



WPD Pharmaceuticals Inc.

**Condensed Interim Financial Statements
For the six months ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)**

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim financial statements of WPD Pharmaceuticals Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review or audit of these interim financial statements.

WPD PHARMACEUTICALS INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	Notes	As at June 30, 2023	As at December 31, 2022
ASSETS			
Current assets			
Cash	\$	221,932	\$ 23,794
Receivables	4	55,932	52,056
TOTAL ASSETS	\$	277,864	\$ 75,850
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 552,107	\$ 538,465
Due to related parties	7	16,177	16,177
TOTAL LIABILITIES		568,284	554,642
Non-current liabilities			
Loans payable	6	264,098	-
TOTAL LIABILITIES		832,382	554,642
Shareholders' deficiency			
Share capital	8	\$ 17,084,266	\$ 17,084,266
Reserves	8	4,369,929	4,369,929
Equity component of convertible debentures	6	40,893	-
Deficit		(22,049,606)	(21,932,987)
TOTAL SHAREHOLDERS' DEFICIENCY		(554,518)	(478,792)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	\$	277,864	\$ 75,850

Nature and continuance of operations (Note 1)

Subsequent event (Note 11)

Approved and authorized by the Board of Directors on February 1, 2024.

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

"Constantine Carmichael"

Constantine Carmichael, Director

"Teresa Rzepczyk"

Teresa Rzepczyk, Director

WPD PHARMACEUTICALS INC.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Expenses				
Administration and supplies	\$ 1,202	\$ 142,824	\$ 2,424	\$ 56,646
Amortization and depreciation	-	5,536	-	9,668
Consultants	1,451	307,718	1,451	592,805
Foreign exchange	(6,848)	(3,737)	(6,848)	15,517
Impairment of intangible assets	-	21,012	-	21,377
Interest expense	4,991	48,108	4,991	89,069
Lab fees, services and supplies	-	7,002	-	13,259
Management and director fees	-	25,100	-	60,500
Professional fees	70,402	15,000	100,432	65,313
Regulatory, transfer agent and shareholder info	7,452	6,493	14,169	30,215
Salaries	-	226,147	-	494,771
Share-based payments	-	8,661	-	29,740
Taxes and fees	-	2,416	-	12,593
Total expenses	(78,650)	(812,280)	(116,619)	(1,491,473)
Other items				
Other income	-	(887)	-	106,674
Net loss for the period	(78,650)	(813,167)	(116,619)	(1,384,799)
Foreign exchange translation adjustment	-	163,031	-	151,254
Total comprehensive loss for the period	(78,650)	(650,136)	(116,619)	(1,233,545)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding for the period - basic and diluted	113,438,244	113,438,244	113,438,244	113,438,244

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

WPD PHARMACEUTICALS INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Six months ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (116,619)	\$ (1,384,799)
Items not affecting cash:		
Amortization and depreciation	-	9,668
Impairment of intangible assets	-	21,377
Interest expense	4,991	89,069
Share-based payments	-	29,740
Non-cash working capital item changes:		
Receivables	(3,876)	(205,381)
Prepays and deposits	-	31,145
Accounts payable and accrued liabilities	13,642	(158,455)
Due to related parties	-	(353,824)
Deferred grant income	-	80,923
Net cash used in operating activities	(101,862)	(1,840,537)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangibles	-	(22,401)
Net cash used in investing activities	-	(22,401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments	-	(3,616)
Proceeds from loans	300,000	740,074
Repayment of loans	-	(7,636)
Net cash provided by financing activities	300,000	728,822
Change in cash and restricted cash for the period	198,138	(1,134,116)
Effect of foreign exchange on cash	-	186,606
Cash and cash equivalents, beginning of the period	23,794	1,708,675
Cash and cash equivalents, ending of the period	\$ 221,932	\$ 761,165

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WPD PHARMACEUTICALS INC.
Condensed Interim Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)
Unaudited

	<u>Share Capital</u>		Reserves	Equity component of convertible debentures	Cumulative transaction adjustment	Deficit	Total
	Number	Amount					
Balance, December 31, 2021	113,438,244	\$ 17,084,266	\$ 4,325,752	\$ -	\$ 321,975	\$ (25,790,436)	\$ (4,058,443)
Share-based payments	-	-	29,740	-	-	-	29,740
Net loss for the period	-	-	-	-	151,254	(1,384,799)	(1,233,545)
Balance at June 30, 2022	113,438,244	\$ 17,084,266	\$ 4,355,492	\$ -	\$ 473,229	\$ (27,175,235)	\$ (5,262,248)
Balance, December 31, 2022	113,438,244	17,084,266	4,369,929	-	-	(21,932,987)	(478,792)
Convertible Debenture	-	-	-	40,893	-	-	40,893
Net loss for the period	-	-	-	-	-	(116,619)	(116,619)
Balance at June 30, 2023	113,438,244	\$ 17,084,266	\$ 4,369,929	\$ 40,893	\$ -	\$ (22,049,606)	\$ (554,518)

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

WPD PHARMACEUTICALS INC.
Notes to the Condensed Interim Financial Statements
For the Six Months Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)
Unaudited

1. NATURE AND CONTINUANCE OF OPERATIONS

WPD Pharmaceuticals Inc. (the “Company”) was incorporated under the Provincial Laws of British Columbia on July 4, 2006. The Company is listed on the Canadian Securities Exchange (the “Exchange”) under the symbol “WBIO”. The Company lost control of the previously consolidated subsidiary WPD Pharmaceuticals Sp. Z.o.o. on November 25, 2022 and has been deconsolidated accordingly effective that date.

During the six month period ended June 30, 2023, the Company is principally engaged in the research and development of innovative medicinal products in the fields of oncology and infectious diseases.

The head office and the registered address of the Company 700 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. During the six months ended June 30, 2023, the Company incurred a net loss of \$116,619 (June 30, 2022 – \$1,384,799) and, as of that date, the Company had a working capital deficit of \$290,420 (December 31, 2022 – deficit of \$478,792). While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These events and conditions indicate that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

These condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. They do not include all the information required for full annual financial statements. These condensed interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are carried at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant Accounting Judgments and Estimates

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

WPD PHARMACEUTICALS INC.
Notes to the Condensed Interim Financial Statements
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3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of these condensed interim financial statements, except the convertible debentures, new in 2023 noted below, is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements for the years ended December 31, 2022 and 2021.

Convertible debentures

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

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the debenture's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument, i.e. the convertible debentures, as a whole. This is recognized and included in equity and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognized in equity will be transferred to other reserves within shareholders' deficiency. Where the conversion option remains unexercised at the maturity date of the convertible debentures, the balance recognized in equity will be transferred to deficit. No gain or loss is recognized in the statement of loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible debentures using the effective interest method.

4. ACCOUNTS RECEIVABLE

		June 30, 2023		December 31, 2022
Tax receivables	\$	55,932	\$	52,056

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2023		December 31, 2022
Accounts payable	\$	458,330	\$	452,188
Accrued liabilities		77,814		70,314
Accrued interest		15,963		15,963
	\$	552,107	\$	538,465

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6. LOANS PAYABLE

As at	June 30, 2023	December 31, 2022
Opening balance	\$ -	\$ 1,027,847
Fair value of loans received	259,107	740,074
Accretion	824	6,931
Interest expense	4,167	151,760
Repayments	-	(12,131)
Foreign exchange	-	109,485
Deconsolidation of WPD Poland (Note 1)	-	(2,023,966)
Ending balance	\$ 264,098	\$ -

As at	June 30, 2023	December 31, 2022
Current portion	\$ -	\$ -
Non-current portion	264,098	-
Ending balance	\$ 264,098	\$ -

Convertible debentures

On June 2, 2023, the Company closed a private placement (the "Private Placement") of unsecured convertible debentures (the "Debentures") pursuant to which the Company raised an aggregate principal amount of \$300,000. The Debentures bear interest at the rate of 18% per annum compounded monthly until maturity and after default until the Principal Amount and all accrued interest on the Principal Amount is repaid in full or the Purchased Debenture is converted in its entirety. The fair value of the convertible debentures was \$259,107 calculated by discounting the future cash payments at a market rate of 25%.

The Principal Amount and all interest accrued under the Purchased Debenture will be convertible at the sole option of the Subscriber at any time while any balance remains outstanding, for no additional consideration, in whole or in part, into units (each a "Conversion Unit") at a conversion price (the "Conversion Price") of \$0.05 per Conversion Unit, subject to compliance with applicable Canadian Securities Exchange policies. Each Conversion Unit will consist of one common share and one share purchase warrant exercisable to purchase one additional common share at a price of \$0.05 for three years from the date of issuance of the Unit. The Debentures will mature on June 2, 2026.

7. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

As at June 30, 2023, \$214,432 (December 31, 2022 – \$214,432) payable to former and current key management personnel and other related parties are included in accounts payable and accrued liabilities. As at June 30, 2023, the Company has \$16,177 (December 31, 2022 - \$16,177) owing to WPD Pharmaceuticals Sp. Z.o.o., a former subsidiary.

Amounts due to related parties are unsecured, non-interest-bearing and are without fixed terms of repayment.

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7. RELATED PARTY TRANSACTIONS (continued)

During the six months ended June 30, 2023 and 2022, the Company also had the following transactions with related parties:

	Six Months Ended		Six Months Ended
	June 30,		June 30,
	2023		2022
Consultants	\$ -	\$	7,771
Salaries	-		17,974
Management and consulting fees	-		51,500
Director fees	-		9,000
	\$ -	\$	86,245

8. SHAREHOLDERS' EQUITY

Authorized

The Company is authorized to issue an unlimited number of voting common shares without par value.

Issued share capital

As at June 30, 2023, the Company has 113,438,244 (December 31, 2022 – 113,438,244) common shares issued and outstanding.

There were no shares issued during the six months ended June 30, 2023.

Stock Options

The Company adopted an incentive stock option plan (the "Plan"), which provides that the Board of Directors of the Company may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Stock options and charitable options will be exercisable for a year of up to 10 years from the date of grant. Options granted the Plan vest immediately or over a period of time at the discretion of the Board of Directors.

In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days, or, in the case of an optionee providing investor relations activities, the 30th day following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum year of six months after such death, subject to the expiry date of such option.

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8. SHAREHOLDERS' EQUITY (continued)

Stock Options (continued)

The following table summarizes the Company's stock options activity:

	Number of options		Weighted average exercise price	Weighted average remaining life (years)
Outstanding, December 31, 2022	4,585,000	\$	0.86	1.35
Cancelled	1,195,000		0.86	-
Outstanding, June 30, 2023	3,390,000	\$	0.86	1.69

As at June 30, 2023, the Company had the following options outstanding:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price (\$)	Remaining life of options (Years)
January 13, 2025	2,390,000	2,390,000	0.86	1.54
March 13, 2025	500,000	-	0.86	1.70
November 4, 2025	500,000	500,000	0.86	2.35
	3,390,000	2,890,000	0.86	1.69

During the six months ended June 30, 2023, the Company recorded share-based payments expense of \$Nil (June 30, 2022 – \$29,740) in relation to the vesting of stock options.

9. SEGMENT INFORMATION

The Company operates in one reportable operating segment, being the research and development of innovative medicinal products in the field of oncology.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The carrying value of receivables, accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash and cash equivalents are valued at a Level 1 fair value measurement and is classified as fair value through profit or loss. Receivables and loan payable are classified as amortized cost. Accounts payable and accrued liabilities, and loan payable are classified as other financial liabilities.

Risk management

Financial instruments

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company's receivables are primarily due to other receivables and value added taxes. The Company limits its exposure to credit loss by placing its cash with major financial institutions. Credit risk with respect to value added taxes is minimal as the amounts are due from government agencies.

The Company has no investment in asset backed commercial paper.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company had a working capital deficit of \$290,420 (December 31, 2022 – \$478,792). The Company does not generate revenue aside from government research grants and will be reliant on external financing to fund operations and repay the debt. Debt and equity financing are dependent on market conditions and may not be available on favorable terms.

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 commodity and equity prices.

a) Interest rate risk

As at June 30, 2023, the Company has cash balances and loans payable, which are interest bearing. Interest income is not significant to the Company's projected operational budget and related interest rate fluctuations are not significant to the Company's risk assessment.

The Company's loans payables are interest-bearing debt at a fixed rate and therefore not subject to interest rate risk.

b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

10. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

Capital management

The Company considers its capital to include loans payable and the components of shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms. Future financings are dependent on market conditions and the ability to identify sources of investment. There can be no assurance the Company will be able to raise funds in the future.

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

There were no changes in the Company's approach to capital management during the six months ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

11. SUBSEQUENT EVENT

On January 26, 2024, the Company filed its audited consolidated financial statements for the years ended December 31, 2022 and 2021.