

Quantum Biopharma Ltd. (formerly, FSD Pharma Inc.)

Consolidated financial statements

For the years ended December 31, 2025, 2024, and 2023

[expressed in United States dollars]

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Quantum Biopharma Ltd. (formerly, FSD Pharma Inc.)

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Quantum Biopharma Ltd. (formerly, FSD Pharma Inc.) (the "Company") as of December 31, 2025 and 2024 and the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2025 and 2024, and the results of its consolidated operations and its consolidated cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

We have served as the Company's auditor since 2019
Mississauga, Canada
March 26, 2026

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
[expressed in United States dollars]

As at	Notes	December 31, 2025 \$	December 31, 2024 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,905,357	5,995,872
Other receivables	4	231,053	374,678
Prepaid expenses and deposits	5	15,290	69,036
Finance receivables, net	6	—	3,432,340
Investments	7	459,080	1,202,349
Inventory	8	52,133	117,242
Digital assets - restricted	9,13	1,601,865	—
Digital assets	9,13	2,213,575	861,230
		6,478,353	12,052,747
Non-current assets			
Equipment, net		67,029	76,894
Long-term investments	7	—	2,224
Right-of-use asset, net		102,320	53,488
Intangible assets, net	10	4,513,207	4,933,871
Total assets		11,160,909	17,119,224
LIABILITIES			
Current liabilities			
Trade and other payables	11,22	4,182,083	4,362,068
Lease obligations		103,165	53,780
Warrants liability	12	—	212,002
Derivative liabilities	14	—	280,000
Deferred income	21	—	1,000,000
Notes payable	13	1,300,549	619,029
Convertible debentures	14	472,497	152,113
		6,058,294	6,678,992
Total liabilities		6,058,294	6,678,992
SHAREHOLDERS' EQUITY			
Class A Multiple Voting Share capital	15	152,247	151,701
Class B Subordinate Voting Share capital	15	169,551,044	150,318,624
Warrants	15	10,009	1,997,759
Contributed surplus		35,405,812	31,072,543
Foreign exchange translation reserve		91,533	50,795
Accumulated deficit		(198,286,170)	(172,110,884)
Equity attributable to shareholders of the Company		6,924,475	11,480,538
Non-controlling interests	17	(1,821,860)	(1,040,306)
		5,102,615	10,440,232
Total liabilities and shareholders' equity		11,160,909	17,119,224
Commitments and contingencies	21		
Subsequent events	26		

On behalf of the Board:

/s/ Zeeshan Saeed
Zeeshan Saeed
Director

/s/ Eric Hoskins
Eric Hoskins
Director

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

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
[expressed in United States dollar, except number of shares]

For the years ended December 31,	Notes	2025 \$	2024 \$	2023 \$
Expenses				
General and administrative	19	9,047,918	9,410,097	9,032,724
External research and development fees		2,763,174	6,083,378	3,859,178
Share-based payments	16,17, 22	2,945,502	152,214	3,835,475
Depreciation and amortization	10	545,780	490,571	2,506,316
Impairment loss		—	—	4,555,805
Total operating expenses		15,302,374	16,136,260	23,789,498
Loss from operations		(15,302,374)	(16,136,260)	(23,789,498)
Interest income	6	(236,084)	(572,891)	(786,363)
Other income	21	(1,946,491)	(3,989)	—
Finance expense, net		158,063	33,017	299
Accretion and interest expense	14	460,577	14,560	—
(Gain) on settlement of debt	15	(43,336)	(732,417)	—
(Gain) on measurement of financial liability		—	—	(4,939,015)
Change in fair value of derivative liabilities and warrant liability	12,14	11,909,532	(104,483)	(212,256)
Unrealized loss on change in fair value of digital assets	9	771,863	141,770	—
Realized (gain) on sale of digital assets	9	(593,922)	—	—
Change in fair value of investments	7	(257,956)	3,702	378,425
Realized (gain) on sale of investments	7	(175,194)	—	—
Realized loss on sale of finance receivables	6	117,136	—	—
Loss on issuance of convertible debt	14	1,490,278	—	—
Net loss		(26,956,840)	(14,915,529)	(18,230,588)
Other comprehensive loss				
Items that may be subsequently reclassified to loss:				
Exchange gain (loss) on translation of foreign operations		40,738	(366,546)	(235,260)
Comprehensive loss		(26,916,102)	(15,282,075)	(18,465,848)
Net loss attributable to:				
Equity owners of the Company		(26,175,286)	(14,202,724)	(17,902,179)
Non-controlling interests	17	(781,554)	(712,805)	(328,409)
		(26,956,840)	(14,915,529)	(18,230,588)
Net (loss) per share				
Basic and diluted - continuing operations	18	\$ (8.20)	\$ (13.12)	\$ (29.93)
Weighted average number of shares outstanding				
– basic and diluted	18	3,285,876	1,136,922	609,056

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

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2025, 2024, and 2023
[expressed in United States dollars, except number of shares]

	Class A shares		Class B shares		Warrants		Contributed surplus	Non-controlling interests	Foreign exchange translation reserve	Accumulated deficit	Total
	#	\$	#	\$	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	2	151,588	592,372	143,258,972	99,725	2,142,400	28,500,924	—	652,601	(144,164,265)	30,542,220
Initial recognition of non-controlling interests	—	—	—	—	—	—	—	(24,467)	—	(40,583)	(65,050)
Plan of arrangement [note 15]	—	34	1	—	—	—	—	8,673	—	(8,673)	34
Share repurchase [note 15]	—	—	(29,303)	(7,165,356)	—	—	—	—	—	4,207,540	(2,957,816)
Share-based payments [note 16]	—	—	555	36,000	—	—	2,410,010	16,702	—	—	2,462,712
Share options exercised [note 15]	—	—	323	33,247	—	—	(13,000)	—	—	—	20,247
PSUs converted to shares [note 15,16]	—	—	41,848	1,464,000	—	—	(1,464,000)	—	—	—	—
Warrants issued [note 15]	—	—	—	—	61,154	1,372,763	—	—	—	—	1,372,763
Warrants expired [note 15]	—	—	—	—	(2,047)	(791,807)	791,807	—	—	—	—
Comprehensive loss for the year	—	—	—	—	—	—	—	(328,409)	(235,260)	(17,902,179)	(18,465,848)
Balance, December 31, 2023	2	151,622	605,796	137,626,863	158,832	2,723,356	30,225,741	(327,501)	417,341	(157,908,160)	12,909,262
Shares issued [note 15]	10	79	1,384,783	10,670,539	—	—	—	—	—	—	10,670,618
Shares for debt [note 15,16]	—	—	301,423	1,990,213	—	—	—	—	—	—	1,990,213
Warrants issued [note 14]	—	—	—	—	80,000	—	—	—	—	—	—
Share-based payments [note 16]	—	—	—	—	—	—	152,214	—	—	—	152,214
Warrants expired [note 15]	—	—	—	—	(20,770)	(286,189)	286,189	—	—	—	—
Warrants cancelled [note 15]	—	—	—	—	(7,692)	(439,408)	439,408	—	—	—	—
RSU converted to shares [15,16]	—	—	7,500	31,009	—	—	(31,009)	—	—	—	—
Comprehensive loss for the year	—	—	—	—	—	—	—	(712,805)	(366,546)	(14,202,724)	(15,282,075)
Balance, December 31, 2024	12	151,701	2,299,502	150,318,624	210,370	1,997,759	31,072,543	(1,040,306)	50,795	(172,110,884)	10,440,232
Shares issued [note 15]	30	546	45,079	390,837	—	—	—	—	—	—	391,383
Shares issued - convertible debt [note 14,15]	—	—	984,792	8,192,245	—	—	—	—	—	—	8,192,245
Shares for debt [note 15]	—	—	73,744	775,087	—	—	—	—	—	—	775,087
Warrants issued [note 14]	—	—	—	—	346,806	—	—	—	—	—	—
Warrants expired [note 15]	—	—	—	—	(130,338)	(1,987,750)	1,987,750	—	—	—	—
Exercise of warrants [note 14, 15]	—	—	354,730	9,126,182	(426,806)	—	—	—	—	—	9,126,182
Share-based payments [note 16]	—	—	—	—	—	—	2,945,502	—	—	—	2,945,502
Exercise of RSUs [note 15,16]	—	—	92,690	515,625	—	—	(515,625)	—	—	—	—
Exercise of options [note 15,16]	—	—	37,192	232,444	—	—	(84,358)	—	—	—	148,086
Comprehensive loss for the year	—	—	—	—	—	—	—	(781,554)	40,738	(26,175,286)	(26,916,102)
Balance, December 31, 2025	42	152,247	3,887,729	169,551,044	32	10,009	35,405,812	(1,821,860)	91,533	(198,286,170)	5,102,615

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

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOWS

For the years ended December 31, 2025, 2024, and 2023
[expressed in United States dollar]

	2025	2024	2023
	\$	\$	\$
Operating activities			
Net loss	(26,956,840)	(14,915,529)	(18,230,588)
Add (deduct) items not affecting cash			
Depreciation and amortization	545,780	490,571	2,506,316
Interest expense	65,734	9,343	24,288
Accretion expense	460,577	14,560	—
Share-based payments	2,945,502	152,214	3,835,475
Change in fair value of investments	(257,956)	3,702	378,425
Change in fair value of derivative liabilities	11,909,532	(104,483)	(212,256)
Loss on issuance of convertible debt	1,490,278	—	—
Unrealized foreign exchange (gain) loss	(501,196)	(1,692,842)	(383,514)
Unrealized loss on change in fair value of digital assets	771,863	141,770	—
Realized gain on sale of digital assets	(593,922)	—	—
(Gain) loss on settlement of debt	(43,336)	(732,417)	—
(Gain) on measurement of financial liability	—	—	(4,939,015)
Impairment loss	—	—	4,555,805
Realized (gain) on sale of investments	(175,194)	—	—
Realized loss on sale of finance receivables	117,136	—	—
Changes in non-cash working capital balances			
Finance receivables	1,491,001	4,663,014	(663,698)
Other receivables	196,677	(145,914)	159,585
Prepaid expenses and deposits	53,746	86,377	316,724
Note receivable	—	—	(224,610)
Inventory	65,109	(117,242)	—
Deferred income	(1,000,000)	1,000,000	—
Trade and other payables	1,178,497	4,270,397	2,049,799
Cash used in operating activities	(8,237,012)	(6,876,479)	(10,827,264)
Investing activities			
Redemption of investments	1,181,499	6,189,077	—
Purchase of investments	(462,325)	(6,689,636)	(744,500)
Proceeds from sale of investments	460,508	—	—
Net cash upon control of subsidiary	—	—	31,783
Purchases of digital assets	(5,632,576)	(1,003,000)	—
Proceeds from sale of digital assets	2,500,425	—	443,138
Cash (used in) provided by investing activities	(1,952,469)	(1,503,559)	(269,579)
Financing activities			
Share repurchase	—	—	(2,957,816)
Proceeds from issuance of shares, net	338,331	10,670,618	34
Proceeds from sale of finance receivables	1,824,203	—	—
Proceeds from convertible debentures	3,243,165	702,700	—
Proceeds from exercise of warrants	43,257	—	—
Payment of lease obligation	(113,862)	(63,586)	(189,054)
Proceeds from share options exercised	148,086	—	20,247
Repayment of loans from tax rebate refund	(1,497,600)	—	—
Proceeds from loans (RH and Bitgo)	2,113,386	309,138	—
Cash (used in) provided by financing activities	6,098,966	11,618,870	(3,126,589)
Net increase (decrease)	(4,090,515)	3,238,832	(14,223,432)
Cash and cash equivalents, beginning of the year	5,995,872	2,757,040	16,980,472
Cash and cash equivalents, end of the year	1,905,357	5,995,872	2,757,040
Non-cash transactions			
Shares issued for debt	775,087	1,990,213	—
Exercise of warrants	9,026,594	—	—

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

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

1. Nature of business

Quantum BioPharma Ltd. (formerly, FSD Pharma Inc.) ("Quantum" or the "Company") is a biopharmaceutical company dedicated to building a portfolio of innovative assets and biotech solutions for the treatment of challenging neurodegenerative, inflammatory and metabolic disorders and alcohol misuse disorders with drug candidates in different stages of development. Through its wholly owned subsidiary, Lucid Psycheceuticals Inc. ("Lucid"), Quantum is focused on the research and development of its lead compound, Lucid-MS (formerly Lucid-21-302) ("Lucid-MS"). Lucid-MS is a patented new chemical entity shown to prevent and reverse myelin degradation, the underlying mechanism of multiple sclerosis, in preclinical models. The Company also maintains selective R&D programs for inflammatory diseases (*FSD-PEA*) and depression (*Lucid-PSYCH*), though these initiatives remain secondary priorities. Quantum is also focused on the research and development of a treatment for alcohol misuse for application in hospitals and other medical practices. Quantum maintained, through its wholly owned subsidiary, FSD Strategic Investments Inc. ("FSD Strategic Investments"), a portfolio of strategic investments which historically represented loans secured by residential properties. During the year ended December 31, 2025, the entire portfolio of these loan receivables was sold to a corporation owned by the CFO of the Company. (see Note 6). As of December 31, 2025, the Company no longer holds any loans secured by residential properties.

The Company's registered office is located at 1 Adelaide Street East, Suite 801. On August 15, 2024, the Company consolidated its Class A Multiple Voting Shares and Class B Subordinate Voting Shares (each as defined hereinafter) on a 65:1 basis and changed its name to "Quantum BioPharma Ltd." with a new trading symbol "QNTM" on both NASDAQ and CSE.

On July 31, 2023, the Company entered into an exclusive intellectual property license agreement (the "License Agreement") with Celly Nutrition Corp. ("Celly"). Celly changed its name to "Unbuzzd Wellness Inc." ("Unbuzzd"), effective May 23, 2025. The License Agreement provides Unbuzzd access to proprietary information for the purposes of consumer product development and marketing. The License Agreement grants Unbuzzd the rights to a proprietary formulation of natural ingredients, vitamins, and minerals to help with liver and brain function for the purposes of potentially quickly relieving from the effects of alcohol consumption, such as inebriation, and restoring normal lifestyle. The License Agreement also grants Unbuzzd rights to certain trademarks. In exchange, Quantum received 200,000,000 Unbuzzd Common Shares (as defined below) following a 2:1 share-split. The Company also received an anti-dilution Warrant Certificate that entitles Quantum to purchase up to 25% of the Unbuzzd Common Shares deemed outstanding less the 200,000,000 Unbuzzd Common Shares issued under the License Agreement and from time to time as a result of any partial exercise under the anti-dilution Warrant Certificate. Quantum is also entitled to certain license fees and royalties under the License Agreement. Through the License Agreement, Quantum acquired 34.66% of Unbuzzd. On July 31, 2023, the Company and Unbuzzd entered into a loan agreement for gross proceeds of C\$1,000,000. The loan was funded on August 1, 2023, and accrues interest at a rate of 10% per annum. Interest is payable annually and the loan matures on July 31, 2026. On April 3, 2024, an amendment to the loan agreement was approved for additional gross proceeds of C\$300,000. In November 2023, through the Plan of Arrangement the Company distributed 45,712,529 of its 200,000,000 shares of Unbuzzd to its shareholders. The License Agreement was amended and restated on August 14, 2024. The consolidated financial statements incorporate the assets and liabilities of Unbuzzd as of December 31, 2025, and the results of operations and cash flows for the years ended December 31, 2025, and 2024. As of December 31, 2025, the Company had a 19.84% (December 31, 2024 – 22.95%) ownership interest in Unbuzzd through Unbuzzd Common Shares.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

Subsidiaries

These consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which the Company has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. The Company has the following subsidiaries:

Entity Name	Country	Ownership	Ownership	Ownership
		percentage as at December 31, 2025	percentage as at December 31, 2024	percentage as at December 31, 2023
		%	%	%
FSD Biosciences Inc.	USA	100.00	100.00	100.00
Prismic Pharmaceuticals Inc. ("Prismic")	USA	100.00	100.00	100.00
FV Pharma Inc.	Canada	100.00	100.00	100.00
Lucid Psycheceuticals Inc.	Canada	100.00	100.00	100.00
FSD Strategic Investments Inc.	Canada	100.00	100.00	100.00
FSD Pharma Australia Pty Ltd ("FSD Australia")	Australia	100.00	100.00	100.00
Unbuzzd Wellness Inc.	Canada	19.84	22.95	26.15
Huge Biopharma Australia Pty Ltd ("Huge Biopharma")	Australia	100.00	100.00	-

Non-controlling interests ("NCI") represent ownership interests in consolidated subsidiaries by parties that are not shareholders of the Company. They are shown as a component of total equity in the consolidated statements of financial position, and the share of income (loss) attributable to non-controlling interests is shown as a component of net income (loss) in the consolidated statements of loss and comprehensive loss. Changes in the parent company's ownership that do not result in a loss of control are accounted for as equity transactions.

2. Basis of presentation

[a] Statement of compliance

These consolidated financial statements have been prepared by management in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below have been consistently applied to all years presented, unless otherwise noted.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors (the "Board") of the Company on March 26, 2026.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

[b] Functional currency and presentation currency

The financial statements of each company within the consolidated group are measured using their functional currency, which is the currency of the primary economic environment in which an entity operates. These consolidated financial statements are presented in United States dollars ("USD"), which is the Company's functional and presentation currency for all years presented. The Company's functional currency is the United States dollar, and the functional currencies of its subsidiaries are as follows:

FSD Biosciences Inc.	United States Dollar
Prismic Pharmaceuticals Inc.	United States Dollar
FV Pharma Inc.	Canadian Dollar
Lucid Psycheceuticals Inc.	Canadian Dollar
FSD Strategic Investments Inc.	Canadian Dollar
FSD Pharma Australia Pty Ltd	Australian Dollar
Unbuzzd Wellness Inc.	Canadian Dollar
Huge Biopharma Australia Pty Ltd	Australian Dollar

[c] Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following include items requiring critical judgments, apart from those involving estimations that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

[i] Going concern

Judgement is required in determining if disclosure of a material uncertainty related to events or conditions which might cast significant doubt on the Company's ability to continue as a going concern is required in the notes to the consolidated financial statements. In management's judgement, such disclosure is not required. This judgement is dependent on management's expectations of future net cash flows, existing borrowing capacity and financial obligations in the next 12 months.

Although during the year ended December 31, 2025, the Company had a loss from operations and negative cash flows from operation activities, the Company was able to secure debt and equity financing to fulfill its operational needs. Based on management's expectations of future net cash flows, management has applied judgement that there is no material uncertainties related to events or conditions that may cast substantial doubt on the Company's ability to continue as a going concern.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

[ii] Contingencies

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differ from these estimates, the difference will be accounted for as a charge to profit or loss in that period. The actual results may vary and may cause significant adjustments.

[iii] Intangible assets

The Company employs significant estimates to determine the estimated useful lives of intangible assets, considering the nature of the asset, contractual rights, expected use and review of asset useful lives. The Company reviews amortization methods and useful lives annually or when circumstances change and adjusts its amortization methods and assumptions prospectively.

The Company reviews intangible assets for impairment annually or when impairment indicators exist. If the recoverable amount of the respective intangible asset is less than its carrying amount, it is considered to be impaired. In the process of measuring the recoverable amount, management makes assumptions about future events and circumstances. The actual results may vary and may cause significant adjustments.

[iv] Valuation of share-based payments and warrants

Management measures the costs for share-based payments and warrants, including certain warrant liabilities, using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected term, expected risk-free interest rate and the rate of forfeiture. For performance share units ("PSUs"), management is required to estimate when the vesting conditions will be met. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments, warrants and warrant liabilities.

[v] Allowance for credit losses

Judgment is required as to the timing of establishing an allowance for credit losses and to estimate the amount of expected credit losses taking into consideration counterparty creditworthiness, the fair value of underlying collateral, current and future economic trends, the expected residual value of the underlying assets and past experience.

[vi] Functional currency

The Company and its subsidiaries are required to determine their functional currencies based on the primary economic environment in which each entity operates. In order to do that, management has to analyze several factors, including which currency mainly influences the cost of undertaking the business activities, in which currency the entity has received financing, and in which currency it keeps its receipts from operating activities. Management uses its judgment to determine which factors are most important when the above indicators are mixed and the functional currency is not obvious.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

[vii] Disclosure of interests in other entities

To assess the investment in Unbuzzd, judgment was required to determine if the Company has significant influence or control of Unbuzzd. The Company considered the relevant guidance in *IFRS 10 – Consolidated Financial Statements*, *IAS 24 – Related Party Disclosures* and *IAS – 28 Investments in Associates and Joint Ventures*.

Judgment is applied in determining when the Company controls an investment even if the Company holds less than a majority of the investee's voting rights (the existence of de facto control). The Company concluded it has control of Unbuzzd even though the Company only held 19.84% of the voting rights as of December 31, 2025 (December 31, 2024 – 22.95%). The Company concluded that it has control of Unbuzzd as the Company, together with persons or entities considered to be de facto agents of the Company, held a combined 55.23% (December 31, 2024 - 56.83%) of the voting rights of Unbuzzd. In addition, key management personnel of the Company hold three of the four board of director positions of Unbuzzd. The assessment of control is performed on a continuous basis. The Company determined that it obtained control of Unbuzzd on July 31, 2023, and control was maintained from July 31, 2023, through December 31, 2025.

Unbuzzd is significantly dependent on the Company as a result of the License Agreement and the loan. The NCI component of Unbuzzd is included as a separate component in equity (Note 17).

[viii] Derivative liability in Convertible Debenture

The estimates and judgements made in relation to the fair value of derivative liabilities are subject to measurement uncertainty. The valuation technique used to determine the fair value requires inputs that involve assumptions and judgement such as the credit risk of the Company, volatility of the Company, probability of default event and foreign exchange rate. Such judgement and assumptions are inherently uncertain. Changes in these assumptions will affect the fair value of the derivative liability.

[ix] Measurement of digital assets, at fair value less costs to sell:

Digital assets consist of electronic currency, coins, or alternative cryptocurrency coins (altcoins) - a type of currency only available in digital form.

There are inherent and higher risks to digital assets including the risk associated with traditional securities, which include significant price volatility, the loss of the digital assets, fraud, and high transaction fees.

Where the fair values of digital assets recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

3. Material accounting policies

[a] Equipment

Equipment is measured at cost less accumulated depreciation and impairment losses. The cost of an item of equipment includes expenditures that are directly attributable to the acquisition or construction of the asset.

Depreciation is based on the estimated useful lives of the assets provided as follows:

Computer equipment	3 years
Furniture and fixtures	3 – 10 years
Lease improvements	Over the term of the lease

An item of equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of loss and comprehensive loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation and the depreciation charge are adjusted prospectively, if appropriate.

[b] Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in the consolidated statements of loss and comprehensive loss on a straight-line basis over the useful life, as follows:

Intellectual Property	5 – 15 years
-----------------------	--------------

Expenditures on internally generated intangible assets during the research phase are expensed as incurred. Expenditures on internally generated intangible assets during the development phase, which comprise deferred development costs, are initially capitalized and recognized in the consolidated balance sheet if they meet the recognition criteria. Subsequent to initial recognition, deferred development costs are accounted for at cost less accumulated amortization and are amortized on a straight-line basis over an estimated useful life beginning once the deferred development costs are used in commercial production.

[c] Foreign Currency Transactions

Foreign currency transactions are translated into functional currencies at exchange rates in effect on the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the foreign exchange rate applicable at that period-end date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of loss and comprehensive loss.

On consolidation, assets and liabilities of operations with a functional currency other than United States dollar are translated into United States dollar at period end foreign currency rates. Expenses of such operations are translated into the United States dollar at average rates for the period. Foreign currency translation gains and losses are recognized in other comprehensive income. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition of a foreign operation.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

[d] Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statements of loss and comprehensive loss.

- Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit and loss (“FVTPL”). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statements of loss and comprehensive loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in consolidated statements of loss and comprehensive loss.

Digital assets at fair value

Digital coins and digital tokens held by the Company are carried at fair value. The Company determines the fair value of such digital coins and digital tokens using the closing price on the valuation date provided by the custodian that the Company uses for holding these digital assets.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

To determine the fair value of a particular digital asset, the Company relies on its custodian as the primary source for price information, which management considers as approximate fair value. Unlike traditional methods that involve assessing multiple exchanges and applying specific criteria, the Company uses the custodian's published price data directly as the relevant and reliable source for determining fair value. This approach aligns with the Company's operational and reporting practices.

The Company evaluates the principal markets annually and conducts a quarterly analysis to determine if any changes in the principal market are required.

- Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in consolidated statements of loss and comprehensive loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

- Financial liabilities and equity instruments

- Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The Company does not reclassify financial liabilities or equity after initial recognition due to a change in circumstance.

- Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the consolidated statements of loss and comprehensive loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

- Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

Cash and cash equivalent	Amortized cost
Other receivables (excluding sales tax recoverable)	Amortized cost
Digital assets	Fair value through profit or loss
Investments	Fair value through profit or loss
Finance receivables	Amortized cost
Trade and other payables	Amortized cost
Warrants liability	Fair value through profit or loss
Notes payable	Amortized cost
Convertible debentures	Amortized cost
Derivative liabilities	Fair value through profit or loss

- Impairment of financial assets

- Finance receivables

Finance receivables are a financial asset initially recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Company's business model is to hold these receivables to collect contractual cash flows that represent solely payments of principal and interest. Finance receivables are assessed for impairment at the end of each reporting period in accordance with IFRS 9 as outlined below.

The ECL model is based on the credit losses expected to arise over the life of the assets, unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit loss. The ECL model uses a three-stage impairment approach based on changes in the credit risk of the finance receivable since initial recognition. The three stages are as follows:

Stage 1– Finance receivables that have not experienced a significant increase in credit risk since initial recognition.

Stage 2– Finance receivables that have experienced a significant increase in credit risk since initial recognition.

Stage 3 – Finance receivables for which there is objective evidence of impairment.

The Company considers a number of factors when assessing if there has been a significant increase in credit risk, including the number of days past due, changes in the financial condition of the borrower, responsiveness of the borrower and other borrower specific information that may be available, without consideration of collateral.

In determining its estimation of the ECL allowances, the Company also considers past events, current market conditions including interest rates, real estate market statistics, and supportable forward-looking information, including macro-economic factors, such as housing price and interest rate forecasts.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The ECL model requires recognition of credit losses equal to 12-month ECLs for Stage 1 and recognition of lifetime expected credit losses for Stage 2 and 3. The 12-month ECLs are lifetime ECLs that are expected to occur within 12 months after the reporting date. The lifetime ECLs represent the expected loss in value due to possible default events over the life of a mortgage receivable weighted by the likelihood of a loss. Three factors are primarily used to measure ECLs: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

[e] Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets are tested for impairment at each reporting date when there are indicators of impairment or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Intangible assets with an indefinite useful life are tested for impairment at least annually in the fourth quarter and whenever there is an indication that the asset may be impaired. The Company has no indefinite life intangible assets.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in net loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

[f] Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net 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 income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

[g] Share-based Compensation

Share options and warrants awarded to non-employees are accounted for using the fair value of the instrument awarded or service provided, whichever is considered more reliable. Share options, performance share units (“PSUs”), restrictive units (“RSUs”) and warrants awarded to employees are accounted for using the fair value method. The fair value of the share options, PSUs, RSUs and warrants granted are recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value of share options and warrants are calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant. The fair value of PSUs is calculated using market share prices at the date of grant.

[h] Net Loss per Share

Net loss per share is calculated based on the loss for the financial year and the weighted average number of common shares outstanding during the year. Diluted net loss per share is calculated using the loss for the financial year adjusted for the effect of any dilutive instruments and the weighted average diluted number of shares (ignoring any potential issue of common shares that would be anti-dilutive) during the year.

[i] External research and development

External research and development costs are expensed in the periods in which they are incurred, with the exception of development costs for new products with proven technical feasibility and for which a defined future market exists. Such development costs are capitalized in accordance with the Company’s policy for intangible assets. The Company’s external research and development costs relate primarily to third-party contract research organizations.

[j] Discontinued operations

Discontinued operations are reported when a component of the Company, representing a separate major line of business or area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element of net income or loss on the consolidated statements of loss and comprehensive loss for both the current and comparative periods. When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the consolidated statements of financial position. Comparative periods are not restated on the consolidated statements of financial position. Assets held for sale are not depreciated and are measured at the lower of carrying value and fair value less costs to sell.

[k] Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

[l] Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in contributed surplus. Unit proceeds are allocated to common shares and warrants using the Black-Scholes option pricing model and the share price at the time of financing. If the warrants are exercised, consideration paid by the warrant holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. Upon expiration of warrants, the amount applicable to expired warrants is reclassified in contributed surplus.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

[m] Convertible debentures

The Company issues convertible debentures which can be converted into common shares at the option of the holder, at a fixed conversion price denominated in Canadian dollars.

For convertible debentures which provide conversion into a variable number of shares or into a fixed number of shares for a variable amount of consideration, the conversion option is accounted for as an embedded derivative, which is separated from the host contract. Upon initial recognition, the derivative liability is valued at fair value using a valuation model. The carrying amount of the convertible debenture (host debt) will be recognized as the difference between the total proceeds received from the issuance and the fair value of the derivative liability. Any directly attributable transaction costs are allocated to the derivative liability and host contract in proportion to their initial carrying amounts.

[n] Inventories

Inventories consist of purchased finished goods and raw materials that will be used in the manufacturing of finished goods. The cost of raw materials inventory is determined on a first-in, first-out basis. The cost of finished goods are valued at the lower cost or net realizable value. The inventories balance is included in these consolidated financial statements as part of the Company's investment in Unbuzzd (Note 17).

New standards, amendments and interpretations adopted by the Company

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required, and early adoption is permitted.

The IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements*, effective on January 1, 2027. Earlier application is permitted. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 applies to all financial statements that are prepared and presented in accordance with IFRSs. Standards for recognising, measuring, and disclosing specific transactions are addressed in other Standards and Interpretations.

The Company will assess the impact on the consolidated financial statements when applicable.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

4. Other receivables

The Company's other receivables are comprised of the following as at:

	December 31, 2025	December 31, 2024
	\$	\$
Sales tax recoverable	102,714	367,480
Interest receivable	73,575	156
Other receivables	1,712	7,042
Subscription receivables (Note 15)	53,052	—
	231,053	374,678

5. Prepaid expenses and deposits

The Company's prepaid expenses and deposits include the following:

	December 31, 2025	December 31, 2024
	\$	\$
Research and development	—	26,348
Insurance	2,201	36,162
Other prepaids and deposits	13,089	6,526
	15,290	69,036

6. Finance receivables

Finance receivables consisted of secured loan receivables measured at amortized cost, net of allowance for expected credit losses. Finance receivables for the following years are as follows:

	\$
Balance – December 31, 2023	8,095,354
Additions	2,300,368
Add: Interest income	513,925
Less: Interest payments	(490,277)
Less: Principal payments	(6,632,290)
Effects of foreign exchange	(354,740)
Balance – December 31, 2024	3,432,340
Additions	222,530
Add: Interest income	246,219
Less: Interest payments	(236,535)
Less: Principal payments	(1,760,345)
Less: Sale of finance receivables	(2,027,730)
Effects of foreign exchange	123,521
Balance – December 31, 2025	—
Current	—
Non-current	—
Balance – December 31, 2025	—

Allowances for expected credit losses as at December 31, 2025, were \$Nil (December 31, 2024 - \$Nil). Finance receivables earned fees at fixed rates between 7%-8.5% per annum and had an average term to maturity of one year from the date of issuance. The loans were secured by residential property with a first or second collateral mortgage on the secured property. Loans were issued up to 55% of the initial appraised value of the secured property at the time of issuance.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

During the year ended December 31, 2025, the Company, through its subsidiary FSD Strategic Investments, sold its entire portfolio of loan receivables to a corporation owned by the CFO of the Company. The carrying amount of finance receivables sold was \$2,027,730. Total consideration received was \$1,824,203 and an interest receivable of \$86,391, which corresponds to the stream of future monthly interest payments contractually due under the original mortgage terms, which continue to be collected by the Company. This resulted in a realized loss on sale of \$117,136, recognized in the consolidated statements of loss and comprehensive loss.

Following the sale, the Company has no further rights or obligations with respect to the sold portfolio.

7. Investments

The following tables outline changes in investments during the years:

Entity	Instrument	Note	Balance at December 31, 2024	Additions	Disposal	Redemptions	Change in fair value through profit or loss	Effects of foreign exchange	Balance at December 31, 2025
			\$	\$	\$	\$	\$	\$	\$
A2ZCryptoCap Inc.	Shares	(i)	2,224	-	-	-	1,570	-	3,794
Royal Bank of Canada	GIC	(ii)	20,850	-	-	-	-	1,039	21,889
Meridian	GIC	(viii)	1,181,499	-	-	(1,181,499)	-	-	-
Gamestop	Shares	(iv)	-	48,516	-	-	(8,358)	-	40,158
Genius Group Ltd	Shares	(v)	-	49,009	(2,217)	-	(24,886)	-	21,906
JZR Gold	Shares	(vi)	-	214,161	(283,097)	-	68,936	-	-
JZR Gold	Warrants	(vi)	-	150,639	-	-	220,694	-	371,333
			1,204,573	462,325	(285,314)	(1,181,499)	257,956	1,039	459,080
								Current	459,080
								Non-current	-
									<u>459,080</u>

Entity	Instrument	Note	Balance at December 31, 2023	Additions	Redemptions	Change in fair value through profit or loss	Effects of foreign exchange	Balance at December 31, 2024
			\$	\$	\$	\$	\$	\$
A2ZCryptoCap Inc.	Shares	(i)	6,049	—	—	(3,702)	(123)	2,224
Royal Bank of Canada	GIC	(iii)	756,100	—	(738,000)	—	(18,100)	—
Royal Bank of Canada	GIC	(ii)	—	2,955,610	(2,934,760)	—	—	20,850
Bank of Montreal	GIC	(vii)	—	500,000	(500,000)	—	—	—
Meridian	GIC	(viii)	—	3,234,026	(2,016,317)	—	(36,210)	1,181,499
			762,149	6,689,636	(6,189,077)	(3,702)	(54,433)	1,204,573
							Current	1,202,349
							Non-Current	2,224
								<u>1,204,573</u>

- i) On June 23, 2022, the Company acquired 80,000 shares of A2ZCryptoCap Inc. for C\$0.10 per share. As at December 31, 2025, the fair value of the shares was determined based on the quoted market price of the shares of C\$0.065 per share (December 31, 2024 – C\$0.04).

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

ii) During the year ended December 31, 2024, the Company purchased four GICs for a total amount of C\$4,030,000 from RBC with maturity dates ranging from February 14, 2025, to September 12, 2025. The GICs pay variable interest ranging from 4.20% to 4.95% per annum. As of December 31, 2025, the total balance outstanding was C\$30,000 (December 31, 2024 – C\$30,000) as three GICs out of the four were effectively redeemed during the year ended December 31, 2024.

iii) On August 9, 2023, the Company purchased a Guaranteed Investment Certificate (“GIC”) in the amount of C\$744,500 from Royal Bank of Canada (“RBC”) with a maturity date of August 9, 2024. The GIC pays variable interest based on RBC’s Prime Interest Rate minus 2.00%. During the year ended December 31, 2024, the Company redeemed the full amount for gross proceeds of \$738,000. The balance outstanding as at December 31, 2024 is \$Nil.

iv) On July 18, 2025, the Company purchased 2,000 shares of GameStop Corp. (NYSE: GME) for a total amount of \$48,516 (C\$66,561) for \$23.55 per share. As at December 31, 2025, the fair value of the shares was determined based on the quoted market price of \$20.08 per share resulting in a gain on change in fair value of \$8,358 for the year.

v) On July 25, 2025, the Company purchased 40,000 shares of Genius Group Limited (AMEX: GNS) for a total amount of \$49,009 (C\$67,237) for a weighted average price of \$1.20 per share. On July 28, 2025, the Company sold 1,871 shares of GNS for a total amount of \$2,217 (C\$3,043). As at December 31, 2025, the fair value of the remaining 38,129 shares, was determined based on the quoted market price of \$0.57 per share resulting in a loss on change in fair value of \$24,886 for the year.

vi) On July 22, 2025, the Company acquired 1,666,667 units at a price of C\$0.30 per unit of JZR Gold Inc (“JZR”) for \$364,800 (C\$500,000). Each unit is comprised of one common share in the capital of JZR and one non-transferable common share purchase warrant to acquire one common share at a price of C\$0.40 per warrant share.

- The Company sold 1,666,667 common shares on December 10, 2025, with a fair value of \$283,097 (C\$391,667), at C\$0.235 per share, resulting in a loss on change in fair value of \$68,936 prior to the date of sale. As of December 31, 2025, there were no outstanding shares.
- The 1,666,667 associated warrants, valued at \$150,639 on acquisition date using the Black Scholes model, had a fair value of \$371,333 as at December 31, 2025, resulting in a gain on change in fair value of \$220,694 for the year ended December 31, 2025.

The fair value of the warrants was determined using the Black-Scholes option pricing model and the following assumptions as at the following dates:

	July 22, 2025	December 31, 2025
Share price (CDN)	\$0.460	\$0.465
Exercise price	\$0.29	\$0.29
Expected dividend yield	-	-
Risk free interest rate	2.78%	2.55%
Expected life	2.00	1.56
Expected volatility	135.64%	140.17%

vii) During the year ended December 31, 2024, the Company purchased a GIC in the amount of \$500,000 from Bank of Montreal (“BMO”) with a maturity date of October 11, 2024. The GIC paid a variable interest rate of 4.50% per annum. As of December 31, 2024, the total balance outstanding is \$Nil as the entire amount was redeemed at maturity.

viii) During the year ended December 31, 2024, the Company purchased three GICs for a total amount of C\$4,520,000 from Meridian Credit Union (“Meridian”) with maturity dates ranging from December 21, 2024, to March 25, 2025. The GICs pay variable interest ranging from 3.52% to 3.78% per annum. As of December 31, 2025, the total balance outstanding was \$Nil as the remaining GICs were redeemed during the year (December 31, 2024 - C\$1,700,000).

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

8. Inventory

Inventories consist of purchased raw materials that will be used in the manufacturing of finished goods and are valued at lower of cost or net realizable value. The cost of inventory is determined on a first-in, first-out basis. The cost of work in-process and finished goods are valued at the lower of cost or net realizable value. As at December 31, 2025, the Company's inventory consisted of the following balances:

	As at December 31, 2025 \$	As at December 31, 2024 \$
Raw materials	33,827	51,973
Finished goods	18,306	65,269
Total inventory	52,133	117,242

9. Digital assets

(a) The changes in the digital assets balance for the following years are as follows:

	January 1, 2025 Balance \$	Additions \$	Dispositions \$	Unrealized (loss) gain \$	December 31, 2025 Balance \$
Bitcoin	356,877	2,827,102	(647,000)	(249,368)	2,287,611
Dogecoin	154,314	200,000	(401,000)	46,686	—
Solana	350,039	2,052,166	(661,503)	(404,195)	1,336,507
ETH	—	132,093	(47,000)	(30,344)	54,749
XRP	—	150,000	(150,000)	—	—
SUI	—	50,000	—	(27,317)	22,683
LINK	—	221,215	—	(107,325)	113,890
	861,230	5,632,576	(1,906,503)	(771,863)	3,815,440

	January 1, 2024 Balance \$	Unrealized loss \$	December 31, 2024, Balance \$
Bitcoin	401,000	(44,123)	356,877
Dogecoin	201,000	(46,686)	154,314
Solana	401,000	(50,961)	350,039
	1,003,000	(141,770)	861,230

Digital currency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. Digital assets have a limited history, and the fair value historically has been very volatile. The Company may not be able to liquidate its inventory of digital assets currency at its desired price if required. The Company has recognized an unrealized loss in change in fair value of \$771,863 for the year ended December 31, 2025 (2024 – \$141,770).

During the year ended December 31, 2025, the Company invested an additional \$5,632,576 in digital assets. The Company also sold \$1,906,503 in digital assets for total gross proceeds of \$2,500,425 and recognized a gain on sale of digital assets of \$593,922 for the year ended December 31, 2025 (2024 - \$Nil).

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The following table presents the Company's digital assets, measured at fair value less and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at the following:

As at December 31, 2025

Digital assets, at fair value	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - unobservable market inputs
	\$	\$	\$
Digital coins	—	3,815,440	—

As at December 31, 2024

Digital assets, at fair value	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - unobservable market inputs
	\$	\$	\$
Digital coins	—	861,230	—

10. Intangible assets

Intangible assets as at December 31, 2025, are as follows:

Cost	Lucid
	\$
As at December 31, 2025, 2024, and 2023	6,314,571
Accumulated amortization	\$
As at December 31, 2023	958,884
Amortization	421,816
As at December 31, 2024	1,380,700
Amortization	420,664
As at December 31, 2025	1,801,364
Net book value	
As at December 31, 2025	4,513,207
As at December 31, 2024	4,933,871

The Company's intangible asset for Lucid represents the license agreement with the University Health Network giving the Company world-wide exclusive rights to the Lucid-MS compound and related patents.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

11. Trade and other payables

Trade and other payables consist of the following as at:

	December 31, 2025	December 31, 2024
	\$	\$
Trade payables	1,981,851	3,254,838
Accrued liabilities (i)	2,200,232	1,107,230
	4,182,083	4,362,068

(i) Accrued liabilities consist of the following as at:

	December 31, 2025	December 31, 2024
	\$	\$
External research and development fees	35,770	55,670
Operational expenses	774,223	178,307
Professional and other fees	981,046	464,060
Accrued interest	409,193	409,193
	2,200,232	1,107,230

12. Warrants Liability

[a] August 2020 Warrants

In August 2020, the Company issued 42,499 Class B Subordinate Voting Shares and 21,250 warrants to purchase Class B Subordinate Voting Shares for total cash proceeds of \$9,999,997. Each warrant is exercisable to purchase one Class B Subordinate Voting Share of the Company at an exercise price of \$276.90 per share and expire five years from the date of issuance. The fair value of these warrants is classified as Level 2 in the fair value hierarchy.

On initial recognition the Company determined that these warrants did not meet the IFRS definition of equity due to the exercise price being denominated in United States dollar, which was not the functional currency of the Company at the time resulting in variability in exercise price. The change in functional currency on October 1, 2020, was determined to be a change in circumstance and, as such, the Company has made an accounting policy choice to continue to recognize the warrants as a financial liability classified at fair value through profit or loss.

During the year ended December 31, 2025, 21,250 outstanding warrants expired.

The fair value of the warrants liability as at December 31, 2025, was \$Nil (December 31, 2024 – \$2) resulting in a gain on change in fair value of \$2 for the year ended December 31, 2025 (2024 – \$31,336). The fair value was determined using the Black-Scholes option pricing model and the following assumptions as at:

	December 31, 2024
Share price	\$3.68
Exercise price	\$276.90
Expected dividend yield	-
Risk free interest rate	2.91%
Expected life	0.60
Expected volatility	134%

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

[b] December 2024 Warrants

During the year ended December 31, 2024, the Company issued warrants attached to its convertible debenture (Note 14).

The Company determined that these warrants were exchangeable into a variable number of shares due to foreign exchange, and as such, the warrants were classified as financial liabilities measured at fair value through profit or loss ("FVTPL"). The Company uses the Black-Scholes pricing model to estimate fair value. Expected volatility has been based on an evaluation of the historical volatility of the Company's share price. The risk-free interest rate for the life of the warrants was based on the yields available on government benchmark bonds with a term approximating the remaining term of the warrants. The life of the warrants is based on the contractual term. The fair value of the warrant liability as at December 13, 2024, the date of issuance was \$245,147. During the year ended December 31, 2025, 80,000 total warrants outstanding were exercised on a cashless basis into 66,315 Class B Subordinate Voting Shares. The fair value of the warrants as of December 31, 2025, was \$Nil (December 31, 2024 - \$212,000) as there were no warrants outstanding as at year end. The fair value of the warrants on June 25, 2025, the date of exercise, was \$1,797,056, resulting in a change in fair value of \$1,585,056 for the year ended December 31, 2025.

The fair values were determined using the Black-Scholes option pricing model and the following assumptions as at:

	December 13, 2024	December 31, 2024	June 25, 2025
Share price (CAD)	\$5.80	\$5.20	\$33.48
Exercise price (CAD)	\$7.00	\$7.00	\$7.00
Expected dividend yield	-	-	-
Risk free interest rate	2.97%	2.96%	2.940%
Expected life	5.00	4.95	4.47
Expected volatility	104.39%	104.52%	118.86%
Foreign exchange rate	0.70	0.70	0.73

[c] January 2025 Warrants

On January 20, 2025, the Company issued warrants attached to its convertible debenture (Note 14). The fair value of the warrant liability at the date of issuance on January 20, 2025, was \$405,656. The fair value of the warrants as of December 31, 2025, was \$Nil as there were no warrants outstanding as of yearend. During the year ended December 31, 2025, 152,577 total warrants outstanding were exercised on a cashless basis into 133,002 Class B Subordinate Voting Shares. The fair value of the warrants on June 25, 2025, the date of exercise, was \$3,484,401, resulting in a change in fair value of \$3,078,745 for the year ended December 31, 2025.

The fair values were determined using the Black-Scholes option pricing model and the following assumptions as at:

	January 20, 2025	June 25, 2025
Share price (CAD)	\$4.90	\$33.48
Exercise price (CAD)	\$5.25	\$5.25
Expected dividend yield	-	-
Risk free interest rate	2.99%	2.90%
Expected life	5.00	4.58
Expected volatility	106.90%	118.86%
Foreign exchange rate	0.70	0.73

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

[d] March 6, 2025 Warrants

On March 6, 2025, the Company issued warrants attached to its convertible debenture (Note 14). The fair value of the warrant liability as at date of issuance on March 6, 2025, was \$38,702. The fair value of the warrants as of December 31, 2025 was \$Nil as there were no warrants outstanding as of yearend. During the year ended December 31, 2025, 10,309 total warrants outstanding were exercised on a cashless basis into 8,986 Class B Subordinate Voting Shares. The fair value of the warrants on June 25, 2025, the date of exercise, was \$235,883, resulting in a change in fair value of \$197,181 for the year ended December 31, 2025.

The fair values were determined using the Black-Scholes option pricing model and the following assumptions as at:

	March 6, 2025	June 25, 2025
Share price (CAD)	\$6.44	\$33.48
Exercise price (CAD)	\$5.25	\$5.25
Expected dividend yield	-	-
Risk free interest rate	2.72%	2.90%
Expected life	5.00	4.70
Expected volatility	115.20%	118.86%
Foreign exchange rate	0.70	0.73

[e] March 28, 2025 Warrants

On March 28, 2025, the Company issued warrants attached to its convertible debenture (Note 14). The fair value of the warrant liability as at date of issuance was \$1,218,875 (Note 15). The fair value of the warrants as of December 31, 2025, was \$Nil as there were no warrants outstanding as of yearend. On June 24, 2025, 8,500 warrants were exercised at a price of \$7.00 for total gross proceeds of \$43,257 (C\$59,500) (Note 15). During the year ended December 31, 2025, the remaining 175,420 warrants were exercised on a cashless basis into 137,927 Class B Subordinate Voting Shares (Note 15) on various dates between June 25, 2025, to July 31, 2025. The total fair value of the total warrants on the various dates of exercise was \$3,565,586, resulting in a change in fair value of \$2,346,711 for the year ended December 31, 2025.

The fair values were determined using the Black-Scholes option pricing model and the following assumptions as at:

	March 28, 2025	June 25, 2025 – July 31, 2025
Share price (CAD)	\$11.08	\$25.89 - \$33.48
Exercise price (CAD)	\$7.00	\$7.00
Expected dividend yield	-	-
Risk free interest rate	2.61%	2.90% - 3.01%
Expected life	5.00	4.67 - 4.77
Expected volatility	116.80%	118.79% - 118.86%
Foreign exchange rate	0.70	0.72 - 0.74

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

13. Notes payable

As at December 31, 2025, the Company has total notes payable balance of \$1,300,549 (December 31, 2024 - \$619,029).

RH Capital Finance CO LLC ("RH Capital")

The loans structured with RH Capital allows the two Australian-based subsidiaries of the Company, FSD Australia and Huge Biopharma, to access liquidity as part of the Australian tax rebate scheme structure to finance its research and developments activities in Australia.

Huge Biopharma Facility:

- a. During the year ended December 31, 2024, Huge Biopharma issued a note payable of \$328,525 (AUD \$500,000) to RH Capital, with an interest rate of 17% per annum and accrued interest of \$38,067 (AUD \$58,528) through its maturity in June 2025.
- b. During the year ended December 31, 2025, Huge Biopharma issued a second note payable of \$466,506 (AUD \$710,000) to RH Capital with an interest rate of 17% per annum and accrued interest of \$27,667 (AUD \$42,538) through its maturity in June 2025.
- c. During the year ended December 31, 2025, Huge Biopharma was awarded a tax rebate refund of \$1,002,661 (AUD \$1,564,069) by the Australian Government. The rebate was initially disbursed from the Australian Government to RH capital, which applied that amount against the outstanding debt owed by Huge Biopharma of AUD \$1,311,067. The remaining balance of AUD \$250,002 was subsequently transferred to Huge Biopharma. Consequently, as of December 31, 2025, all notes payable from Huge Biopharma to RH Capital were fully extinguished.

FSD Australia Facility:

- a. During the year ended December 31, 2025, FSD Australia issued a note payable to RH Capital for \$635,496 (AUD \$960,000) with an interest rate of 16% per annum and accrued interest of \$42,942 (AUD \$64,409) through its maturity on November 30, 2025.
- b. During the year ended December 31, 2025, FSD Australia was awarded a tax rebate refund of \$888,486 (AUD \$1,364,385) by the Australian Government. The rebate was initially disbursed from the Australian Government to RH Capital, which applied that amount against the outstanding debt owed by FSD Australia of AUD \$1,024,409. The remaining balance of AUD \$339,000 was subsequently transferred to FSD Australia. Consequently, as of December 31, 2025, the note payable from FSD Australia to RH capital was fully extinguished.

BitGo

On June 4, 2025, the Company obtained a \$1,000,000 loan from its primary crypto assets custodian, BitGo Prime, LLC., secured by 14.87584 Bitcoin units pledged as collateral. As at December 31, 2025, the total Bitcoin units pledged were 18.32, valued at \$1,601,865. The entire Bitcoin pledged collateral is subject to trading restrictions while securing the loan facility. However, the Company retains the contractual right to recall the collateral at its sole discretion, upon which the Bitcoin units would be immediately released from trading restrictions and available for corporate use. The loan carries an annual interest rate of 9%, payable monthly, and has an open-ended duration, allowing the Company to terminate the loan at its discretion. Under the terms of the agreement, the Company is required to maintain collateral with a fair value of at least 150% of the outstanding loan balance. An origination fee of \$5,000 was incurred at initiation of the transaction.

Prismic

The remaining note payable balance of \$300,549 was assumed on the acquisition of Prismic and is due on demand.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

14. Convertible debentures

December 2024 Debentures

In December 2024, the Company issued a total of 1,000 convertible debenture units of the Company (the "2024 Debenture Units") at a price of C\$1,000 per 2024 Debenture Unit for total gross proceeds of \$702,700 (C\$1,000,000) ("Tranche 1 and 2"). The December 2024 Debenture Units were issued to an entity, which is owned by a family member of an executive officer of the Company. Each 2024 Debenture Unit consists of (i) one convertible debenture having a face value of C\$1,000 (each a "December 2024 Debenture"); and (ii) 80 class B Subordinate Voting Share purchase warrants (each a "December 2024 Warrant") exercisable for 80 Class B subordinate voting shares in the Company (each, a "Subordinate Voting Share"). The Debentures mature 36 months from the date of issuance (the "December 2024 Debenture Maturity Date") and bear interest at a rate of 1.25% per month, beginning on the date of issuance and payable in cash on the last day of each calendar quarter. If the holder ("2024 Debenture Holder") of the December 2024 Debenture elects, in its sole and absolute discretion, interest may be paid in Shares at the Conversion Price in effect on the date of payment. The principal sum of the Debentures, or any portion thereof, and any accrued but unpaid interest, may be converted into class B Shares at a conversion price of C\$6.25 per Share subject to adjustment ("Conversion Price"). Each December 2024 Warrant entitles the holder to acquire one a "December 2024 Warrant Share" at a price of C\$7.00 per December 2024 Warrant Share, for a period of five years from the date of issuance. If the entire amount owing on the December 2024 Debenture is converted within 6 months of the issuance date, the Holder is entitled to receive a cash amount equal to half the sum of all payments of interest on the December 2024 Debenture that would be due through to the December 2024 Debenture Maturity Date, which the holder may convert all of any part into Class B Subordinate Voting Shares at the Conversion Price.

The Company may redeem the December 2024 Debentures at any time prior to maturity, in whole or in part, upon fifteen days' notice and payment of certain penalties as applicable. The December 2024 Debenture was determined to be a financial instrument comprising a host debt component, a conversion feature and a warrant component which are both considered to be embedded derivatives due to variable consideration payable upon conversion caused by foreign exchange. On initial recognition, the fair value of the embedded derivatives is calculated first, with the residual value being assigned to the host financial liability. The initial fair value of the warrants is \$245,147 (Note 12).

The fair value of the conversion feature is determined by using with-and-without method ("with-and-without method") that considers change in expected cash flows due to the conversion. The model includes all terms of the December 2024 Debenture described above as well as the probability of conversion, the impact of default barrier and the implied credit spread of the Company. The fair value of the conversion feature as at December 13, 2024, the date of issuance was \$320,000. The fair value of the conversion feature as at December 31, 2025, was \$Nil (December 31, 2024 - \$280,000) as the entire amount of the December 2024 Debenture was converted during the year ended December 31, 2025.

On May 5, 2025, the December 2024 Holder converted a partial amount of the December 2024 Debenture into an aggregate of 103,534 Class B Subordinate Voting Shares (Note 15). On May 23, 2025, the December 2024 Holder converted the remaining amount of the December 2024 Debenture into an aggregate amount of 105,840 Class B Subordinate Voting Shares (Note 15). Thus, the total amount of Class B Subordinate Voting Shares converted under the December 2024 Debenture was 209,374.

The fair value of the conversion feature as at dates of conversion on May 5, 2025, and May 23, 2025, was \$1,088,190, and \$739,260, respectively, resulting in a total loss on change in fair value of \$1,003,355 for the year ended December 31, 2025 (2024 - \$Nil). Where the original terms of the December 2024 Debentures permit the December 2024 Holder to convert at any time before maturity, and the note is subsequently converted early at the holder's option, the conversion date is deemed to be the instrument's maturity date.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The fair values were determined using the assumptions below:

	December 13, 2024	December 31, 2024	May 5, 2025	May 23, 2025
Share price (CAD)	\$ 5.85	\$ 5.20	\$ 11.86	\$ 15.89
Conversion price (CAD)	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25
Expected Volatility	98.04%	100.68%	109.68%	111.59%
Risk free interest rate	2.78%	2.70%	2.83%	2.83%
Expected life	3.00	2.95	2.64	2.60
Credit Spread	12.25%	12.25%	25%	25%
Foreign exchange rate	0.7025	0.6952	0.7240	0.7270

As of December 31, 2025, the Company had the following December 2024 Debenture balance outstanding:

Proceeds	\$ 702,700
Value of conversion option	(320,000)
Value of warrants (Note 12 [b])	(245,147)
Initial recognition of debt	\$ 137,553
Accretion expense	14,560
Balance, December 31, 2024	\$ 152,113
Accretion expense	7,426
Balance, date of conversion, May 5, 2025	\$ 159,539
Amount converted	(81,079)
Balance, May 5, 2025	\$ 78,460
Accretion expense	2,630
Balance, date of conversion, May 23, 2025	\$ 81,090
Amount converted	(81,090)
Balance, December 31, 2025	\$ -

January 2025 Debentures

On January 20, 2025, the Company closed the third tranche of the December 2024 Offering ("Tranche 3") and issued 1,480 December 2024 Debenture Units for aggregate gross proceeds of \$1,032,744 (C\$1,480,000). The Tranche 3 December 2024 Debenture Units were issued to an entity, which is owned by a family member of an executive officer of the Company. Tranche 3 was completed under amended terms, including a reduced conversion price of C\$4.85 per share, an increased warrant ratio of 103.093 December 2024 Warrants per December 2024 Debenture Unit, and a reduced exercise price of C\$5.25 per December 2024 Warrant Share.

On initial recognition, the fair value of the embedded derivatives is calculated first, with the residual value being assigned to the host financial liability. The initial fair value of the warrants is \$405,656 (Note 12). The fair value of the conversion feature is determined by using with-and-without method. The fair value of the conversion feature as at January 20, 2025, as at the date of issuance was \$599,770.

On February 7, 2025, the debt holder converted a partial amount of the December 2024 Debenture into an aggregate of 152,577 Class B Subordinate Voting Shares (Note 15). On February 26, 2025, the debt holder converted the remaining amount of the December 2024 Debenture into an aggregate amount of 221,237 Class B Subordinate Voting Shares (Note 15). Thus, the total amount of Class B Subordinate Voting Shares converted under the December 2024 Debenture was 373,814.

The fair value of the conversion feature as at dates of conversion on February 7 and February 26, 2025, was \$2,912,862, and \$656,513, respectively, resulting in a total loss on change in fair value of \$1,513,174 for the year ended December 31, 2025 (2024 - \$Nil). Where the original terms of the debentures permit the holder to convert at any time before maturity, and the note is subsequently converted early at the holder's option, the conversion date is deemed to be the instrument's maturity date.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The fair values were determined using the assumptions below:

	January 20, 2025	February 7, 2025	February 26, 2025
Share price (CAD)	\$ 4.90	\$ 16.16	\$ 8.27
Conversion price (CAD)	\$ 4.85	\$ 4.85	\$ 4.85
Expected Volatility	93.66%	105.28%	104.91%
Risk free interest rate	2.99%	2.63%	2.70%
Expected life	3.00	2.95	2.90
Credit Spread	25%	25%	25%
Foreign exchange rate	0.6978	0.6994	0.6974

The carrying amount of the host liability, at amortized cost, updated to the date of conversion, together with carrying amount of the derivative liability, which is remeasured to fair value immediately before conversion, is transferred to equity such that no gain or loss is recognized on settlement. The Company also incurred a total of \$210,872 interest penalties for early conversion of the debentures. This amount was transferred to share capital.

As of December 31, 2025, the Company had the following January 2025 Debenture balance outstanding:

Proceeds	\$ 1,032,744
Value of conversion option	(599,770)
Value of warrants (Note 12 [c])	(405,656)
Initial recognition of debt – January 20, 2025	\$ 27,318
Accretion expense	14,186
Balance, date of conversion – February 7, 2025	\$ 41,504
Amount converted	(27,845)
Balance, February 7, 2025	\$ 13,659
Accretion expense	7,519
Balance, date of conversion, February 26, 2025	\$ 21,178
Amount converted	(21,178)
Balance, December 31, 2025	\$ -

March 6, 2025 Debentures

On March 6, 2025, the Company closed the fourth tranche of the December 2024 Offering (“Tranche 4”) and issued 100 December 2024 Debenture Units for aggregate gross proceeds of \$69,890 (C\$100,000). Tranche 4 was completed under the same terms as the amended December 2024 Debentures, including a conversion price of C\$4.85 per share, an increased warrant ratio of 103.093 December 2024 Warrants per December 2024 Debenture Unit, and an exercise price of C\$5.25 per December 2024 Warrant share.

On initial recognition, the fair value of the embedded derivatives is calculated first, with the residual value being assigned to the host financial liability. The initial fair value of the warrants is \$38,702 (Note 12). The fair value of the conversion feature is determined by using with-and-without method. The fair value of the conversion feature as at March 6, 2025, the date of issuance was \$30,000.

On March 25, 2025, the debt holder converted the December 2024 Debenture into an aggregate of 25,257 Class B Subordinate Voting Shares (Note 15). The fair value of the conversion feature as at date of conversion on March 25, 2025, did not change from the value on the date of issuance.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The fair value was determined using the assumptions below:

		March 6, 2025
Share price (CAD)	\$	6.44
Conversion price (CAD)	\$	4.85
Expected Volatility		106.09%
Risk free interest rate		2.72%
Expected life		3.00
Credit Spread		25%
Foreign exchange rate		0.6989

The carrying amount of the host liability, at amortized cost, updated to the date of conversion, together with carrying amount of the derivative liability, which is remeasured to fair value immediately before conversion, is transferred to equity such that no gain or loss is recognized on settlement. There was no change in accretion amount from date of issuance to date of conversion.

As of December 31, 2025, the Company had the following March 6, 2025, Debenture balance outstanding:

Proceeds	\$	69,890
Value of conversion option		(30,000)
Value of warrants (Note 12 [d])		(38,702)
Initial recognition of debt - March 6, 2025 and date of conversion, March 25, 2025	\$	1,188
Amount converted		(1,188)
Balance, December 31, 2025	\$	-

March 28, 2025 Debentures

On March 28, 2025, the Company closed the final tranche of the December 4, 2024 Offering ("Tranche 5") and issued 2,420 December 2024 Debenture Units for aggregate gross proceeds of \$1,683,352 (C\$2,420,000). Tranche 5 was completed under amended terms, including an increased conversion price of C\$6.60 per share, a reduced warrant ratio of 76 December 2024 Warrants per December 2024 Debenture Unit, and an increased exercise price of C\$7.00 per December 2024 Warrant Share.

On initial recognition, the fair value of the embedded derivatives is calculated first, with the residual value being assigned to the host financial liability. The initial fair value of the warrants is \$1,218,875 (Note 12). The fair value of the conversion feature is determined by using with-and-without method. The fair value of the conversion feature as at March 28, 2025, the date of issuance was \$1,954,755. As the fair value of warrants and conversion feature are higher than the principal debt amount on the date of issuance, there was a loss on issuance of convertible debt of \$1,490,278 for the year ended December 31, 2025.

Of the 2,420 December 2024 Debenture Units issued, 330 December 2024 Debenture Units were issued to a related party of the Company, which is an entity controlled by a director of the Company, 330 December 2024 Debenture Units were issued to an entity, which is controlled by a family member of a director of the Company, and 1,060 December 2024 Debenture Units were issued to an entity, which is owned by a family member of an executive officer of the Company. Of the total loss on issuance of convertible debt of \$1,490,278, \$1,059,206 was allocated to related parties, therefore disclosed as part of the share-based compensation balance in the key management disclosure in Note 22.

During the year ended December 31, 2025, debt holders converted partial amounts of the December 2024 Debentures into Class B Subordinate Voting Shares on various dates, resulting in a total loss on change in fair value of \$2,185,313 for the year ended December 31, 2025 (2024 - \$Nil). As of December 31, 2025, the entire December 2024 Debenture was converted, and a total of 376,347 Class B Subordinate Voting Shares were issued.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

Where the original terms of the debentures permit the holder to convert at any time before maturity, and the note is subsequently converted early at the holder's option, the conversion date is deemed to be the instrument's maturity date. The fair values of the conversion feature and assumptions used to determine such values, on the date of issuance and conversions are as follows:

	March 28, 2025	April 10, 2025	April 23, 2025	May 12, 2025	May 21, 2025	June 5, 2025
Share price (CAD)	\$11.08	\$9.38	\$9.53	\$12.77	\$17.03	\$18.78
Conversion price (CAD)	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60
Expected Volatility	108.64%	107.93%	108.27%	106.62%	107.09%	107.90%
Risk free interest rate	2.61%	2.81%	2.84%	2.80%	2.97%	2.86%
Expected life	3.00	3.00	2.98	2.93	2.9	2.86
Credit Spread	25%	25%	25%	25%	25%	25%
Foreign exchange rate	0.6952	0.7135	0.7209	0.7144	0.7221	0.7321
Conversion value	\$1,954,755	\$2,029,678	\$2,001,723	\$2,612,294	\$3,404,094	\$3,740,737

As of December 31, 2025, the Company had the following March 28, 2025 Debenture balance outstanding

Proceeds	\$	1,683,352
Value of conversion option		(1,954,755)
Value of warrants (Note 12 [e])		(1,218,875)
Loss on issuance of convertible		1,490,278
Initial recognition of debt - March 28, 2025	\$	-

The Company has a derivative liabilities and convertible debentures balance of \$Nil as of December 31, 2025.

Convertible Debentures issued by Unbuzzd

As of December 31, 2025, the convertible debentures of \$472,497 remaining on the consolidated statements of financial position are related to Unbuzzd.

Tranche 1

In April 2025, Unbuzzd issued a total of 172 unsecured convertible debenture units of Unbuzzd (each an 'Unbuzzd Debenture') at a price of US\$1,000 per Unbuzzd Debenture for gross proceeds of \$177,416. Each Unbuzzd Debenture includes an interest rate at 8% per annum, accruing annually and is added to the principal of the Unbuzzd Debenture when accrued, payable upon the earlier of April 15, 2027 (the "Unbuzzd Maturity Date") or date of conversion. If Unbuzzd has not completed a Liquidity Event (defined below) on or before April 15, 2026, an additional 10% per annum (for an aggregate of 18%) will begin to accrue monthly starting April 16, 2026.

The Unbuzzd Debenture holder has the right, from time to time and at any time while any portion of the principal amount or any accrued and unpaid interest on the Unbuzzd Debenture is outstanding, to convert all or any portion of the outstanding principal amount and interest into units of Unbuzzd (each, a "Unbuzzd Unit") at the Unbuzzd Conversion Price (defined below).

Each Unbuzzd Unit consists of one (1) common share in the capital of Unbuzzd (each, a "Unbuzzd Common Share") and (ii) one half of a one (1/2) Unbuzzd Common Share purchase warrant (each whole warrant, a "Unbuzzd Warrant"). Each Unbuzzd Warrant entitles the holder to acquire one additional Unbuzzd Common Share on or before April 15, 2027 for 115% of the Unbuzzd Liquidity Event Price.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The conversion price (“Unbuzzd Conversion Price”) is equal to:

- i) US\$0.15 per Unbuzzd Unit;
- ii) In the event of an Unbuzzd Qualified Financing, then 0.80 multiplied by the Unbuzzd Qualified Financing Price; or
- iii) In the event of an Unbuzzd Liquidity Event, then 0.80 multiplied by the Unbuzzd Liquidity Event Price:

Following the completion of an Unbuzzd Qualified Financing or immediately prior to an Unbuzzd Liquidity Event, Unbuzzd shall have the option to force a conversion of the principal amount of each Unbuzzd Debenture, and if Unbuzzd elects, the accrued but unpaid Interest, into Unbuzzd Units at the Unbuzzd Conversion Price. Unbuzzd Qualified Financing means the completion of an equity financing by Unbuzzd, including but not limited to a Series A financing, after the date hereof for aggregate gross proceeds of not less than US\$2,000,000. Unbuzzd Liquidity Event means a takeover transaction or going public transaction.

Tranche 2

On July 7, 2025, Unbuzzd issued a total of 50 unsecured convertible debenture units at a price of US\$1,000 per Debenture for gross proceeds \$50,000 with the same terms as Tranche 1.

Tranche 3

In August and September 2025, Unbuzzd issued a total of 92.50 unsecured convertible debenture units (each, an ‘Unbuzzd Debenture’) at a price of US\$1,000 per Debenture for gross proceeds of \$92,500 with the same terms as Tranche 1.

Tranche 4

In October and November 2025, Unbuzzd issued a total of 35 unsecured convertible debenture units of Unbuzzd (each an ‘Unbuzzd Debenture’) at a price of US\$1,000 per Unbuzzd Debenture for gross proceeds of \$35,000. Each Unbuzzd Debenture includes an interest rate at 8% per annum, accruing annually and is added to the principal of the Unbuzzd Debenture when accrued, payable upon the earlier of December 31, 2027 (the “Unbuzzd Maturity Date”) or date of conversion.

The Unbuzzd Debenture holder has the right, from time to time and at any time while any portion of the principal amount or any accrued and unpaid interest on the Unbuzzd Debenture is outstanding, to convert all or any portion of the outstanding principal amount and interest into units of Unbuzzd (each, a “Unbuzzd Unit”) at the Unbuzzd Conversion Price (defined below).

Each Unbuzzd Unit consists of one (1) common share in the capital of Unbuzzd (each, a “Unbuzzd Common Share”) and (ii) one half of a one (1/2) Unbuzzd Common Share purchase warrant (each whole warrant, a “Unbuzzd Warrant”). Each Unbuzzd Warrant entitles the holder to acquire one additional Unbuzzd Common Share on or before December 31, 2027 for 115% of the Unbuzzd Liquidity Event Price.

The conversion price (“Unbuzzd Conversion Price”) is equal to:

- i) US\$0.15 per Unbuzzd Unit;
- ii) In the event of an Unbuzzd Qualified Financing, then 0.80 multiplied by the Unbuzzd Qualified Financing Price; or
- iii) In the event of an Unbuzzd Liquidity Event, then 0.80 multiplied by the Unbuzzd Liquidity Event Price:

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

Following the completion of an Unbuzzd Qualified Financing or immediately prior to an Unbuzzd Liquidity Event, Unbuzzd shall have the option to force a conversion of the principal amount of each Unbuzzd Debenture, and if Unbuzzd elects, the accrued but unpaid Interest, into Unbuzzd Units at the Unbuzzd Conversion Price. Unbuzzd Qualified Financing means the completion of an equity financing by Unbuzzd, including but not limited to a Series A financing, after the date hereof for aggregate gross proceeds of not less than US\$5,000,000. Unbuzzd Liquidity Event means a takeover transaction or going public transaction.

The convertible debenture was determined to be financial instruments comprising a host debt component, a conversion feature and a warrant component which are both considered to be embedded derivatives due to variable consideration payable upon conversion caused by foreign exchange as well as failing the fixed-to-fixed clause for classifying as equity. On initial recognition, the fair value of the embedded derivatives is calculated first, with the residual value being assigned to the host financial liability.

Conversion feature

The fair value of the conversion feature is determined by using with-and-without method that considers the change in expected cash flows due to the conversion. The model includes all terms of the convertible debenture described above as well as the probability of conversion and the implied credit spread of Unbuzzd. Expected volatility was estimated by using historical volatility of Quantum as Unbuzzd considers it comparable for its own volatility history. The share price of \$0.00017 (C\$0.00025) was deemed reasonable by management based on Unbuzzd's latest financing price with arms-length parties. The fair value of the conversion feature as at April 15, 2025, July 7, 2025, August/September 2025, and October/November 2025, the dates of issuances were \$Nil. The fair value of the conversion feature as at December 31, 2025, was also \$Nil, resulting in no change in fair value during the year for all tranches. The fair values were determined using the assumptions below:

	April 15, 2025	July 7, 2025	August/September 2025	October/November 2025	December 31, 2025
Share price (USD)	\$0.00017	\$0.00017	\$0.00017	\$0.00017	\$0.00017
Conversion price (USD)	\$0.15000	\$0.15000	\$0.15000	\$0.15000	\$0.15000
Expected Volatility	119.78%	132.95%	136.82%-141.83%	124.06%-127.63%	135.29%
Risk free interest rate	2.54%	2.69%	2.50%-2.69%	2.46%-2.47%	2.55%
Expected life (years)	2.00	1.77	1.59-1.71	2.16-2.28	1.31-2.00
Credit Spread	25%	25%	25%	25%	25%
Foreign exchange rate	1.39	1.37	1.38	1.40	1.37

Secured debentures

On July 25, 2025, Unbuzzd issued a total of 110 secured convertible debenture units (each an "Unbuzzd Secured Debenture") at a subscription price of US\$1,000 per Debenture. Each Debenture Unit consists of (i) a USD\$1,111.11 principal amount secured convertible debenture and (ii) such number of common share purchase Unbuzzd Warrants for gross proceeds of \$122,222. The Unbuzzd Secured Debentures will mature (the "Unbuzzd Secured Debenture Maturity Date") on the earlier of (i) July 25, 2026, or (ii) the date that is one month following the closing of a Qualified Financing, as defined below.

Each unit consists of one (1) Unbuzzd Common Share and (ii) one Unbuzzd Warrant. Each Unbuzzd Warrant entitles the holder to acquire one additional Unbuzzd Common Share on or before July 25, 2027, for 115% of the Liquidity Event Price.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The conversion price ("Unbuzzd Secured Debenture Conversion Price") is equal to:

- i) US\$0.05 per Unbuzzd Unit;
- ii) In the event of a Qualified Financing, then 0.80 multiplied by the Qualified Financing Price; or
- iii) In the event of a Liquidity Event, then 0.80 multiplied by the Liquidity Event Price:

Following the completion of a Qualified Financing or immediately prior to a Liquidity Event, Unbuzzd shall have the option to force a conversion of the principal amount of each Unbuzzd Secure Debenture, and if Unbuzzd elects, the accrued but unpaid Interest, into Units at the Conversion Price.

Qualified Financing means the completion of an equity financing by Unbuzzd, including but not limited to a Series A financing, after the date hereof for aggregate gross proceeds of not less than US\$500,000. Liquidity Event means a takeover transaction or going public transaction.

The Unbuzzd Secured Debenture is collateralized by a priority security interest in substantially all assets of Unbuzzd pursuant to the terms of a general security agreement.

Conversion feature

The fair value of the conversion feature is determined by using with-and-without method that considers the change in expected cash flows due to the conversion. The model includes all terms of the convertible debenture described above as well as the probability of conversion and the implied credit spread of Unbuzzd. Expected volatility was estimated by using historical volatility of Quantum as Unbuzzd considers it comparable for its own trading and volatility history. The share price of \$0.00017 (C\$0.00025) was deemed reasonable by management based on Unbuzzd's latest financing price with arms-length parties. The fair value of the conversion feature as at the date of issuance and December 31, 2025, was \$Nil. The fair values were determined using the assumptions below:

	July 25, 2025	December 31, 2025
Share price (USD)	\$0.00017	\$0.00017
Conversion price (USD)	\$0.05000	\$0.05000
Expected Volatility	168.20%	146.51%
Risk free interest rate	2.77%	2.55%
Expected life (years)	1.00	0.56
Credit Spread	25%	25%
Foreign exchange rate	1.37	1.37

As of December 31, 2025, the Company had the following total debentures balance outstanding for the secured and unsecured tranches:

	Unsecured	Secured	Total
Proceeds	\$ 334,955	\$ 122,222	\$ 457,177
Initial recognition of debt	\$ 334,955	\$ 122,222	\$ 457,177
Accretion expense	14,833	487	15,320
Balance, December 31, 2025	\$ 349,788	\$ 122,709	\$ 472,497

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

Warrant liability

During the year ended December 31, 2025, Unbuzzd issued warrants attached to its convertible debentures.

Unbuzzd determined that these warrants were exchangeable into a variable number of shares due to foreign exchange, and as such, the warrants were classified as financial liabilities measured at fair value through profit or loss (“FVTPL”). Unbuzzd uses the Black-Scholes pricing model to estimate fair value. Expected volatility was estimated by using historical volatility of other companies that the Unbuzzd considers comparable that have trading and volatility history. The risk-free interest rate for the life of the warrants was based on the yields available on government benchmark bonds with a term approximating the remaining term of the warrants. The life of the warrants is based on the contractual term. The fair value of the warrant liability on dates of issuance for both secured and unsecured convertible debentures issued was \$Nil. The fair value of these warrants as of December 31, 2025, was also \$Nil.

The fair value of the unsecured debenture warrants was determined using the Black-Scholes option pricing model and the following assumptions as at:

	April 15, 2025	July 7, 2025	August/September 2025	October/November 2025	December 31, 2025
Share price (USD)	\$0.00017	\$0.00017	\$0.00017	\$0.00017	\$0.00017
Exercise price (USD)	\$0.15000	\$0.15000	\$0.15000	\$0.15000	\$0.15000
Expected dividend yield	-	-	-	-	-
Risk free interest rate	2.54%	2.69%	2.49%-2.69%	2.46%-2.47%	2.55%
Expected life (years)	2.00	1.77	1.57-1.69	2.13-2.25	2.00
Expected volatility	119.78%	132.95%	136.82%-141.83%	124.06%-127.63%	135.29%
Foreign exchange rate	1.39	1.37	1.38	1.40	2.00

The fair value of the secured debenture warrants was determined using the Black-Scholes option pricing model and the following assumptions as at:

	July 25, 2025	December 31, 2025
Share price (USD)	\$0.00017	\$0.00017
Exercise price (USD)	\$0.15000	\$0.15000
Expected dividend yield	—	—
Risk free interest rate	2.77%	2.55%
Expected life (years)	2.00	1.56
Expected volatility	168.20%	146.51%
Foreign exchange rate	1.37	1.37

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

15. Share capital

[a] Authorized

The Company is authorized to issue an unlimited number of class A multiple voting shares ("Class A Multiple Voting Shares") and an unlimited number of Class B Subordinate Voting Shares, all without par value. All shares are ranked equally regarding the Company's residual assets.

The Class B Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws, as these securities do not carry equal voting rights as compared with the Class A Multiple Voting Shares.

The holders of Class A Multiple Voting Shares are entitled to 276,660 votes per Class A Multiple Voting Share held. Class A Multiple Voting Shares are held by the Chief Executive Officer ("CEO"), President, Executive Co-Chairman of the Board and the Director and Executive Co-Chairman of the Board. The holders of Class B Subordinate Voting Shares are entitled to one (1) vote per share held.

[b] Issued and outstanding

During the year ended December 31, 2024, the Company consolidated its Class A and Class B shares on a 65:1 basis, and the effect was applied retroactively for all comparative years presented.

Reconciliation of the Company's share capital is as follows, adjusted for the share consolidation:

	Class A shares		Class B shares		Warrants	
	#	\$	#	\$	#	\$
Balance, December 31, 2022	2	151,588	592,372	143,258,972	99,725	2,142,400
Plan of arrangement [a]	—	34	1	—	—	—
Shares repurchase [b]	—	—	(29,303)	(7,165,356)	—	—
Warrants issued [c]	—	—	—	—	61,154	1,372,763
PSU converted to shares [d]	—	—	41,848	1,464,000	—	—
Share options exercised [e]	—	—	323	33,247	—	—
Share-based payments [f]	—	—	555	36,000	—	—
Warrants expired [g]	—	—	—	—	(2,047)	(791,807)
Balance, December 31, 2023	2	151,622	605,796	137,626,863	158,832	2,723,356
Shares issued [h]	10	79	1,384,783	10,670,539	—	—
Shares for debt [i]	—	—	301,423	1,990,213	—	—
Warrants expired [j]	—	—	—	—	(20,770)	(286,189)
Warrants cancelled [k]	—	—	—	—	(7,692)	(439,408)
RSUs converted to shares [l]	—	—	7,500	31,009	—	—
Warrants issued [m]	—	—	—	—	80,000	—
Balance, December 31, 2024	12	151,701	2,299,502	150,318,624	210,370	1,997,759
Shares issued - convertible debentures [n]	—	—	984,792	8,192,245	—	—
Exercise of options [o]	—	—	37,192	232,444	—	—
Warrants issued [p]	—	—	—	—	346,806	—
Warrants expired [q]	—	—	—	—	(130,338)	(1,987,750)
Exercise of warrants [r]	—	—	354,730	9,126,182	(426,806)	—
Exercise of RSUs [s]	—	—	92,690	515,625	—	—
Shares issued for debt [t]	—	—	73,744	775,087	—	—
Shares issued [u],[v]	30	546	45,079	390,837	—	—
Balance, December 31, 2025	42	152,247	3,887,729	169,551,044	32	10,009

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

Activity during the year ended December 31, 2023

- [a] In November 2023, the Company completed the Plan of Arrangement reorganization. The Company cancelled all 2 Class A Shares of the Company and reissued 1 new Class B shares and 2 new Class A Shares. The Company cancelled all 605,795 Class B shares outstanding and reissued 605,795 new Class B shares. There was 1 previously issued Class B share that was removed due to an administrative adjustment. The Company also cancelled and reissued 94,473 FSD Pharma New Distribution Warrants. Each holder of the Company's Class A shares, Class B shares and the FSD Pharma New Distribution Warrants was distributed a share of Unbuzzd from the Company for each Class A share, Class B share and New Distribution Warrant held. As a result, the Company issued 703,270 shares of Unbuzzd which was recognized as a deemed dividend of \$8,673 with a corresponding adjustment to NCI.
- [b] The Company repurchased and canceled 29,303 Class B Subordinate Voting Shares at prevailing market prices as part of its share repurchase program.
- [c] The Company issued 61,154 warrants for consulting services with a fair value of \$1,384,970. The Company recognized \$1,372,763 as expense during the year ended December 31, 2023, with the remaining \$12,206 to be recognized over the vesting period of certain warrants. The Company determined the fair value of the services received could not be measured reliably and determined the fair value using the Black-Scholes model.
- [d] The Company converted 41,848 PSUs to Class B Subordinate Voting Shares following the completion of the vesting condition on January 6, 2023, the filing of the MS Phase 1 IND.
- [e] 323 share options were exercised with an exercise price of C\$84.50 in exchange for 323 Class B Common shares.
- [f] The Company issued 555 Class B Subordinate Voting Shares for services received during the year with a fair value of \$36,000.
- [g] 2,047 warrants expired unexercised.

Activity during the year ended December 31, 2024:

- [h] The Company entered into an at-the-market offering agreement (the "ATM Agreement") to sell Class B Subordinate Voting Shares, having an aggregate offering price up to \$11,154,232. During the year ended December 31, 2024, the Company issued 1,384,783 common shares for gross proceeds of \$11,146,731. A cash commission of \$334,403 based on 3.0% of the aggregate gross proceeds, plus other trading expenses of \$141,789, resulted in total share issuance costs of \$476,192. The net proceeds were \$10,670,539.

During the year ended December 31, 2024, the Company issued 10 Class A Multiple Voting Shares of the Company for total gross proceeds of approximately \$79 (C\$108).

- [i] During the year ended December 31, 2024, the Company issued a total of 53,263 Class B Subordinate Voting Shares to settle debts owing to arm's length creditors at various prices for total fair value of \$972,757. The number of shares issued include 846 RSU that were issued and converted into shares for debt. The decrease in the payable for these creditors was based on the total fair value of the shares issued.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

During the year ended December 31, 2024, the Company issued a total of 248,160 Class B Subordinate Voting Shares in lieu of a cash bonus granted to executives of the Company. The total fair value of the shares issued was \$1,017,456. The fair value of the bonus was recognized under payroll expenses.

- [j] 20,770 warrants expired unexercised.
- [k] On September 6, 2024, the Company cancelled an aggregate of 7,692 warrants with an exercise price of C\$97.50 to purchase Class B Subordinate Voting Shares, which were previously granted to a board member.
- [l] On September 6, 2024, the Company granted 7,500 RSUs to an arm's length party with a price of \$4.13 per unit for a total value of \$31,009 based on the share price at the date of issuance. The total amount was recognized as share-based compensation expense as the RSUs vested immediately upon issuance and 7,500 Class B Subordinate Voting Shares were issued for the same value.
- [m] On December 13, 2024, 80,000 warrants of the Company were issued as part of the issuance of Debentures (Note 14).

Activity during the year ended December 31, 2025

- [n] On February 7, 2025, a partial amount of the December 2024 Debentures (Tranche 3) was converted into an aggregate of 152,577 Class B Subordinate Voting Shares (Note 14). On February 26, 2025, the remaining amount was converted into an aggregate of 221,237 Class B Subordinate Voting Shares (Note 14). Thus, the total number of Class B Subordinate Voting Shares issued upon conversion of the December 2024 Debentures (Tranche 3) was 373,814 with a total value of \$2,372,839 transferred to share capital.

On March 25, 2025, the full amount of the March 6, 2025 Debenture (Tranche 4) of \$100,000 was converted into an aggregate of 25,257 Class B Subordinate Voting Shares with a value of \$31,188 (Note 14).

On May 5, 2025, a partial amount of the December 2024 Debentures (Tranches 1 and 2) was converted into an aggregate of 103,534 Class B Subordinate Voting Shares (Note 14). On May 23, 2025, the remaining amount was converted into an aggregate of 105,840 Class B Subordinate Voting Shares (Note 14). Thus, the total number of Class B Subordinate Voting Shares issued upon conversion of the entire December 2024 Debentures was 209,374 with a total value of \$1,603,513 transferred to share capital.

During the year ended December 31, 2025, the full amount of the March 28, 2025 Debenture (Tranche 5) was converted into an aggregate of 376,347 Class B Subordinate Voting Shares on various dates (Note 14), with a total value of \$4,184,705 transferred to share capital.

- [o] During the year ended December 31, 2025, the Company issued an aggregate of 37,192 Class B Subordinate Voting Shares upon the exercise of 37,192 share options with exercise price ranging from C\$5.25 to C\$6.60 for total gross proceeds of \$148,086. Total amount of \$232,444 was transferred to share capital. The market prices on the dates of option exercise ranged between C\$18 to C\$38 per Class B Subordinate Voting Share.
- [p] During the year ended December 31, 2025, 152,577 warrants of the Company were issued as part of the issuance of January 20, 2025 Debentures (Tranche 3) (Note 14).

During the year ended December 31, 2025, 10,309 warrants of the Company were issued as part of the issuance of March 6, 2025 Debentures (Tranche 4) (Note 14).

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

During the year ended December 31, 2025, 183,920 warrants of the Company were issued as part of the issuance of March 28, 2025 (Tranche 5) (Note 14).

- [q] During the year ended December 31, 2025, 130,338 warrants expired unexercised.
- [r] During the year ended December 31, 2025, 8,500 warrants were exercised into 8,500 Class B Subordinate Voting Shares for cash proceeds of \$43,257. Total amount transferred to share capital is \$99,588, which includes the reversal of warrant liability of \$56,331. The warrants were issued as part of the issuance of March 28, 2025 Debentures (Note 12). A total of 418,306 warrants issued in connection with the convertible debentures for Tranches 1 to 5 were exercised on a cashless basis into 346,230 Class B Subordinate Voting Shares.
- [s] During the year ended December 31, 2025, 32,690 RSUs were exercised into 32,690 Class B Subordinate Voting Shares. Total of \$137,625 was transferred to share capital. During the year ended December 31, 2025, 60,000 RSUs were exercised with a price of \$6.30 in exchange for 60,000 Class B Subordinate Voting Shares. Total of \$378,000 was transferred to share capital.
- [t] During the year ended December 31, 2025, the Company settled an aggregate of \$775,087 of amounts owing to various arm's length creditors through the issuance of 73,744 Class B Subordinate Voting Shares at prices ranging between \$7.21 to \$29.99 per Class B Subordinate Voting Share. The Company incurred a net gain on settlement of debt of \$43,336 during the year ended December 31, 2025. This net gain resulted from a significant gain on the settlement of one debt obligation, which fully offset losses recognized on other debt settlements during the year.
- [u] During the year ended December 31, 2025, pursuant to the ATM agreement, the Company issued 45,079 common shares for a total increase in share capital of \$402,320, of which gross proceeds of \$347,615 were received and \$54,705 was included in subscription receivables as of December 31, 2025. A total cash commission of \$10,058 based on 2.50% of the aggregate gross proceeds, plus other trading expenses of \$1,425 resulted in total share issuance costs of \$11,483. Share issuance costs of \$1,653 related to other receivables have not been paid as of December 31, 2025. The net proceeds received were \$337,785 during the year ended December 31, 2025.
- [v] During the year ended December 31, 2025, the Company received total proceeds of \$546 (C\$750) for 30 Class A Multiple Voting Shares at a price of C\$25 per share, which were issued as of December 31, 2025.

The changes in the number of warrants outstanding during the years ended December 31, 2025, 2024, and 2023:

	Number of warrants #	Weighted average exercise price C\$
Outstanding as at December 31, 2022	99,725	355.95
Issued	61,154	295.75
Expired	(2,047)	260.65
Outstanding as at December 31, 2023	158,832	328.30
Issued	80,000	7.00
Cancelled	(7,692)	97.50
Expired	(20,770)	305.41
Outstanding as at December 31, 2024	210,370	250.33
Issued	346,806	6.18
Expired	(130,338)	216.54
Exercised	(426,806)	6.33
Outstanding as at December 31, 2025	32	1,737.65

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

Measurement of fair values

During the year ended December 31, 2025, a total of 346,806 warrants of the Company were issued in connection with the issuance of the December 2024 Debentures, March 6, 2025 Debentures, and March 28, 2025 Debentures (Note 14). These warrants are classified as derivative liabilities (Note 12 b-e). As of December 31, 2025, the total amount of warrants of 426,806 issued in connection with all tranches of the convertible debentures were fully exercised. As of December 31, 2025, there were no warrants outstanding classified as derivative liabilities.

There were no warrants issued during the year ended December 31, 2025, under equity.

The following table is a summary of the Company's warrants outstanding as at December 31, 2025:

Expiry Date	Exercise price C\$	Number outstanding #
January 16, 2026	1,737.65	26
January 20, 2026	1,737.65	6
	1,737.65	32

(i) Warrants were issued in US\$

16. Share-based compensation

The Company has established a share option plan (the "Option Plan") for directors, officers, employees and consultants of the Company. The Company's Board determines, among other things, the eligibility of individuals to participate in the Option Plan, the term and vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option is converted into one Class B Subordinate Voting Share on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

[i] Share-based payment arrangements

During the year ended December 31, 2025, the Company granted a total of 155,692 (2024 – 54,308 and 2023 – 38,277) share options.

During the year ended December 31, 2025, an aggregate of Nil (2024 – 904 and 2023 – 4,637) share options expired.

During the year ended December 31, 2025, an aggregate of 37,192 (2024 – Nil and 2023 - 323) share options were exercised for total gross proceeds of \$148,086. The total contributed surplus of \$84,358 was transferred share capital.

During the year ended December 31, 2025, the Company cancelled an aggregate of Nil options (2024 – 48,804 and 2023 – Nil), which were previously granted to board members, advisory board members, employees, advisors and consultants of the Company.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The changes in the number of share options outstanding during the year ended December 31, 2025, are as follows:

	Number of options #	Weighted average exercise price C\$
Outstanding as at December 31, 2024	42,456	6.97
Granted	155,692	18.60
Exercised	(37,192)	5.53
Outstanding as at December 31, 2025	160,956	18.87
Exercisable as at December 31, 2025	160,956	18.87

The changes in the number of share options outstanding during the year ended December 31, 2024, are as follows:

	Number of options #	Weighted average exercise price C\$
Outstanding as at December 31, 2023	37,856	101.59
Granted	54,308	26.24
Cancelled	(48,804)	95.68
Expired	(904)	352.83
Outstanding as at December 31, 2024	42,456	6.97
Exercisable as at December 31, 2024	34,123	7.30

The changes in the number of share options outstanding during the year ended December 31, 2023 are as follows:

	Number of options #	Weighted average exercise price C\$
Outstanding as at December 31, 2022	6,439	241.47
Granted	38,277	99.05
Forfeited	(1,900)	135.64
Exercised	(323)	84.50
Expired	(4,637)	262.12
Outstanding as at December 31, 2023	37,856	101.59
Exercisable as at December 31, 2023	36,875	100.01

Measurement of fair values

The fair value of share options granted during the years ended December 31, 2025, 2024 and 2023, were estimated at the date of grant using the Black-Scholes option pricing model with the following inputs:

	2025	2024	2023
Grant date share price	C\$6.64 - C\$22.75	C\$5.20 - C\$72.15	C\$83.20 - C\$161.20
Exercise price	C\$6.60 - C\$24.50	C\$5.25 - C\$97.50	C\$84.50 - C\$159.25
Expected dividend yield	—	—	—
Risk free interest rate	2.60% - 2.77%	2.91% - 4.20%	2.88% - 3.99%
Expected life	2-5 years	2.00 years	2.91 – 5.00 years
Expected volatility	119% -136%	66% - 103%	95% - 110%

Expected volatility was estimated by using the annualized historical volatility of the Company. The expected option life represents the period that options granted are expected to be outstanding. The risk-free interest rate is based on Canadian government bonds with a remaining term equal to the expected life of the options.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The following table is a summary of the Company's share options outstanding as at December 31, 2025:

Exercise price C\$	Number outstanding #	Weighted average remaining contractual life		Exercise price C\$	Number exercisable #
		[years]	#		
154.39	228	0.16		154.39	228
156.55	228	0.23		156.55	228
5.60	12,500	0.68		5.60	12,500
9.90	50,000	1.23		9.90	50,000
24.50	98,000	4.74		24.50	98,000
18.87	160,956	3.32		18.87	160,956

The following table is a summary of the Company's share options outstanding as at December 31, 2024:

Options outstanding			Weighted average remaining contractual life [years]	Options exercisable	
Exercise price C\$	Number outstanding #	#		Exercise price C\$	Number exercisable #
154.39	228		1.16	154.39	228
156.55	228		1.23	156.55	228
5.60	12,500		1.68	5.60	4,167
5.25	29,500		1.74	5.25	29,500
6.97	42,456		1.72	7.30	34,123

The following table is a summary of the Company's share options outstanding as at December 31, 2023:

Options outstanding			Weighted average remaining contractual life [years]	Options exercisable	
Exercise price C\$	Number outstanding #	#		Exercise price C\$	Number exercisable #
84.50	30,769		4.07	84.50	30,769
110.50	1,046		1.87	110.50	1,046
146.25	769		0.42	146.25	769
150.15	231		2.16	150.15	231
150.15	231		2.23	150.15	231
159.25	4,523		2.15	159.25	3,562
189.15	79		2.00	189.15	79
243.75	77		0.21	243.75	77
250.90	77		2.86	250.90	58
3,266.25	54		0.28	3,266.25	53
101.59	37,856		3.66	100.01	36,875

[ii] Performance Share Units ("PSUs") and Restrictive Share Units ("RSUs")

In May 2022, the Company established a performance share unit plan ("PSU Plan") and a restrictive unit plan ("RSU Plan"), for directors, offers, employees and consultants of the Company. The Company's Board determines the eligibility of individuals to participate in the PSU Plan and RSU Plan to align their interests with those of the Company's shareholders.

No amounts are paid or payable by the individual on receipt of the PSUs and RSUs. Each PSU and RSU convert into one Class B Subordinate Voting Share at \$Nil exercise price. The Company's PSU Plan and RSU Plan provides that the number of Class B Subordinate Voting Shares reserved for issuance may not exceed 10% of the aggregate number of Class B Subordinate Voting Shares that are outstanding unless the Board has increased such limit by a Board resolution.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

PSUs

There were no PSUs issued during the year ended December 31, 2025. As at December 31, 2025, there were no PSUs outstanding (December 31, 2024 – Nil and December 31, 2024 - Nil).

RSUs

On February 23, 2024, the Company granted 846 RSUs pursuant to the shares for debt transactions. The RSUs vested immediately upon grant and 846 Class B Subordinate Voting Shares were issued with a total fair value of \$49,665, which was determined based on the share price of the Company on the date of the grant.

On August 23, 2024, the Company granted an aggregate of 32,690 RSUs at a price of \$4.21 per unit for a total value of \$137,625 based on the share price at the date of issuance. Each RSU granted vests the earlier of: (i) one year; and (ii) the successful implementation of the MS MAD study conducted by Ingenu of Australia, subject to acceleration in the event of a takeover bid or change of control. During the year ended December 31, 2025, the Company recognized \$88,568 (2024 - \$49,057) as share-based compensation expense and contributed surplus. On April 3, 2025, the total amount of 32,690 RSUs were exercised and converted into 32,690 Class B Subordinate Voting Shares.

On September 6, 2024, the Company granted 7,500 RSUs at a price of \$4.13 per unit for a total value of \$31,009 based on the Class B Subordinate Voting Share price at the date of issuance, which was recognized as share-based compensation expense. The RSUs vested immediately upon issuance and 7,500 Class B Subordinate Voting Shares were issued for the same value.

On April 15, 2025, the Company granted 60,000 RSUs at a price of \$6.30 per unit for a total value of \$378,000, which was recognized as share-based compensation expense. The RSUs vested immediately upon issuance and were exercised and converted into 60,000 Class B Subordinate Voting Shares for the same value during the year ended December 31, 2025.

On August 15, 2025, the Company granted a total of 1,600 RSUs to two individuals for 800 RSUs each, with the following vesting conditions:

First Vesting Tranche of 500 RSUs: i. The filing of an investigational new drug (“IND”) application with the U.S. FDA, or an equivalent regulatory filing in another country for the start of a clinical trial for Lucid-MS. This condition must be met within one year of the date of this resolution. If not achieved within one year, no RSUs vest under this tranche.

Second Vesting Tranche of 300 RSUs: i. Receipt of a no-objection letter or an equivalent regulatory approval from the U.S. FDA or other regulatory institution permitting the commencement of the clinical trial associated with the IND filing in the First Vesting Tranche.

During the year ended December 31, 2025, the Company recognized \$13,581 as share-based compensation expense related to the portion vested using a price of \$22.45 on the date of issuance.

On September 26, 2025, the Company granted 96,000 RSUs at a price of \$16.32 per unit with a maturity of March 31, 2026. The Company recognized a value of \$825,661 as share-based compensation expense related to the vested portion during the year ended December 31, 2025.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The change in the number of RSUs during the years ended December 31, 2025, and 2024 is as follows:

	Number of RSUs #
Outstanding as at December 31, 2024	32,690
Granted	157,600
Converted to common shares	(92,690)
Outstanding as at December 31, 2025	97,600

	Number of RSUs #
Outstanding as at December 31, 2023	—
Granted	41,036
Converted to common shares	(8,346)
Outstanding as at December 31, 2024	32,690

The Company recognized share-based compensation as follows for the years ended December 31, 2025, 2024, and 2023:

	2025 \$	2024 \$	2023 \$
Share options (i)	1,639,691	72,149	1,951,757
RSUs	1,305,811	80,065	—
PSUs	—	—	458,253
Shares for services	—	—	36,000
Warrants for services	—	—	1,372,763
Other (ii)	—	—	16,702
	2,945,502	152,214	3,835,475

(i) Includes \$44,305 share-based compensation from Unbuzzd for the year ended December 31, 2025.

(ii) Share-based compensation related to share options and restricted share units issued by Unbuzzd and convertible into common shares of Unbuzzd.

17. Non-controlling interests

Through the License Agreement, Quantum acquired 34.66% of Unbuzzd on July 31, 2023. As of December 31, 2025, the Company has a 19.84% (December 31, 2024 – 22.95%) ownership interest in Unbuzzd through Unbuzzd Common Shares. The non-controlling interest represents the Unbuzzd Common Shares not attributable to the Company.

Reconciliation of non-controlling interest is as follows:

	\$
Balance, December 31, 2023	(327,501)
Net loss for the year	(712,805)
Balance, December 31, 2024	(1,040,306)
Net loss for the year	(781,554)
Balance, December 31, 2025	(1,821,860)

The consolidated financial statements incorporate the assets and liabilities of Unbuzzd as of December 31, 2025.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

18. Loss per share

Net loss per Class B Subordinate Voting Share represents net loss attributable to common shareholders divided by the weighted average number of Class B Subordinate Voting Shares outstanding during the year.

For all the years presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of warrants, share options, PSUs and RSUs. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the years ended December 31, 2025, 2024, and 2023 are as follows:

	December 31, 2025	December 31, 2024	December 31, 2023
	#	#	#
Warrants	32	210,370	210,370
Share Options	160,956	42,456	42,456
RSUs	97,600	32,690	32,690
	258,588	285,516	285,516

19. General and administrative

Components of general and administrative expenses for the years ended December 31, 2025, 2024 and 2023 were as follows:

	2025	2024	2023
	\$	\$	\$
Professional fees	3,278,735	3,074,130	3,248,233
Investor relations	1,896,573	1,748,242	665,915
Salaries, wages and benefits (Note 15[i])	2,204,319	2,658,364	1,855,087
Consulting fees	793,753	797,863	1,305,434
Office and general administrative	889,573	879,272	2,294,476
Foreign exchange loss (gain)	(15,035)	252,226	(336,421)
	9,047,918	9,410,097	9,032,724

20. Segment information

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, with appropriate aggregation. The chief operating decision maker is the CEO who is responsible for allocating resources, assessing the performance of the reportable segment and making key strategic decisions. The Company operated in two segments: Biopharmaceutical and Strategic Investments.

The Company's Biopharmaceutical segment is focused on furthering the research and development of the Company's drug candidates and the development of a treatment for alcohol misuse for application in hospitals and other medical practices.

The Company's Strategic Investments segment was focused on generating returns and cash flow through the issuance of loans secured by residential property, with FSD Strategic Investments having a first or second collateral mortgage on the secured property.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The following tables summarize the Company's total current and non-current assets and current and non-current liabilities as of December 31, 2025, and 2024 on a segmented basis:

As at December 31, 2025			
	Biopharmaceutical	Strategic Investments	Total
	\$	\$	\$
Current assets	6,478,353	—	6,478,353
Non-current assets	4,682,556	—	4,682,556
Current liabilities	6,058,294	—	6,058,294

As at December 31, 2024			
	Biopharmaceutical	Strategic Investments	Total
	\$	\$	\$
Current assets	8,620,407	3,432,340	12,052,747
Non-current assets	5,066,477	—	5,066,477
Current liabilities	6,678,992	—	6,678,992

The following tables summarize the Company's interest income, total operating expenses, and net loss for the years ended December 31, 2025, and 2024 on a segmented basis:

For the year ended December 31, 2025			
	Biopharmaceutical	Strategic Investments	Total
	\$	\$	\$
Interest expense (income)	1,219	(237,303)	(236,084)
Total operating expenses	15,301,638	736	15,302,374
Net (loss) income	(27,193,407)	236,567	(26,956,840)

For the year ended December 31, 2024			
	Biopharmaceutical	Strategic Investments	Total
	\$	\$	\$
Interest expense (income)	(14,695)	(558,196)	(572,891)
Total operating expenses	16,135,899	361	16,136,260
Net (loss) income	(15,473,364)	557,835	(14,915,529)

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

21. Commitments and contingencies

Commitments

Lucid-MS Agreement

The Company has entered into a license agreement that governs the Lucid-MS compound. Under the terms of the agreement, the Company shall pay a yearly license maintenance fee of C\$50,000 until the first commercial sale of a product is made.

Under the agreement the Company is committed to minimum milestone payments of \$Nil and maximum milestone payments of C\$9,375,000 if all product development and regulatory milestones are met. Furthermore, the Company is also responsible for paying revenue milestone payments and royalties if revenue milestones from commercial sales are achieved. Milestones can be extended by mutual agreement. No payments have been made to date related to these milestones.

Contingencies

Legal Matters

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimated at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to the consolidated statements of loss and comprehensive loss in that year.

GBB Drink Lab, Inc. ("GBB")

On May 12, 2023, the Company announced that it had received a lawsuit filed in S.D. Fla. by GBB against the Company, alleging breach of a mutual non-disclosure agreement and misappropriation of trade secrets. GBB claimed that its assets were valued at US\$53,047,000 as of August 30, 2022 (prior to the misappropriation and material breach).

On June 23, 2023, the Company filed a motion to dismiss the complaint. On July 3, 2023, GBB responded in opposition to the Company's motion to dismiss the complaint. On August 24, 2023, the parties filed a proposed joint scheduling report with the S.D. Fla., which set forth various deadlines that would govern this action. Under the proposed joint schedule, the case was supposed to be trial-ready by November 30, 2024. On January 8, 2024, the S.D. Fla. denied the Company's request to dismiss the lawsuit.

On January 22, 2024, the Company filed a third-party complaint against Joseph Romano (a former director of the Company) and a counterclaim against GBB. The Company alleged that Mr. Romano breached his fiduciary duty by providing or fabricating confidential information to GBB, and that GBB aided and abetted this breach. On October 9, 2024, Judge Melissa Damian denied Mr. Romano's motion to dismiss, finding that the Company plausibly alleged Romano breached fiduciary duties, including his duties of loyalty, confidentiality, and to act in the Company's best interests. GBB and Romano then denied the allegations in their respective answers.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

Discovery concluded in July 2025, and on July 21, 2025, the parties filed various pre-trial motions, including summary judgment motions. On October 9, 2025, the Court granted the motion for the Company's current counsel, Given Pursley LLP, to appear, officially appointing them and relieving prior counsel, Blank Rome LLP. A status conference was held on December 16, 2025, where the Court ruled on several pending motions. The Court granted Mr. Romano's motion for summary judgment, dismissing all claims against him. The Court reserved ruling on the Company's motion for summary judgment, ordering supplemental briefing on the issue of whether GBB has been standing to pursue its claims after selling its assets to a third party. The trial, previously set for January 2026, has been continued.

The parties filed supplemental briefs addressing standing in accord with the Court's order. But GBB then filed a reply brief. On February 17, 2026, the Company filed a motion to strike GBB's reply brief and accompanying exhibits, arguing that the filing was unauthorized. On February 18, 2026, GBB filed a response in opposition to the motion to strike. And, as of the date of this annual report, the Court has not yet ruled on standing or the Company's pending summary judgment motion.

Raza Bokhari

On May 21, 2025, the Company entered into a comprehensive settlement agreement with Dr. Raza Bokhari, its former CEO, resolving all outstanding litigation in Canada and the U.S. This concludes disputes originating from Dr. Bokhari's 2021 termination and subsequent legal actions, including:

- A wrongful dismissal arbitration (initially claiming \$30.2 million), dismissed in 2022 with costs awarded to the Company.
- Multiple court proceedings related to share cancellations, indemnification claims, and U.S. enforcement of arbitration awards.

The Company received a one-time payment of \$2,350,000, recorded as other income during the year ended December 31, 2025. All outstanding cost awards and claims were mutually waived.

This settlement eliminated all future legal uncertainties and associated costs, which confirmed a \$2.35 million payment from Dr. Bokhari to fully resolve all outstanding claims in Canada and the United States.

Deferred Income

On December 24, 2024, the Company entered into a Prepaid Forward Purchase Agreement (the "Purchase Agreement") with Sports Coat LLC ("Buyer"). Under the terms of the agreement, the Buyer agreed to provide financing of US\$1,000,000 to the Company in exchange for the right to receive a portion of the proceeds from certain ongoing litigations.

These litigations include, but are not limited to, claims relating to either:

- Alleged market manipulation involving FSD Pharma Inc., Quantum BioPharma Ltd., or any other related entity; or
- Matters involving Dr. Raza Bokhari.

The financing provided under the Purchase Agreement is non-recourse, which stipulates that the Company is not obligated to repay the \$1,000,000 if no proceeds are realized from the litigations. The Buyer assumes the risk of loss in the event of non-collection of litigation proceeds. The agreement does not include a predefined repayment schedule, a specified due date, or a general pledge of the Company's assets as collateral for repayment.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

The Purchase Agreement specifies events of default, including failure to pay amounts due, breach of material terms, termination of legal representation without cause, misrepresentation, misappropriation of litigation proceeds, insolvency, or challenges to the agreement's validity. In such cases, the Buyer may declare the full amount immediately due and enforce its security interest.

The Company received the full \$1,000,000, which has been recorded as deferred income as at December 31, 2024.

During the year ended December 31, 2025, the Company received \$2,350,000 in litigation proceeds as part of a settlement related to the Raza Bokhari Claims. In accordance with the agreement with the Buyer, the Company paid \$1,420,000 to the Buyer, representing the full repayment of the principal and the additional return calculated under the Purchase Agreement. The \$1,000,000 initially recorded as deferred income was recognized as other income during the year ended December 31, 2025. The remaining settlement proceeds of \$930,000 were also recognized as other income.

Lawsuit against CIBC World Markets, RBC Dominion Securities, and John Does 1-10

On October 20, 2024, the Company filed a complaint in the U.S. District Court for the Southern District of New York against CIBC World Markets, Inc., RBC Dominion Securities Inc., and John Does 1-10. The complaint alleges market manipulation through spoofing activities between January 1, 2020, and August 15, 2024. The Company is seeking damages of more than US\$700 million. On May 1, 2025, the Company filed an amended complaint, in response to the Motion to Dismiss filed by the banks on January 31, 2025.

The complaint alleges that between January 1, 2020, and August 15, 2024, the defendants engaged in "spoofing," an unlawful trading practice, to manipulate the market price of Quantum's shares. The complaint details that the defendants placed thousands of spoofing orders to sell, creating the illusion that Quantum's share price was declining. This practice allegedly "tricked" other investors into selling their shares at lower prices, driving the company's share price downward. The defendants then purchased shares at artificially depressed prices, positioning themselves to profit when the market price rebounded. The Company claims to have suffered significant damage and seeks to recover more than USD \$700 million. It alleges that it sold approximately 90 million shares of its stock on U.S. and Canadian exchanges during the relevant period at artificially depressed prices due to the defendants' spoofing activities. The complaint names CIBC World Markets, Inc., RBC Dominion Securities Inc., and John Does 1 through 10 as defendants. It asserts three claims for relief: violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5(a) and (c), violation of Section 9(a)(2) of the Securities Exchange Act of 1934, and New York Common Law Fraud.

The defendants filed a motion to dismiss on June 16, 2025, and the Company is awaiting the decision from the U.S. District Court for the Southern District of New York.

22. Related party transactions

Related parties and related party transactions impacting the consolidated financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain individuals performing similar functions.

Key management personnel are those individuals who have authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Transactions with key management and directors comprise the following:

- a) Director's compensation for the year ended December 31, 2025, was \$121,713 (2024 - \$161,048 and 2023 - \$175,140).

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

- b) During the year ended December 31, 2025, the Company granted 120,692 options to officers and employees of the Company, each with exercise prices ranging from C\$6.60 to C\$24.50 and expiring 2-5 years from the date of issuance.
- c) During the year ended December 31, 2023, the Company entered into a secured loan agreement with the CEO for C\$1,200,000, with monthly payments of C\$6,000 based on an annual interest rate of 6%. The loan had a maturity date of April 26, 2025, and was part of FSD Strategic Investments' portfolio of finance receivables. During the year ended December 31, 2024, a payment of C\$400,000 was made by the CEO, and monthly payments were subsequently reduced to C\$4,000. During the year ended December 31, 2025, the CEO made a payment of C\$800,000 towards the loan, thereby settling the total debt outstanding owed to FSD Strategic Investments.
- d) During the year ended December 31, 2025, the Company accrued management bonuses of \$645,570.
- e) During the year ended December 31, 2024, the Company granted 23,000 options to officers and employees of the Company each with exercise prices ranging from C\$5.25 to C\$5.60 and expiring two years from date of issuance.
- f) During the year ended December 31, 2024, the Company cancelled 30,768 options held by officers and employees of the company. They issued RSU of 30,768 in replacement of the cancelled options.
- g) During the year ended December 31, 2024, the Company granted the Co-Chairman of the board, the CEO and the current CFO total shares of 248,160 with a fair value of \$1,017,456 as bonus for the year.
- h) On August 15, 2024, the Company closed a non-brokered private placement and issued 4 Class A Multiple Voting Shares at a price of C\$18 per Class A Multiple Voting Share for aggregate gross proceeds of C\$72 to two non-arm's length parties, with each entity receiving 2 Class A Multiple Voting Shares. On September 13, 2024, the Company closed a non-brokered private placement and issued 6 Class A Multiple Voting Shares at a price of \$6 per Class A Multiple Voting Share for gross proceeds of C\$36 to the same two non-arm's length parties, with each entity receiving 3 Class A Multiple Voting Shares.
- i) On December 10, 2025, the Company closed a non-brokered private placement and issued 30 Class A multiple Voting Shares at a price of C\$25 per Class A Multiple Voting Share for aggregate gross proceeds of C\$750 to two non-arm's length parties, with each receiving 15 Class A Multiple Voting Shares.
- j) During the year ended December 31, 2025, the Company, through its subsidiary FSD Strategic Investments, sold its entire portfolio of loan receivables to a corporation owned by the CFO of the Company (Note 6).
- k) During the year ended December 31, 2025, the Company entered into a lease agreement with Peak Corp, an entity in which a director is a family member of a senior officer of the Company. This lease arrangement resulted in the right-of-use asset recognized as at December 31, 2025, of \$102,320. The lease term ends June 30, 2027.

Key management personnel compensation during the years ended December 31, 2025, 2024, and 2023 is comprised of:

	2025	2024	2023
	\$	\$	\$
Salaries, benefits, bonuses and consulting fees	1,501,380	908,052	1,395,096
Share-based payments	1,994,558	1,085,669	1,980,732
	3,495,938	1,993,721	3,375,828

As at December 31, 2025, the Company has \$645,570 owing to related parties related to bonus accruals included in accounts payable and accrued liabilities (December 31, 2024 - \$Nil).

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

23. Capital Management

The Company defines capital as the aggregate of its capital stock and borrowings and convertible debentures.

As at December 31, 2025, the Company's share capital was \$169,703,291 (December 31, 2024 – \$150,470,325). The Company does not have any long-term debt.

The Company manages its capital structure in accordance with changes in economic conditions. To maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares or undertake any other activities as deemed appropriate under specific circumstances. The Company is not subject to any externally imposed capital requirements. There were no changes in capital management during the years ended December 31, 2025, and 2024.

24. Financial Instruments and Risk Management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding other receivables and finance receivables. The Company trades only with recognized, creditworthy third parties.

The Company does not hold any collateral as security for its outstanding finance receivables but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The loans are secured by real estate properties, and the Company is granted a first or second collateral charge mortgage on the properties for a sum equal to the interest payments plus the principal amount. The Company performs assessments on factors such as timing of payments, loan to value, communications with the borrower and external macro factors such as interest rates and economic conditions to mitigate risks.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's trade and other payables and notes payables are all due within twelve months from the date of these financial statements.

If unanticipated events occur that impact the Company's ability to carry out the planned clinical trials, the Company may need to take additional measures to increase its liquidity and capital resources, including issuing debt or additional equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

- **Foreign currency risk**

Foreign currency risk arises with financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's primary exposure with respect to foreign currencies is from Canadian dollar denominated cash, investments and trade and other payables. A 1% change in the foreign exchange rates would not result in any significant impact on the consolidated financial statements.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any material long-term borrowings outstanding subject to variable interest rates. Therefore, the Company is not exposed to interest rate risk as at December 31, 2025.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at December 31, 2025.

Fair values

The carrying values of cash, other receivables (excluding sales tax recoverable), trade and other payables and notes payable approximate fair values due to the short-term nature of these items, or they are being carried at fair value or, for notes payable, interest payables and convertible debentures are close to the current market rates. The risk of material change in fair value is not considered to be significant. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year ended December 31, 2025, there were no transfers of amounts between levels.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

25. Income taxes

The reconciliation of income tax expense for the years ended December 31, 2025, 2024 and 2023 consists of the following:

	2025 \$	2024 \$	2023 \$
Loss from continuing operations before income taxes	(26,956,840)	(14,915,529)	(18,230,588)
Statutory federal and provincial tax rate	26.50%	26.50%	26.50%
Income tax recovery at the statutory tax rate	(7,143,560)	(3,952,615)	(4,831,106)
Non-deductible and other expenses	4,429,550	—	—
Permanent differences	—	(118,813)	2,557,822
Book to filing adjustments	176,680	—	(119,668)
Share issuance cost booked directly to equity	—	(126,188)	—
Impact of tax rate changes	—	(197,652)	(42,277)
Foreign exchange	—	2,250,728	(582,404)
Change in tax benefits not recognized	2,537,330	2,144,540	3,017,633
	—	—	—

Deferred Tax

The following table summarizes the components of deferred tax:

	2025 \$
Deferred tax assets	
Capital lease obligation	27,340
Operating tax losses carried forward	1,214,700
Subtotal of assets	1,242,040
Deferred tax liabilities	
Intangible assets	(1,189,740)
Right of use assets	(27,120)
Investments	(25,180)
Subtotal of liabilities	(1,242,040)
Net deferred tax liability	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

QUANTUM BIOPHARMA LTD. (FORMERLY, FSD PHARMA INC.)

Notes to the consolidated financial statements

[expressed in United States dollars]

For the years ended December 31, 2025, 2024, and 2023

Unrecognized Deferred Tax Assets

Deferred tax assets have not been recognized in respect of the following temporary differences as at December 31, 2025 and 2024:

	2025	2024	2023
	\$	\$	\$
Non-capital losses - Canada	106,969,370	96,555,590	88,880,329
Net-operating loss - US	5,073,170	5,073,167	5,073,156
Share-issuance costs	299,950	631,807	1,046,314
Capital losses carried forward	3,411,920	3,248,902	3,534,651
Other investments	—	2,320,154	2,528,002
IFRS 16	—	294	5,814
Digital assets	913,630	—	—
Property, plant and equipment	855,630	1,249,717	849,854
Total	117,523,670	109,079,631	101,918,120

The Company's Canadian non-capital income tax losses expire as follows:

2038	\$	2,526,050
2039		11,506,050
2040		20,471,120
2041		18,965,290
2042		19,965,190
2043		10,886,680
2044		12,658,210
2045		9,990,770
	\$	106,969,360

The Company has cumulative US federal net operating loss carryforwards of approximately \$5.07 million which will start to expire in 2026. Utilization of net operating loss carryforwards may be subject to limitations in the event of a change in ownership pursuant to United States Internal Revenue Code ("IRC") § 382, and similar state provisions. As a result of the acquisition of Prismic on June 28, 2019, the preacquisition net operating loss carry forwards of approximately \$4.93 million could be subject to IRC § 382 limitation as the acquisition could constitute a change of ownership.

26. Subsequent events

- Subsequent to December 31, 2025, the Company successfully sold an aggregate of \$5,350,781 in proceeds under its at-the-market offering agreement with Rodman and Renshaw LLC, as sales agent.
- On March 11, 2026, the Company issued 44,415 Class B Subordinate Voting Shares to executives and employees of the Company upon the exercise of RSUs.
- On March 20, 2026, the Company announced that it had closed its first tranche of a private placement offering, initially announced on March 10 and 11, 2026, and issued 3,750 debenture units for aggregate gross proceeds of C\$3,750,000. One director of the Company participated in the private placement offering and subscribed for 300 debenture units, representing aggregate gross proceeds of C\$300,000.
- On March 20, 2026, the Company also announced the completion of debt settlements by issuing an aggregate of 370,457 Class B Subordinate Voting Shares in the Company to settle approximately C\$1,117,727 of debt owed to certain arm's length creditors and insiders of the Company.