

Waverunner Capital Inc.



Waverunner Capital Inc.

**Condensed Interim Consolidated Financial Statements
(Unaudited)
(Expressed in Canadian Dollars)**

For the nine months ended March 31, 2025 and 2024

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Waverunner Capital Inc.

(in Canadian Dollars)

Condensed Interim Consolidated Statement of Financial Position (unaudited)

As at:	March 31, 2025	June 30, 2024
ASSETS		
Current		
Cash	\$ 39,735	\$ 203,808
Taxes receivable	15,585	17,269
Prepays and deposits	356	-
	55,676	221,077
Non-current assets		
Investment (Note 13)	258,683	258,145
	\$ 314,359	\$ 479,222
LIABILITIES		
Current		
Accounts payable and accrued liabilities	410,692	164,850
Interest payable (Note 4)	165,488	143,525
Convertible debentures (Note 7)	-	-
	576,180	308,375
Notes payable (Note 4)	443,959	443,959
	1,020,139	752,334
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 6)	31,600,367	31,600,367
Equity reserves (Notes 6)	2,549,072	2,549,072
Deficit	(34,855,219)	(34,422,551)
	(705,780)	(273,112)
	\$ 314,359	\$ 479,222

Nature and continuance of operations (Note 1)

Commitments (Note 12)

Events after the reporting period (Note 15)

Approved by the board on May 15, 2025:

Signed: “Douglas Ford”
Director

Signed: “Adam Ho”
Director

Waverunner Capital Inc.

(in Canadian Dollars)

Condensed Interim Consolidated Statement of Comprehensive Loss (unaudited)

	Three months ended March 31, 2025		Nine months ended March 31, 2025	
	2025	2024	2025	2024
Expenses				
Accretion and finance costs (Note 7)	\$ -	252,839	-	774,474
General and administrative (Note 5)	7,509	11,234	29,348	29,658
Insurance	356	356	1,069	1,069
Interest expense (Note 4)	6,424	8,638	21,963	26,072
Management fees (Note 5)	90,000	106,500	300,250	319,500
Professional fees	14,555	60,760	60,367	107,037
Transfer agent and regulatory fees	11,096	13,466	30,742	30,637
Foreign exchange	138	(5,187)	267	(5,702)
Other income	-	-	(10,800)	(6,772)
Loss	\$ (130,078)	(448,606)	(433,206)	(1,275,973)
Other loss (gain)				
Gain on interest settlement (Note 7)	-	(142,895)	-	(455,841)
Loss on restructuring of convertible debt (Note 7)	-	-	-	-
Recovery of note receivable (Note 14)	-	-	-	(158,987)
Unrealized loss (gain) on investments (Note 13)	33,516	61,318	(538)	48,371
Loss and comprehensive loss	\$ (163,594)	(367,029)	(432,668)	(709,516)
Basic and diluted loss per share	\$ (0.03)	(0.75)	(0.09)	(1.54)
Weighted average number of shares outstanding - basic and diluted				
	4,961,555	492,383	4,961,555	460,519

Waverunner Capital Inc.

(in Canadian Dollars)

Condensed Interim Consolidated Statement of Cash Flows (unaudited)

For the nine months ended March 31,	2025	2024
OPERATING ACTIVITIES		
Loss for the period	\$ (432,668)	\$ (709,516)
Items not affecting cash:		
Accrual of interest payable	21,963	26,072
Unpaid interest settled with common shares	-	514,593
Gain on interest settlement	-	(455,841)
Accretion of convertible debentures	-	259,881
Loss on restructuring of convertible debt	-	-
Change in fair value of investment through profit or loss	(537)	48,371
Changes in non-cash working capital items:		
Receivables and prepaids	(1,329)	28,147
Accounts payable and accrued liabilities	248,498	13,479
Cash used in operating activities	(164,073)	(274,814)
INVESTING ACTIVITIES		
Investment	-	-
Cash provided (used) in investing activities	-	-
FINANCING ACTIVITIES		
Lease payments made	-	-
Cash provided by (used in) financing activities	-	-
Change in cash and cash equivalents during the period	(164,073)	(274,814)
Cash and cash equivalents, beginning of period	203,808	623,789
Cash and cash equivalents, end of period	\$ 39,735	\$ 348,975
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Cash and cash equivalents comprises:		
Cash	\$ 39,735	\$ 348,975
Cash equivalents	-	-
	\$ 39,735	\$ 348,975

Supplemental disclosure with respect to cash flows (Note 10)

Waverunner Capital Inc.

(in Canadian Dollars)

Condensed Interim Consolidated Statement of Changes in Equity (unaudited) For the nine months ended March 31,

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance, June 30, 2023	436,635	\$ 19,706,694	\$ 3,647,036	\$ (30,261,135)	\$ (6,907,405)
Shares issued upon debenture conversions	10,973	801,638	(58,054)	-	743,584
Shares issued in lieu of cash interest payments	68,612	116,806	-	-	116,806
Loss for the period	-	-	-	(709,516)	(709,516)
Balance, March 31, 2024	516,220	\$ 20,625,138	\$ 3,588,982	\$ (30,970,651)	\$ (6,756,531)
Balance, June 30, 2024	4,961,555	\$ 31,600,367	\$ 2,549,072	\$ (34,422,551)	\$ (273,112)
Loss for the period	-	-	-	(432,668)	(432,668)
Balance, March 31, 2025	4,961,555	\$ 31,600,367	\$ 2,549,072	\$ (34,855,219)	\$ (705,780)

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Waverunner Capital Inc. (the "Company") was incorporated in the Province of British Columbia on March 14, 2008, under the Business Corporations Act of British Columbia. The name change to Waverunner Capital Inc. became effective June 24, 2024. The Company's head office is located at Suite 208 – 828 Harbourside Drive, North Vancouver, British Columbia.

The Company is a venture capital investment company whose strategy is to focus on opportunistic investments across a broad range of industries, and is seeking to invest in early stage, promising companies where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's management expertise. The Company operates as an investment company, rather than an investment fund. The Company seeks to invest wherever practicable for the purpose of being actively involved in the management of any target company in which it invests, including seeking board representation or board observation rights.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. These unaudited condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The ability of the Company to continue to operate as a going concern is dependent on its ability to generate profitable operations and positive cash flows. As at March 31, 2025, the Company has an accumulated deficit of \$34,855,219. To date, the Company has generated no revenues from operations and will require additional funds to meet ongoing obligations and investment objectives. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's future capital requirements will depend on many factors, including the operating and capital costs of locating, researching, developing, and acquiring investments that comply with its investment strategy. The Company's anticipated operating losses and increasing working capital requirements will require that it obtain additional capital to continue operations. The Company will depend almost exclusively on outside capital. Such outside capital may include the sale of additional shares. There can be no assurance that capital will be available as necessary to meet ongoing obligations and operating objectives or, if the capital is available, that it will be on terms acceptable to the Company. These conditions and uncertainties may cast significant doubt as to the Company's ability to continue as a going concern. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, would increase the Company's liabilities and future cash commitments.

2. BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended June 30, 2024. The accounting policies applied in these unaudited condensed interim unaudited condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

May 15, 2025, the date the Board of Directors approved these unaudited condensed interim consolidated financial statements, and they are consistent with those disclosed in the annual financial statements.

Effective June 24, 2024, the Company consolidated its common share capital on a 10-old for 1-new basis, whereby each ten old shares are equal to one new share without par value. Effective January 10, 2025, the Company further consolidated its common share capital on a 15-old for 1-new basis, whereby each fifteen old shares are equal to one new share without par value. All references to common shares, stock options, warrants and weighted average number of shares outstanding in these unaudited condensed interim consolidated financial statements reflect both of these share consolidations unless otherwise noted.

Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company.

Principles of consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, with intercompany balances and transactions eliminated on consolidation. Subsidiaries are those entities over which the Company has control, which exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and is exposed to the variable returns from its activities. As of March 31, 2025, the Company has no subsidiaries, as its only subsidiary, American CHM Investments Inc. was wound-up in a prior period.

3. MATERIAL ACCOUNTING POLICIES

These condensed interim unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as those used in the preparation of the audited unaudited condensed interim consolidated financial statements for the year ended June 30, 2024.

Cash and cash equivalents

The Company considers all highly liquid instruments, generally with a maturity of three months or less at the time of issuance, to be cash equivalents.

Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the unaudited condensed interim consolidated financial statements are discussed below:

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

Judgments:

The preparation of these unaudited condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Estimates:

Valuation of investments

The Company recognizes and carries its investments at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no market price, then the fair value is determined by using valuation models with inputs derived from observable market data where possible, but where observable data is not available, judgment is required to establish fair values. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.

Deferred income taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

Basic and diluted loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets:

Financial assets are classified at initial recognition as either: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Fair value through profit or loss – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities:

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category consists of liabilities carried at amortized cost using the effective interest rate method.

The Company has classified its cash and investment as fair value through profit and loss. The Company's accounts payable and accrued liabilities, interest payable, convertible debentures, and notes payable are classified as other financial liabilities.

Share Capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company, in addition to the proportionate amount of equity reserves originally created at the issuance of the stock options or warrants. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to common shares based on the fair value of a common share at the issuance date of the unit offering and any residual remaining is allocated to common share purchase warrants. All professional fees and commissions incurred directly with the issue of the Company's shares are charged directly to share capital as share issue costs. Warrants issued to agents in connection with a financing are recorded at fair value and charged to share capital as a share issue cost an offsetting entry to equity reserves within shareholders' equity.

Foreign exchange

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at the statement of financial position date to reflect exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at historical exchange rates. Gains and losses on translation are included in determining profit or loss for the year.

Share-based payments

The fair value of stock options granted is recognized as share-based payment expense with a corresponding increase in equity reserves. An individual is classified as an employee when the individual

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received

New Accounting Standards – Upcoming

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. The Company does not anticipate the adoption of the new standard to impact the financial statements.

4. NOTES PAYABLE

Effective July 17, 2017, the Company issued unsecured Promissory Notes (the "Notes") to arm's length parties, and a former related party, for borrowings from those parties. The Notes mature on July 17, 2027, and bear interest at the Canadian prime rate plus 0.5% per annum, payable annually.

	Principal \$
Balance, June 30, 2023	443,959
Additions	-
Balance, June 30, 2024	443,959
Additions	-
Balance, March 31, 2025	443,959

As at March 31, 2025, accrued and unpaid interest on these Notes amounts to \$165,488 (June 30, 2024: \$143,525), which is presented as interest payable.

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

5. RELATED PARTY TRANSACTIONS AND BALANCES

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 executive and non-executive members of the Company's Board of Directors and Officers.

During the periods ended March 31, 2025 and 2024, the Company entered into transactions with key management personnel and related parties as follows:

Related party	Nature of transactions
Pacific Equity Management Corp. ("PEMC")	Rent and shared office expenses commenced under a separate agreement on July 1, 2017.

The aggregate value of transactions involving key management personnel were as follows:

	2025	2024
Management fees ⁽¹⁾	\$ 235,000	\$ 270,000

(1) Effective March 1, 2021 agreements were executed with the CEO and President provides services at \$10,000 per month; the CFO/Secretary at \$10,000 per month; and the VP Corporate Development at \$10,000 per month. All of the March 1, 2021 agreements can be terminated by either party with six months' notice. Effective December 16, 2024, with changes in the management personnel, the monthly amount paid under service agreements dropped to \$30,000 per month from \$35,500.

The aggregate value of transactions with other related parties were as follows:

	2025	2024
Rent (general and administrative) ⁽²⁾	\$ 22,500	\$ 22,500

⁽²⁾ The Company is required to pay \$2,500 per month to PEMC (2024: \$2,500 per month). The agreement with PEMC can be terminated by either party with six months' notice.

In aggregate, amounts due to related parties at the quarter ended are as follows:

	2025	2024
CEO/CFO/CorpDev	189,000	-
Total	\$ 189,000	\$ -

6. SHARE CAPITAL AND EQUITY RESERVES

a) Authorized: Unlimited common shares without par value

b) Issued common shares

Period ended March 31, 2025

The Company issued nil common shares.

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements
(unaudited)
For the nine months ended March 31, 2025 and 2024
(in Canadian dollars)

Year ended June 30, 2024 (see Note 7)

The Company issued 68,612 common shares in lieu of cash pursuant to the convertible debt interest obligation of the Company representing \$514,593.

The Company issued 10,973 common shares pursuant to the conversion of 823 convertible debentures representing \$823,000 in debt obligation of the Company. Upon this conversion, \$859,691 was reclassified from convertible debentures and equity reserves to share capital.

In satisfaction of the maturity of the convertible debt on March 29, 2024, the Company issued 4,445,333 common shares to retire \$6,668,000 in debt obligation pursuant to a restructuring transaction approved by convertible debenture holders at a meeting of those holders on April 26, 2024. Upon this conversion, \$10,975,230 was reclassified from convertible debentures and equity reserves to share capital.

c) Warrants:

As at March 31, 2025 and 2024, no warrants were outstanding and exercisable.

d) Options:

The Company has a Stock Option Plan (the "Plan") that allows it to give to eligible persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals stock options, exercisable over periods of up to five years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the market price prevailing on the date the stock option is granted less applicable discount, if any, permitted by the policies of the Canadian Securities Exchange and approved by the Board. The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be that number equal to 10% of the Company's issued share capital from time to time.

	Options	Weighted Average Exercise Price
		\$
Balance, June 30, 2024	4,333	9.00
Expired/terminated	-	-
Balance, March 31, 2025	4,333	9.00

As at March 31, 2025, the following stock options were outstanding and exercisable:

Number	Exercise Price	Expiry Date	Remaining Contractual Life (in years)
4,333	\$9.00	April 9, 2025	0.02

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of the outstanding stock options is 0.02 years.

7. CONVERTIBLE DEBENTURE

On March 29, 2019, the Company completed a short form prospectus offering and a concurrent private placement of 10% unsecured debenture units (the "Debenture Units") of the Company, for total gross

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

proceeds of \$10,830,000. Each debenture is convertible at the option of the holder into common shares of the Company at a conversion price of \$75.00 per common share, subject to adjustment in certain events. Upon conversion, holders will receive accrued and unpaid interest up to and including the date of conversion.

On January 17, 2022, (the “effective date”), the Company entered into a Supplemental Indenture agreement with the Debenture Trustee, Odyssey Trust Company. Under the Supplemental Indenture the terms of the convertible debenture were changed to provide for the Company, in its sole discretion, to pay the interest due on the debentures in cash or through the issuance of its common shares at the higher of the market price of the common shares in effect on the date of the common share interest payment election notice, and \$7.50 per share; and to extend the term of the convertible debentures by twenty-four (24) months to March 29, 2024. All other terms of the debentures under the Indenture remain unchanged.

Following maturity of the debentures on March 29, 2024, at an extraordinary meeting of the holders of the 10% senior unsecured convertible debentures of the Company completed on April 26, 2024, the holders of the debentures approved the repayment of all of the issued and outstanding debentures in the aggregate principal amount of \$6,668,000 and extinguishment of all the debenture holders' rights and claims under the debentures; by way of issuance of common shares in the capital of the Company at \$1.50 per share.

In accordance with IAS 32, the Company recognized a \$3,267,320 loss on the date the debentures were amended to have a more favourable conversion ratio to the holders, based upon the fair value of the consideration the holders receive on conversion of the debentures under the revised terms and the fair value of the consideration the holders would have received under the original terms.

During the year ended June 30, 2024, the Company incurred interest expense on the debentures of \$514,593 (2023 - \$761,623), of which \$514,593 (2023: \$761,623) was paid in common shares and \$nil (2023: \$nil) in cash.

Continuity of the convertible debentures as shown below:

	Liability Component		Equity Component	
	Face Value	Carrying Value	Carrying Value	
Balance as at June 30, 2022	\$ 7,789,000	\$ 7,150,159	\$ 1,118,985	
converted	(298,000)	(278,492)	(21,021)	
accretion	-	338,090	-	
Balance as at June 30, 2023	\$7,491,000	\$7,209,757	\$1,097,964	
converted	(823,000)	(801,637)	(58,054)	
accretion	-	259,880	-	
loss on restructuring	-	3,267,320	-	
converted re debt settlement	(6,668,000)	(9,935,320)	(1,039,910)	
Balance as at June 30, 2024	\$ -	\$ -	\$ -	

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to pursue and complete the identification and

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

evaluation of assets, properties, investments or businesses with a view to acquisition or participation in a transaction where it may be the lead investor and can additionally provide investees with advisory services, mentoring and access to the Company's management expertise, to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity. There were no changes made to the Company's capital management approach during the years presented.

The Company manages the capital structure and makes adjustments to it 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 attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company operates as an investment company, rather than an investment fund. The Company seeks to invest wherever practicable for the purpose of being actively involved in the management of any target company in which it invests, including seeking board representation or board observation rights.

9. FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENT AND RISK

a) Financial Instruments

The Company's financial instruments consist of cash, investment, accounts payable and accrued liabilities, interest payable and notes payable.

b) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values, 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); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash is determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. The carrying values of accounts payable and accrued liabilities, interest payable and notes payable all approximate their fair values.

The fair value of the Investment is determined based on Level 1, 2 and 3 inputs, described in Note 15.

c) Financial Risks

(i) Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum exposure to credit risk is \$39,735, consisting of cash and cash equivalents. The Company limits its exposure to credit loss for cash and cash equivalents by placing such instruments with high credit quality financial institutions. The values of these instruments may exceed amounts insured by an agency of the Government of Canada. In management's opinion, the Company's credit risk related to these instruments, is low.

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements

(unaudited)

For the nine months ended March 31, 2025 and 2024

(in Canadian dollars)

(ii) Liquidity Risk (see Notes 5 and 8)

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at March 31, 2025, the Company had a working capital deficit of \$520,504. Except for notes payable, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at March 31, 2025, the Company has insufficient working capital to discharge its existing financial obligations, refer to Note 1 for detail regarding going concern.

Below are the carrying amounts of the Company's note payables during the period:

	Principal
	\$
2027	443,959
Total	443,959

(iii) Interest Rate Risk

The Company is subject to interest rate risk as its cash and cash equivalents and its notes payable bear interest at variable rates. The impact of a 1% change in interest rates would have an insignificant impact on the Company's profit or loss.

(iv) Foreign Currency Risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Amounts subject to currency risk are primarily cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities denominated in United States dollars. A 10% change in foreign exchange rates is expected to have no impact on the Company's profit or loss.

(v) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. As at March 31, 2025, the Company is exposed to this risk with respect to its Investments. A 10% increase/decrease in the price of Investments would impact net loss by approximately \$26,000.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended March 31, 2025, the Company:

- Had no reclassifications to disclose.

During the period ended March 31, 2024, the Company:

- Reclassified \$801,638 into share capital from convertible debentures and \$58,054 from equity reserves upon conversion of debentures (Note 7).

11. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the business of investment in early stage companies. As at March 31, 2025 and 2024, with the exception of one investment (Note 13) held in Canada, all the Company's non-current assets were located in the United States.

Waverunner Capital Inc.

**Notes to the Condensed interim unaudited condensed interim consolidated financial statements
(unaudited)**
For the nine months ended March 31, 2025 and 2024
(in Canadian dollars)

12. COMMITMENTS

As at March 31, 2025, the Company's commitments are as follows:

- CEO and President \$10,000 per month for management services
- CFO and Secretary \$10,000 per month for management services
- VP Corporate Development \$10,000 per month for management services
- PEMC \$2,500 per month for rent and office services

13. INVESTMENTS

The Company's equity investments are comprised of investments in common shares of Canadian publicly traded and non-public companies. The Company measures its equity investments at fair value through profit or loss ("FVTPL"). The cost and fair values of the equity investments at March 31, 2025 and the June 30, 2024 year-end are as follows:

	March 31, 2025	June 30, 2024
Opening Balance	\$ 258,145	\$ 298,152
Change in fair value gain (loss)	538	(40,007)
Ending Balance	\$ 258,683	\$ 258,145

a) In a prior period, the Company invested \$200,000 into an Ontario limited partnership ("ONLP") formed to invest in long/short equity opportunities for both potential upside and downside expected price moves. The ONLP seeks to generate risk-adjusted returns through investment in companies with durable competitive advantages. ONLP's fair value will be measured monthly through Level 2 inputs.

	March 31, 2025	June 30, 2024
Cost	(\$ 200,000)	(\$ 200,000)
Fair value (Level 2 inputs) 200 units	194,082	151,062

b) In a prior period, the Company acquired 123,000 common shares of PlantFuel Life Inc. ("FUEL"), a Canadian Securities Exchange listed issuer. The Company invested \$99,130 pursuant to a market transaction related to FUEL's private placement of equity. According to the Company's accounting policies, investments must be recorded at fair value. The Company records the FUEL investment as follows:

	March 31, 2025	June 30, 2024
Cost	(\$78,978)	(\$78,978)
Fair value (Level 1 inputs)	1	490

Unrealized gain (loss) (\$ 78,977) (\$ 78,488)

Waverunner Capital Inc.

Notes to the Condensed interim unaudited condensed interim consolidated financial statements
(unaudited)
For the nine months ended March 31, 2025 and 2024
(in Canadian dollars)

c) In a prior period, the Company completed a Subscription Agreement with Philippine Metals Inc. ("PHI"), a TSX Venture Exchange listed issuer. The Company invested \$174,000 in the PHI private placement of Subscription Receipts at \$0.50 per Subscription Receipt. PHI's private Placement was conducted pursuant to PHI's reverse takeover transaction with ReVolve Renewable Power Ltd ("ReVolve"). On March 8, 2022, the reverse takeover was completed, and the Subscription Receipts were converted into shares and warrants of Revolve. Effective March 17, 2022, the common shares of Revolve were listed on the TSX Venture Exchange under the trading symbol: REVV. Pursuant to the Company's accounting policies, investments must be recorded at fair value. The Company records the REVV investment as follows:

	March 31, 2025	June 30, 2024
Cost	(\$161,500)	(\$161,500)
Fair value (Level 1 inputs)	64,600	106,590
Unrealized gain (loss)	\$ (96,900)	\$ (54,910)

14. NOTE RECEIVABLE

In a prior period, based upon management's assessment of collectability - the Company impaired a Promissory Note related to the Washington Assets to \$nil. The Note was assigned to the Company with a face value of \$350,000. As a result of the sale of the Washington Assets, the Company retained counsel and commenced litigation to pursue recovery of value for the Note. Effective May 13, 2023, the Company entered into a Settlement Agreement and Mutual Release regarding the pending litigation pertaining to the overdue Promissory Note (in default), for a recovery to the Company of \$270,000 (US\$200,000).

As at June 30, 2024, the full amount of the recovery was received (June 30, 2023, US\$80,000 received). The recovery has been booked against the impairment recorded in a prior year.

15. EVENTS AFTER THE REPORTING PERIOD

Effective April 9, 2025, the Company's stock options to acquire 4,333 common shares at \$9.00 per share, expired unexercised.