statements of Net Loss and Comprehensive Loss
(expressed in Canadian dollars)

For the year ended December 31	Note	2025	2024
Revenue, net		\$ 1,349,599	\$ 475,373
Cost of goods sold	6	835,922	261,329
Gross Profit		513,677	214,044
Expenses			
Selling, general, and administrative	17	\$ 849,561	\$ 652,337
Research and development	17	13,458	423,659
		863,019	1,075,996
Loss before the undernoted		(349,342)	(861,952)
Other income:			
Recovery of importation value added tax	15(b)	-	(118,379)
		-	(118,379)
Finance costs:			
Finance expense, net	14	177,683	162,405
Foreign exchange loss (gain)		(29,422)	41,099
		148,241	203,504
Net loss before income taxes		\$ (497,583)	\$ (947,077)
Income tax expense - current	13	1,631	-
Net loss		(499,214)	\$ (947,077)
Translation adjustment		(39,929)	52,250
Comprehensive loss		\$ (539,143)	\$ (894,827)
Loss per share attributable to shareholders:			
Basic and Diluted	12(e)	\$ (0.01)	\$ (0.02)
Weighted average shares outstanding:			
Basic and Diluted	12(e)	54,000,000	54,000,000

See accompanying notes to the consolidated financial statements.



Waverley Pharma Inc.
 Consolidated Statements of Changes in (Deficit) Equity
 (expressed in Canadian dollars)

	Note	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total (Deficit) Equity
Balance, December 31, 2023		\$ 7,000,100	\$ 521,894	\$ 809,420	\$ (73,005)	\$ (9,395,144)	\$ (1,136,735)
Net loss for the year		-	-	-	-	(947,077)	(947,077)
Cumulative translation adjustment		-	-	-	52,250	-	52,250
Balance, December 31, 2024		\$ 7,000,100	\$ 521,894	\$ 809,420	\$ (20,755)	\$ (10,342,221)	\$ (2,031,562)
Balance, December 31, 2024		\$ 7,000,100	\$ 521,894	\$ 809,420	\$ (20,755)	\$ (10,342,221)	\$ (2,031,562)
Net loss for the year		-	-	-	-	(499,214)	(499,214)
Cumulative translation adjustment		-	-	-	(39,929)	-	(39,929)
Balance, December 31, 2025		\$ 7,000,100	\$ 521,894	\$ 809,420	\$ (60,684)	\$ (10,841,435)	\$ (2,570,705)

See accompanying notes to the consolidated financial statements.



Waverley Pharma Inc.
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)

For the year ended December 31	Note	2025	2024
Cash used in:			
Operating activities:			
Net loss for the year		\$ (499,214)	\$ (947,077)
Adjustments for:			
Finance expense, net	14	177,683	162,405
Foreign exchange loss (gain)		(29,442)	41,099
Income tax expense	13	1,631	-
Amortization of property and equipment	7	28,687	8,102
Amortization of intangible assets	8	54,618	15,928
Amortization of other asset	12(d)	104,379	104,379
Changes in working capital accounts:			
Accounts receivable		5,627	(75,447)
Inventory		(44,794)	(28,846)
Prepaid expenses		(12,503)	201,255
Accounts payable and accrued liabilities		(233,655)	266,326
Interest paid, net	14	(159,898)	(158,316)
Income tax paid	13	(4,152)	-
Cash used in operating activities		(611,033)	(410,192)
Financing activities:			
Bank indebtedness	10	409,600	1,208,324
Repayment of lease liability	11	(32,894)	(9,881)
Cash flows from financing activities		376,706	1,198,443
Investing activities:			
Acquisition of C&R Pharmacy, LLC	4	(219,123)	(611,550)
Proceeds from sale of non-current assets	9	264,520	-
Cash flows from investing activities		45,397	(611,550)
Increase (Decrease) in cash		(188,930)	176,701
Effect of exchange rate differences on cash		(2,049)	6,213
Cash, beginning of year		235,929	53,015
Cash, end of year		\$ 44,950	\$ 235,929

See accompanying notes to the consolidated financial statements.



Waverley Pharma Inc.
Notes to the Consolidated Financial Statements
(expressed in Canadian dollars)

1. Reporting entity

Waverley Pharma Inc. ("**Waverley**" or the "**Company**") was incorporated as Buffalo Capital Inc. ("**Buffalo**") pursuant to the provisions of the Canada Business Corporations Act ("**CBCA**") on December 14, 2016 and was classified as a Capital Pool Corporation ("**CPC**") as defined by Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). On October 24, 2017, the Company completed a qualifying transaction (the "**QT**") with Waverley Pharma Inc. and the name continued as Waverley Pharma Inc in accordance with the CBCA.

The Company is domiciled and incorporated in Canada and its Common Shares are listed on Tier 2 of the Exchange under the symbol "WAVE". The address of the Company's registered office and head office is 4-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

The Company is a biopharmaceutical company engaged in the research, development and commercialization of human therapeutics focused on oncology. The Company has entered into a license, manufacture, supply, marketing and distribution agreement with Reliance Life Sciences Private Limited ("**RLS**" or the "**Licensor**") by which the Licensor granted the Company an exclusive territorial license to market and sell capecitabine in the United Kingdom (the "**UK**") and Germany as well as a non-exclusive territorial license to market and sell temozolomide in the UK. Additionally, the Company has acquired exclusive territorial licenses from RLS to two oncologic drugs currently under development, pemetrexed and bortezomib in the United States and its territories (the "**USA**"), Canada, and the European Union (the "**EU**"). In addition, the Company has obtained a non-exclusive license to sell both pemetrexed and bortezomib in the UK. These products are marketed in the EU and the UK through the Company's wholly owned Irish subsidiary, Waverley Pharma Europe Limited ("**WPEL**"). During 2023, the Company elected to scale back its commercial operations in the UK and the EU due to increased competition and as a result, the Company has shifted its focus back to its research and development projects, including the development of its PARP-1 inhibitor.

On September 18, 2024, the Company, acquired 100% membership interest in C&R Pharmacy, LLC ("**C&R Pharmacy**"), a retail pharmacy located in West Liberty, Ohio. C&R Pharmacy accepts all major insurance providers and is strategically located in rural Ohio, where there is limited competition.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**").

The consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2026.

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss ("**FVTPL**") are measured at fair value.

(c) Going concern

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due.

The Company is a research and development company and operates an independent pharmacy, as such the Company is primarily dependent on financing provided from external sources to continue as a going concern. The Company has not achieved the expected levels of revenue to sustain the business during the year ended December 31, 2025. In addition, during the year ended December 31, 2025, the Company incurred a net loss of \$499,214 (2024 - \$947,077), with cash used in operating activities of \$611,033 (2024 - \$410,192) and, as at December 31, 2025, has a deficit of \$10,841,435 (2024 - \$10,342,221).

2. Basis of preparation

(c) Going concern (continued)

The above noted events and conditions indicate that material uncertainties exist that may cast significant doubt upon the Company's ability to continue as a going concern. In the future, the Company's ability to continue as a going concern will be dependent upon its ability to attain profitable operations and generate funds there from, and to continue to obtain funds from equity financings or borrowings from third parties sufficient to meet current and future obligations and/or restructure the existing liabilities. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

(d) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

(e) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses during the period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas in which management has made critical judgments in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the determination of the Company's and its subsidiaries' functional currencies.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements for the year ended December 31, 2025:

- Note 3(i): Estimates of the valuation of intangible assets
- Note 3(k): Impairment of non-financial assets
- Note 3(q): The measurement and valuation of intangible assets and contingent consideration acquired and recorded as business combinations

3. Material accounting policies

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities that are controlled by the Company. Control exists when the Company has power over the investee and the Company is exposed or has the rights to variable returns from the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control and include wholly owned subsidiaries, WPEL (Ireland) and C&R Pharmacy (USA). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany transactions and balances and unrealized gains and losses from intercompany transactions have been eliminated.

3. Material accounting policies (continued)

(b) Foreign currency

Items included in the financial statements of each of the Company's consolidated subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of WPEL is the British Pound ("GBP") and the functional currency of C&R Pharmacy is the United States Dollar ("USD") based on the respective nature of each subsidiary's operating activities.

Foreign currency transactions are translated into the respective functional currencies of the Company and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss. Non-monetary items that are not carried at fair value are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(c) Financial instruments

(i) Financial assets

The Company initially recognizes a financial asset on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Upon recognition of a financial asset, classification is made based on the business model for managing the asset and the asset's contractual cash flow characteristics. The financial asset is initially recognized at its fair value and subsequently classified and measured as (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL. Financial assets are classified as FVTPL if they have not been classified as measured at amortized cost or FVOCI. Upon initial recognition of an equity instrument that is not held-for-trading, the Company may irrevocably designate the presentation of subsequent changes in the fair value of such equity instrument as FVTPL.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has classified all of its non-derivative financial assets as financial assets measured at amortized cost. The Company has not classified any financial assets as FVOCI or FVTPL.

Financial assets measured at amortized cost

A non-derivative financial asset is measured at amortized cost when both of the following conditions are met: (i) the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are recognized initially at fair value plus any directly attributable transaction costs and measured at amortized cost using the effective interest method subsequent to initial recognition, loans and receivables are measured at amortized cost. Financial assets measured at amortized cost are comprised of cash and accounts receivable.

3. Material accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial liabilities

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. All financial liabilities are measured at amortized cost, except for financial liabilities measured at FVTPL. A financial liability may no longer be reclassified subsequent to initial recognition. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or when they expire.

Accounts payable and accrued liabilities are the only non-derivative financial liabilities measured at amortized cost.

(d) Impairment of financial assets

An “expected credit loss” impairment model applies to financial assets, specifically trade receivables, which requires a loss allowance to be recorded on financial assets measured at amortized cost based on their expected credit losses. For trade receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company tracks its experience with historical credit losses and factors in any forward-looking relevant information specific to its customers or the economic environment.

(e) Revenue from pharmacy operations

The Company’s subsidiary, C&R Pharmacy, operates a retail pharmacy business selling pharmaceuticals directly to end users, being individual patients. Revenue from the sale of prescription medications, over-the-counter products, and associated pharmacy services is recognized when the pharmacy has transferred control of the goods or services to the customer, the amount of consideration is fixed or reliably determinable, and collection is reasonably assured. Revenue is measured at the fair value of consideration received or receivable, net of any sales taxes collected on behalf of government authorities and other similar taxes, which are excluded from revenue and presented as liabilities until remitted. For third-party payers (e.g., private insurers, government-funded plans), the pharmacy treats itself as the principal in the arrangement and recognizes the total reimbursement from the payer as revenue, with the corresponding cost of goods sold and dispensing costs recorded as expenses. Discounts, contractual allowances, and rebates provided by government or plan sponsors are estimated at the time of sale and deducted from gross revenue to arrive at net revenue, based on historical experience and contractual terms. Cash and credit-card sales are recognized at the point of sale, while claims billed to third-party payers are recognized upon adjudication or, if billed in advance, when the claim is reasonably certain of collection and the period of rebate or claw-back risk is not material.

(f) Cash equivalents

The Company considers all liquid investments purchased with a maturity of three months or less at acquisition to be cash and cash equivalents, which are considered financial assets measured at amortized cost.

(g) Inventory

The Company’s inventory consists of finished commercial product which is available for sale and measured at the lower of cost and net realizable value.

The cost of inventory is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to the existing location and condition.

3. Material accounting policies (continued)

(g) Inventory (continued)

Inventory is written down to net realizable value when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. When the circumstances that previously caused inventories to be written down below cost no longer exist, or when there is clear evidence of an increase in selling prices, the amount of the write-down previously recorded is reversed.

(h) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses and reversals. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statements of net loss and comprehensive loss in the period in which they are incurred.

(ii) Amortization

Amortization is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment in a manner that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Pharmacy equipment, office equipment, furniture and fixtures	Straight-line	20% to 25%
Right-of-use assets	Straight-line	Term of lease

Amortization methods, useful lives and residual values are reviewed at each period end and adjusted if appropriate.

(i) Intangible assets

Intangible assets that are acquired separately are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Licenses are amortized on a straight-line basis over the term in which the license has been granted.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's intangible assets is expensed as incurred.

The amortization method and amortization period of an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates in the consolidated statements of net loss and comprehensive loss.

3. Material accounting policies (continued)

(j) Research and development

Research and development expenses include all direct and indirect operating expenses supporting the products in development.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design to produce new or substantially improved products and processes. Development expenditures are capitalized only if the associated costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The Company has not capitalized any development costs to date.

(k) Impairment of non-financial assets

The Company assesses at each reporting period whether there is an indication that a non-financial asset may be impaired. An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("**CGU**"), exceeds its recoverable amount. Impairment losses are recognized in net loss and comprehensive loss and included in research and development expense if they relate to patents. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount is the greater of the asset's or CGU's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less cost to sell, an appropriate valuation model is used. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

For assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill are not reversed in future periods.

(l) Assets held-for-sale

The Company classifies non-current assets as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Once classified as held for sale, the assets are no longer depreciated or amortized. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

3. Material accounting policies (continued)

(m) Income taxes

Income tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current taxes are the expected tax receivable or payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax receivable or payable in respect of previous years.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Earnings per share

The Company presents basic earnings per share ("**EPS**") data for its common voting shares. Basic EPS is calculated by dividing the profit or loss attributable to common voting shareholders of the Company by the weighted average number of common voting shares outstanding during the period, adjusted for the Company's own shares held. Diluted EPS is computed similar to basic EPS except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercise were used to acquire common shares at the average market price during the reporting periods.

(o) Share-based payments

Where equity instruments are issued and some or all of the goods or services received by the Company as consideration cannot be specifically identified, these non-identifiable goods or services are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity instruments granted is recognized as an expense over the estimated vesting period with a corresponding increase to contributed surplus.

3. Material accounting policies (continued)

(o) *Share-based payments (continued)*

Non-market vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction. The estimate of the number of equity instruments expected to vest is revised if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense and contributed surplus reflects the revised estimate.

Market and non-vesting conditions are taken into account when estimating the fair value of the equity instruments granted and therefore the expense is recognized irrespective of whether or not the market condition is satisfied, provided that all other vesting conditions are satisfied.

(p) *Leases*

At inception of a contract, the Company must assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company must assess whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset. As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

(i) *Right-of-use asset*

The right-of-use asset is initially measured at cost, which consists of the initial amount of the lease liability adjusted for any lease payments made and any initial direct costs incurred at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently amortized from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

(ii) *Lease liability*

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee; the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early. The Company has elected to not include non-lease components related to premises leases in the determination of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

(iii) *Estimating the incremental borrowing rate ("IBR")*

The Company cannot readily determine the interest rate implicit in its lease; therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay," which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. Material accounting policies (continued)

(q) *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The consideration for an acquisition is measured at the fair values of the assets transferred, the liabilities assumed and the equity interests issued at the acquisition date. Transaction costs that are incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed as incurred. Identified assets acquired and liabilities and contingent liabilities assumed are measured initially at fair values at the date of acquisition.

Contingent consideration is measured at fair value on the acquisition date and is included as part of the consideration transferred. The fair value of the contingent consideration liability is remeasured at each reporting date with the corresponding gain or loss being recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of fair value of the cost of the business combinations over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated statements of net income (loss) and comprehensive income (loss). If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of the acquisition.

(r) *New standard not yet adopted*

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, Presentation and Disclosure in Financial Statements was issued and replaces IAS 1.

This new standard introduces new categories and subtotals in the statement of profit or loss where all income and expenses are categorized into one of five categories: operating, investing, financing, income taxes and discontinued operations.

The standard also requires disclosure of management-defined performance measures ("MPM"). MPM is a subtotal of income and expenses that a company uses in public communications outside financial statements. IFRS 18 requires disclosure of information for all of the company's MPMs within a single note to the financial statements that includes a description of each MPM, how the measure is calculated and a reconciliation to the most comparable line item in the statement of profit or loss.

The standard also introduces a principle for presentation of information in the primary financial statements versus the financial statement notes including the aggregation and disaggregation of such information.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, and must be applied retrospectively. The Company is assessing the impact of adopting IFRS 18 and although early adoption is permitted, the Company does not anticipate early adoption of this standard.

3. Material accounting policies (continued)

(r) *New standard not yet adopted (continued)*

Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 7 and IFRS 9, which include:

- A clarification that a financial liability is derecognized on the “settlement date” and the introduction of an accounting policy choice (if specific conditions are met) to derecognize financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (“**ESG**”), and similar features should be assessed.
- Clarifications on what constitute “non-recourse features” and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income

The amendments are effective for annual periods starting on or after January 1, 2026, with early adoption permitted for classification of financial assets and related disclosures only. The Company is assessing the impact of adopting the amendments to IFRS 7 and IFRS 9 and although early adoption is permitted, the Company does not anticipate early adoption of this standard.



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4. Business combinations

On September 18, 2024, the Company acquired 100% membership interest of C&R Pharmacy, a retail pharmacy located in West Liberty, Ohio, for cash consideration of \$830,673. The purchase agreement included contingent consideration of an additional payment (the "First Anniversary Payment") to the seller based on the achievement of certain future performance targets by C&R Pharmacy. The contingent payment is based on a one-year revenue target of USD\$ 1.4 million (based on C&R Pharmacy's historical revenue) for the period September 18, 2024 to September 17, 2025. If the revenue target is met, the seller would be obligated to receive an additional USD\$60,000. Based on management's assessment, it was deemed unlikely as at December 31, 2024 that the First Anniversary Payment performance target would be met. As a result, the Company did not record any contingent consideration liabilities on its statement of financial position. In addition, the Company is required to purchase up to a maximum of USD\$180,000 of prescription inventory, based on the seller's inventory on hand at the time of acquisition. At the time of acquisition, it was determined that the seller had USD\$161,238 of inventory which was paid to the seller subsequent to year-end.

The following table summarizes the finalized fair values of the identifiable assets and liabilities as at the date of the acquisition:

Net assets acquired	
Inventory	\$ 219,123
Property and equipment	9,513
Right of use asset	247,160
Pharmacy license	133,234
Customer lists	193,615
Brand name	64,042
Goodwill	211,146
Current portion of lease obligation	(30,221)
Lease obligation	(216,939)
Net assets acquired	\$ 830,673
Summary of purchase consideration	
Cash paid	\$ 830,673
Purchase consideration	\$ 830,673

As at December 31, 2024, \$219,123 of the purchase consideration relating to inventory acquired was owed to the seller. During the year ended December 31, 2025, the outstanding purchase consideration was paid to the seller.

Transaction costs relating to the C&R Pharmacy acquisition were \$15,499 and were included in selling, general and administrative expenses for the year ended December 31, 2024.

From the date of acquisition, September 18, 2024, to December 31, 2024, C&R Pharmacy contributed to the 2024 results \$475,373 of revenue and \$9,886 of net income before income taxes. If the acquisition had taken place as at January 1, 2024, revenue during the year ended December 31, 2024 from C&R Pharmacy would have been approximately \$1,197,574 and net income before taxes in 2024 would have been \$38,960 through the pharmacy.



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5. Accounts receivable

As at December 31	2025	2024
Trade accounts receivable	\$ 32,656	\$ 53,062
Other accounts receivable	812	155,619
	\$ 33,468	\$ 208,681

As at December 31, 2024, included within other accounts receivable is \$82,768 of importation tax which had been previously written off by the Company, but was deemed collectible during the current year. In addition, as at December 31, 2024, included within other accounts receivable is \$66,328 of administration fees owed to the Company from the Licensor as part of the agreement to sell its intangible assets held for sale. The administration fees owed to the Company from its licensor were collected by the Company during the year ended December 31, 2025.

6. Inventory

Inventory consists of finished product available for sale to customers through the Company's retail pharmacy, C&R Pharmacy. Inventory expensed as part of cost of goods sold during the year ended December 31, 2025 totaled \$835,922 (2024 – \$261,329). During the year ended December 31, 2025 and 2024, the Company did not write-off any inventory.

7. Property and equipment

Cost	Computers and equipment	Right of use assets	Total
At December 31, 2023	\$ -	\$ -	\$ -
Additions – business combinations (note 4)	9,513	247,160	256,673
Effect of movements in exchange rates	559	14,531	15,090
At December 31, 2024	\$ 10,072	\$ 261,691	\$ 271,763
Effect of movements in exchange rates	(478)	(12,422)	(12,900)
At December 31, 2025	\$ 9,594	\$ 249,269	\$ 258,863
Accumulated amortization	Computers and equipment	Right of use assets	Total
At December 31, 2023	\$ -	\$ -	\$ -
Amortization	921	7,181	8,102
Effect of movements in exchange rates	30	235	265
At December 31, 2024	\$ 951	\$ 7,416	\$ 8,367
Amortization	3,262	25,425	28,687
Effect of movements in exchange rates	(109)	(850)	(959)
At December 31, 2025	\$ 4,104	\$ 31,991	\$ 36,095
Carrying amounts	Computers and equipment	Right of use assets	Total
At December 31, 2024	\$ 9,121	\$ 254,275	\$ 263,396
At December 31, 2025	\$ 5,490	\$ 217,278	\$ 222,768

During the year ended December 31, 2025, amortization of property and equipment totaling \$28,687 (2024 – \$8,102) is recorded within selling, general and administrative expenses, on the consolidated statement of net loss and comprehensive loss.

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8. Intangible assets and goodwill

Cost	Licenses	Customer list	Brand names and trademarks	Total
At December 31, 2023	\$ -	\$ -	\$ -	\$ -
Additions – business combinations (note 4)	133,234	193,615	64,042	390,891
Effect of movements in exchange rates	7,833	11,383	3,765	22,981
At December 31, 2024	\$ 141,067	\$ 204,998	\$ 67,807	\$ 413,872
Effect of movements in exchange rates	(6,696)	(9,731)	(3,219)	(19,646)
At December 31, 2025	\$ 134,371	\$ 195,267	\$ 64,588	\$ 394,226

Accumulated amortization	Licenses	Customer list	Brand names and trademarks	Total
At December 31, 2023	\$ -	\$ -	\$ -	\$ -
Amortization	5,525	8,042	1,860	15,427
Effect of movements in exchange rates	184	256	61	501
At December 31, 2024	\$ 5,709	\$ 8,298	\$ 1,921	\$ 15,928
Amortization	19,578	28,452	6,588	54,618
Effect of movements in exchange rates	(654)	(951)	(220)	(1,825)
At December 31, 2025	\$ 24,633	\$ 35,799	\$ 8,289	\$ 68,721

Carrying amounts	Licenses	Customer list	Brand names and trademarks	Total
At December 31, 2024	\$ 135,358	\$ 196,700	\$ 65,886	\$ 397,944
At December 31, 2025	\$ 109,738	\$ 159,468	\$ 56,299	\$ 325,505

Intangible assets acquired during the year ended December 31, 2024 were all in relation to the Company's acquisition of C&R pharmacy. For more information regarding the acquisition of C&R Pharmacy, see note 4 – business combinations. The assets acquired as part of the C&R acquisition are amortized over the following periods based on their anticipated useful life:

Intangible asset	Estimated useful life
Pharmacy license	7 years
Customer list	7 years
Brand names and trademarks	10 years

For the year ended December 31, 2025, amortization of intangible assets totaling \$54,618 (2024 - \$15,427) is recorded within selling, general and administrative expenses on the consolidated statement of net loss and comprehensive loss.

The following table reflects the changes in goodwill which was acquired as part of the C&R Pharmacy acquisition, from the year ended December 31, 2024 to December 31, 2025:

	C&R Pharmacy
As at December 31, 2024	\$ 223,560
Effect of movements in exchange rates	(10,611)
As at December 31, 2025	\$ 212,949

The Company performed an annual impairment test with respect to the goodwill and intangible assets acquired as part of the C&R Pharmacy acquisition on September 18, 2024. The recoverable amount of the Retail Pharmacy CGU, in which C&R Pharmacy is included, has been determined based on value in use for the year ended December 31, 2025.

8. Intangible assets and goodwill (continued)

(a) Key assumptions used in valuation calculations

The calculation of value in use for the Retail Pharmacy CGU is most sensitive to the following assumptions:

(i) Discount rate

Discount rates reflect the current market assessment of risks specific to each CGU or group of CGUs. The discount rate was estimated based on the weighted average cost of capital calculated based on the Company's performance relative to its industry. This rate was further adjusted to reflect the market assessment of any risk specific to the CGU or group of CGUs for which future estimates of cash flows have not been adjusted. The discount rate used during the value in use assessment completed at December 31, 2025, was 18.00%.

(ii) Operating margin

Forecasted operating margins are based on actual operating margins, less operational expenses achieved in the preceding years, plus adjustments to normalize the forecast for any non-reoccurring items. Margins are kept constant over the forecast period, with the exception of adjustments made in relation to inflation in future periods, unless management has started an efficiency improvement process.

(iii) Revenue growth rates

Revenue growth rates are based on approved budgets, published research, and current customer contracts. Management considers various factors when assessing revenue growth rates used within their assessment, including, but not limited to, changes in customer demographic and attrition of current customer base. The revenue growth rate used during the assessment completed at December 31, 2025 was approximately 5% on average over the forecast period.

No impairment loss has been recognized for goodwill in the current year. However, for the Retail Pharmacy CGU, the excess of recoverable amount over carrying amount ("**headroom**") is modest, and the impairment test is sensitive to reasonably possible changes in key assumptions. A 5% percentage point increase in the pre-tax discount rate, a reduction of 10% in forecast operating margins, or a 10% percentage point decrease in the revenue growth rate would result in the carrying amount of this CGU exceeding its recoverable amount, giving rise to an impairment of the goodwill recorded as at December 31, 2025.

9. Non-current assets held-for-sale

Cost		Licenses
Balance, December 31, 2024	\$	264,520
Disposals of assets held for sale		(264,520)
Balance, December 31, 2025	\$	-

On August 30, 2017, the Company acquired exclusive territorial licenses from RLS to sell and market two generic cancer drugs, pemetrexed and bortezomib in the USA, Canada and the EU (excluding the UK where a non-exclusive territorial license was acquired).

During the year ended December 31, 2024, the Company entered into an amendment to the August 30, 2017 agreement with RLS whereby Waverley Pharma agreed to transfer the ownership of the US Abbreviated New Drug Applications for both pemetrexed and bortezomib, back to RLS in exchange for consideration of \$264,520. As a result, the Company had classified said assets as held-for-sale as at December 31, 2024. During the year ended December 31, 2025, the transfer of ownership of the US Abbreviated New Drug Applications for both pemetrexed and bortezomib had been completed in exchange for \$264,520, and as a result the Company derecognized these assets in the current year.

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10. Bank indebtedness

The Company's line of credit from its primary financial institution provides access to maximum aggregate proceeds of \$3,000,000. During the year ended December 31, 2025, the Company amended its agreement with its primary financial institution, resulting in an increase in to the maximum aggregate proceeds available to the Company through its line of credit of \$3,500,000. No additional warrants or collateral were provided as a result of the amendment. The line of credit carries a floating interest rate on standard commercial terms, calculated daily, and is repayable as to principal amount drawn and accrued and unpaid interest thereon upon demand.

As at December 31, 2025, the drawn amount on the line of credit is \$3,219,983 (2024 – \$2,810,383). During the year-ended December 31, 2025, the amount of interest paid in relation to the line of credit is \$161,417 (2024 – \$158,450), and is included within finance expense on the consolidated statement of net loss and comprehensive loss. The collateral for the line of credit was provided by a director of the Company, see note 12(d) and note 16 below for more information.

11. Leases

In connection with the acquisition of C&R Pharmacy, the Company entered into a lease agreement with the previous owner of C&R Pharmacy, and as a result, has recorded a lease obligation and corresponding right-of-use asset. The lease is for C&R Pharmacy's 1,800 square-foot retail space. The lease was signed in September 2024, consistent with the acquisition of C&R Pharmacy, for a period of five years with two five-year extension periods. The current rate in the lease is USD \$24,000 per annum. The discount rate used by the Company in calculating the lease obligation relating to the right-of-use asset is 6%. The lease also includes an option to purchase the retail space, and right of first refusal, should the lessor ever want to sell the retail space to a non-related third party. The option to purchase the retail space is at a purchase price of \$225,000 and expires 30 days subsequent to the second renewal period. The option to purchase the retail location was excluded in the calculation of the Company's lease obligation due to the remote likelihood the Company would exercise this option.

	Incremental borrowing rate %	Maturity	2025	2024
Current	6.00	2026	\$ 45,532	\$ 37,116
Non-current	6.00		178,884	218,912
Lease liability			\$ 224,416	\$ 256,028

During the year ended December 31, 2025, the Company paid a total of \$32,894 (2024 - \$9,881) in lease payments, resulting from the lease obligations indicated above.

12. Capital stock

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common Shares	Amount
Balance, December 31, 2023	54,000,000	\$ 7,000,100
Balance, December 31, 2024	54,000,000	\$ 7,000,100
Balance, December 31, 2025	54,000,000	\$ 7,000,100

12. Capital stock (continued)

(c) Stock option plan

The Company has an incentive stock option plan whereby the Company may grant to directors, officers, employees and contractors incentive stock options (the “options”) to purchase voting common shares of the Company. The terms and conditions of each option granted under the stock option plan are determined by the Board of Directors. The number of common shares reserved for issuance upon the exercise of options is limited to a maximum of 10% of the issued and outstanding common shares of the Company at any time.

Expected volatility was estimated by reference to comparable listed entities. The Company did not record any stock-based compensation expense for the year ended December 31, 2025 or December 31, 2024 as all outstanding options were fully vested. Any recoveries recorded through stock-based compensation are based on forfeiture of stock options previously issued that had not vested by the date of forfeiture. The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Changes in the number of options outstanding during the years ended December 31, 2025 and 2024 are as follows:

Year ended December 31	2025		2024	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance, beginning of period	750,000	\$ 0.29	1,075,000	\$ 0.34
Forfeited/Expired	(225,000)	(0.10)	(325,000)	(0.47)
Balance, end of period	525,000	\$ 0.37	750,000	\$ 0.29
Options exercisable, end of period	525,000	\$ 0.37	750,000	\$ 0.29

The following is a summary of the 525,000 outstanding options issued under the stock option plan:

Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable	Weighted average remaining vesting period
\$ 0.200	225,000	1.3 years	225,000	-
\$ 0.500	300,000	1.8 years	300,000	-
	525,000		750,000	

(d) Warrants

The number of warrants outstanding as of December 31, 2025 and 2024 are as follows:

Year ended December 31	2025		2024	
	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
Balance, beginning of period	10,000,000	\$ 0.11	10,000,000	\$ 0.11
Balance, end of period	10,000,000	\$ 0.11	10,000,000	\$ 0.11



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12. Capital stock (continued)

(d) Warrants (continued)

On August 05, 2021, the Company entered into an agreement with its primary financial institution, pursuant to which the financial institution provided the Company with a line of credit with maximum aggregate proceeds of \$3,000,000. The collateral necessary to secure the line of credit was provided by a director of the Company. To compensate the director for providing the collateral for the line of credit, the Company granted the director 10,000,000 warrants. Each warrant entitles the holder to purchase one (1) common share of the Company and are exercisable within five years of the date of grant at an exercise price of \$0.11 per common share. On the initial grant date of the warrants the Company recognized an other asset on its consolidated statement of financial position of \$521,894 as a result of this arrangement, equal to the fair value of the warrants issued, which were calculated using the Black-Scholes pricing model. The Company is amortizing the warrants asset on a straight-line basis over five years, consistent with the contractual term of the warrants issued and expected time to settle the line of credit obtained. During the year ended December 31, 2025, amortization of \$104,379 (2024 – \$104,379) was recorded within selling, general and administrative expenses on the consolidated statement of net loss and comprehensive loss. As at December 31, 2025, the carrying value of the other asset is \$62,291 (2024 - \$166,669).

During the year ended December 31, 2025, the Company amended its agreement with its primary financial institution, resulting in an increase in to the maximum aggregate proceeds available to the Company through its line of credit of \$3,500,000. No additional warrants or collateral were provided as a result of the amendment.

(e) Per share amounts

The weighted average number of common voting shares outstanding for the years ended December 31, 2025 and 2024 was 54,000,000. Effects of dilution from 525,000 (2024 – 750,000) options and 10,000,000 (2024 – 10,000,000) warrants were excluded from the calculation of weighted average shares outstanding for diluted loss per share for the years ended December 31, 2025 and 2024 as they are anti-dilutive.

13. Income taxes

The Company recorded income tax expense for the year ended December 31, 2025 of \$1,631 (2024 – nil). As at December 31, 2025, the Company has \$794 (2024 – nil) included as income payable on its consolidated statement of financial position.

As at December 31, 2025 and 2024, the Company has unused tax losses and deductible temporary differences for which no deferred tax asset has been recognized as follows:

As at December 31	2025	2024
Non-capital loss carryforwards	\$ 7,695,608	\$ 5,747,462
Deductible temporary differences	18,106	1,473,135



Waverley Pharma Inc.
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13. Income taxes (continued)

The reconciliation between income tax expense and the accounting loss multiplied by the combined federal and provincial income tax rate is as follows:

Year ended December 31	2025		2024	
Loss for the year				
Canada	\$	(366,480)	\$	(908,040)
Foreign		(132,734)		(39,037)
	\$	(499,214)	\$	(947,077)
Income tax recovery at Canadian statutory rate of 27.0%	\$	134,788	\$	255,711
Impact of lower tax rates in foreign jurisdictions		453		8,422
Non-deductible expenses		5,886		1,606
Taxable loss carry-forwards and deductible temporary differences not recognized		(141,127)		(265,739)
	\$	-	\$	-

The foreign tax rate differential is the difference between the Canadian federal and provincial statutory income tax rate and the tax rates in Ireland (12.50%) that is applicable to income earned or losses incurred by the Company's subsidiary.

As at December 31, 2025, Canadian non-capital losses available for application in future years, are approximately as follows:

Year of expiry	
2033	\$ 1,587
2034	3,516
2035	738,176
2036	28,321
2037	75,421
2038	313,828
2039	495,333
2040	303,508
2041	426,972
2042	674,140
2043	632,782
2044	803,591
2045	1,717,389
	\$ 6,214,564

Additionally, Ireland non-capital losses available for application in future years are approximately \$1,331,443 and are estimated to be available for use for an indefinite period of time. US non-capital losses available for application in future years are approximately \$149,601 and are estimated to be available for use for an indefinite period of time.

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14. Finance expense

During the years ended December 31, 2025 and 2024 the Company earned incurred finance expense as follows:

Year ended December 31	2025	2024
Interest expense	\$ 161,417	\$ 158,450
Interest income	(2,308)	(1,077)
Bank charges and other interest	789	943
Finance expense from lease obligation	17,785	4,089
	\$ 177,683	\$ 162,405

During the years ended December 31, 2025 and 2024 the Company paid finance expense as follows:

Year ended December 31	2025	2024
Interest paid	\$ 161,417	\$ 158,450
Other interest, net and banking fees	(1,519)	(246)
	\$ 159,898	\$ 158,316

15. Commitments and contingencies

(a) Commitments

As at December 31, 2025, and in the normal course of business, the Company has obligations to make future payments representing contracts and other commitments that are known and committed. The Company, through a subsidiary, C&R Pharmacy has committed to a retail space lease, as described in note 11. The Company's current lease through C&R Pharmacy has a term ending in 2029.

(b) Contingencies

June 7, 2018 agreement

On June 7, 2018, the Company entered into a license, manufacture, supply, marketing and distribution agreement with RLS by which the Licensor granted the Company an exclusive territorial license to market and sell capecitabine in the UK and Germany and non-exclusive territorial license to market and sell temozolomide in the UK. Additionally, the Company has assumed the obligations associated with binding contracts held by the Licensor for the supply of these products to the UK NHS. All inventory purchased for resale will be purchased from RLS, in accordance with the June 7, 2018 agreement.

During the year ended December 31, 2024, the Company terminated the June 7, 2018 agreement, and transferred the licenses associated with capecitabine and temozolomide back to RLS, in connection with the Company's wind-down of its UK and EU operations.

August 30, 2017 agreement

On August 30, 2017, the Company entered into a license, manufacture and supply agreement with RLS (the "**2017 Agreement**") whereby it acquired exclusive licenses to sell and market two generic cancer drugs, pemetrexed and bortezomib from RLS, in the USA, Canada and Europe (excluding the UK where a non-exclusive license was acquired). An up-front payment of US \$20,000 was made upon signing of the term sheet on July 5, 2017 and a US \$180,000 payment was made upon signing of the 2017 Agreement. Additionally, the Company will purchase inventory and pay a royalty of 7.5% of its net sales from these two products to the Licensor. During the years ended December 31, 2025 and December 31, 2024, the Company did not record any royalty expense in relation to these two products. As at December 31, 2025 and 2024, there are no amounts recorded as royalties payable on the consolidated statement of financial position. The term of the original 2017 Agreement is a period of ten (10) years, which begins when regulatory approval is obtained in the USA.

15. Commitments and contingencies (continued)

(b) Contingencies (continued)

August 30, 2017 agreement (continued)

During the year ended December 31, 2024, the Company entered into an amendment to the 2017 Agreement with RLS whereby the Company agreed to transfer the ownership of the US ANDAs for both pemetrexed and bortezomib back to RLS in exchange for consideration of \$264,520. As a result, the Company has classified said assets as held-for-sale as at December 31, 2024. During the year ended December 31, 2025, the Company completed the transfer of these US ANDA's to RLS and received consideration of \$264,520.

Importation Value Added Tax Contingency

On October 7, 2020, the Company was made aware that the importation VAT its wholesaler had paid on its behalf from October 2018 to September 2019 had been rejected by Her Majesty's Revenue and Customs ("HMRC"). As a result of the rejection, the Company was required to expense the VAT on import of its product into the UK from October 2020 until May 2021.

During the year ended December 31, 2025, the Company did not recover any previously expensed VAT on import, as all previously expensed VAT had been recovered. During the year end December 31, 2024, the Company recovered \$118,379 of previously expensed VAT, this amount was recognized through other income on the consolidated statement of net loss and comprehensive loss.

16. Related party transactions

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Board of Directors, CEO and CFO of the Company are considered to be key management personnel. The CEO of the Company is a consultant through a consulting agreement which was signed on February 1, 2020.

The following table details the compensation paid to key management personnel:

For the year ended December 31	2025		2024	
Salaries, fees and short-term benefits	\$	44,000	\$	61,500
	\$	44,000	\$	61,500

Directors and key management personnel control 75% of the voting shares of the Company as at December 31, 2025 (2024 - 75%).

(b) Transactions with related parties

During the year ended December 31, 2025, the Company paid GVI Clinical Development Solutions Inc. ("GVI CDS") a company controlled by a director of the Company, a total of \$2,300 (2024- \$375) for business administration services, and \$48,604 (2024 – \$56,563) for regulatory affairs consulting.

These transactions were in the normal course of business and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at December 31, 2025, included in accounts payable and accrued liabilities is \$789 (2024 – \$47,714) payable to GVI CDS. All amounts owed to related parties are unsecured, payable on demand and non-interest bearing.

Effective May 1, 2024, the Company amended its agreement with its CEO, amending the annual fee from \$45,000 to \$24,000. The fee is reviewed annually on or about January 1. The Company can terminate the agreement with 30 days written notice, otherwise the agreement has an indefinite term. As at December 31, 2025, there was \$3,000 (2024 – \$4,200) payable to the CEO as a result of this agreement.

16. Related party transactions

(b) Transactions with related parties (continued)

Effective May 1, 2024, the Company amended its agreement with its CFO through 10055098 Manitoba Ltd., amending the annual fee from \$43,500 to \$24,000. The fee is reviewed annually on or about January 1. The Company can terminate the agreement with 30 days written notice, otherwise the agreement has an indefinite term. As at December 31, 2025 and 2024, there are no amounts payable to 10055098 Manitoba Ltd as a result of this agreement.

On August 05, 2021, the Company entered into an agreement with its primary financial institution, pursuant to which the financial institution provided the Company with a line of credit with maximum aggregate proceeds of \$3,500,000. The collateral necessary to secure the line of credit was provided by a director of the Company. To compensate the director for providing the collateral for the line of credit, the Company granted the director 10,000,000 warrants. Each warrant entitles the holder to purchase one (1) common share of the Company and is exercisable within five years of the date of grant at an exercise price of \$0.11 per common share.

17. Expenses by nature

Expenses incurred for the years ended December 31, 2025 and 2024 are as follows:

For the year ended December 31	2025		2024	
Salaries, fees and short-term benefits	\$	325,654	\$	124,091
General and administrative		126,214		193,290
Inventory costs		835,922		261,329
Professional fees		71,158		169,004
Research and development		13,458		423,659
Selling and logistics		326,535		165,952
	\$	1,698,941	\$	1,337,325

18. Financial instruments

(a) Financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the consolidated financial statements as at December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Measured at amortized cost				
Cash	\$ 44,950	\$ 44,950	\$ 235,929	\$ 235,929
Accounts receivable	33,468	33,468	208,681	208,681
Financial liabilities				
Measured at amortized cost				
Accounts payable and accrued liabilities	\$ 369,850	\$ 369,850	\$ 1,010,960	\$ 1,010,960
Bank indebtedness	3,219,983	3,219,983	2,810,383	2,810,383

18. Financial instruments (continued)

(a) Financial assets and liabilities (continued)

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The fair value hierarchy has the following 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 either directly or indirectly observable;
- Level 3 – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the years ended December 31, 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements. There were no assets listed at a level 3 fair value hierarchy as at December 31, 2025 and 2024.

(b) Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks; market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. Risk management is the responsibility of the Company, which identifies, evaluates and, where appropriate, mitigates financial risks.

(i) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and price risk with respect to equity prices.

(a) Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has a line of credit with a floating interest rate, which as a result increases the exposure of interest rate risk.

(b) Foreign exchange risk is the risk that the fair value of future cash flows for financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risks through the following USD and GBP denominated financial assets and liabilities:

	December 31, 2025	December 31, 2024
<i>USD (Expressed in USD)</i>		
Cash	\$ 30,001	\$ 155,844
Accounts receivable	23,826	82,973
Accounts payable and accrued liabilities	(174,963)	(522,741)
Income tax payable	(579)	-
Current portion – lease obligation	(33,221)	(25,794)
Lease obligation	(130,515)	(152,139)
	\$ (285,451)	\$ (461,857)
<i>GBP (Expressed in GBP)</i>		
Cash	£ -	£ 4,301
Accounts receivable	-	45,908
Accounts payable and accrued liabilities	(3,500)	(43,909)
	£ (3,500)	£ 6,300

18. Financial instruments (continued)

(b) Risks arising from financial instruments and risk management (continued)

(i) Market risk (continued)

Based on the above net exposures as at December 31, 2025, assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the USD would result in a corresponding increase or decrease, respectively on the Company's net loss of approximately \$14,273 (2024 – \$23,093). Based on the above net exposures as at December 31, 2024, assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the GBP would result in a corresponding decrease or increase, respectively on the Company's net loss of approximately \$175 (2024 – \$315).

(c) The Company is not exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Company's cash and accounts receivable. The carrying amounts of the financial assets represents the maximum credit exposure.

The Company will limit its exposure to credit risk on cash by placing these financial instruments with high-credit quality financial institutions and the Company believes it has no significant credit risk regarding cash.

The Company is subject to a concentration of credit risk related to its trade accounts receivable as 100% of the balance of amounts owing is from one customer. As at December 31, 2025 none of the outstanding trade accounts receivable were outside of the normal payment terms and the Company did not record any bad debt expenses in the year ended December 31, 2025 or December 31, 2024.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. In the current year, the Company's interest expense increased due to an increased bank indebtedness balance at December 31, 2025 in comparison to the prior year. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities and to ensure that it will have sufficient liquidity to meet its liabilities when due and to fund future operations.

The Company's accounts payable and accrued liabilities are due within the current operating period.

(c) Capital management

The Company defines its capital as debt and equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to advance the Company's business.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

19. Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following models. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) *Share-based payment transactions*

Upon initial recognition, the fair value of options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on comparable listed entities), expected life of the instruments, expected dividends and the risk-free interest rate (based on government bond yields). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

20. Segmented information

The Company operates in one business segment, the biopharmaceutical industry.

Revenue generated from external customers for the years ended December 31, 2025 and 2024 were 100% from sales to retail pharmacy customers in the United States.

The Company's property and equipment, intangible assets and goodwill are located in the following countries:

As at December 31	2025		2024	
Canada	\$	-	\$	264,520
United States		761,222		885,064
	\$	761,222	\$	1,149,584