



**WPD Pharmaceuticals Inc.**

**Management's Discussion & Analysis**

**For the Nine Months Ended September 30, 2024 and 2023**

**(Expressed in Canadian Dollars)**

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial results of WPD Pharmaceuticals Inc. ("WPD" or the "Company") for the three and nine months ended September 30, 2024 and 2023.

Except for historical information, this MD&A includes forward-looking statements which are subject to risks and uncertainties. See – "*Cautionary Note Regarding Forward-Looking Information*". Actual results may differ materially from those in such forward-looking statements. The Company assumes no obligation to update its forward-looking statements to reflect results, changes in assumptions or changes in other factors affecting such statements.

The following discussion is Management's assessment and analysis of the results of operations and financial conditions of the Company and should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes thereto for the nine months ended September 30, 2024 and 2023 and the Company's audited financial statements and related notes thereto for the year ended December 31, 2023 and 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

This MD&A is based on information available up to December 12, 2024, the date on which it was prepared and approved by the Audit Committee and the Board of Directors. All dollar figures stated herein are expressed in Canadian dollars except unless otherwise specified.

### **Forward Looking Statements**

The information provided in this MD&A, including information incorporated by reference, may contain "forward-looking statements" or "forward-looking information" ("**forward looking statements**") about the Company. Without limitation, the words "may", "could", "would", "believe", "plan", "anticipate", "estimate", "expect", "intend", and words and similar expressions are intended to identify forward-looking statements. All statements, other than statements of historical fact, made by the Company that contemplate activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, the Company's proposed business objectives and plans.

These forward-looking statements speak only as of the date they are made and are based on information currently available and on the current expectations of the Company and assumptions concerning future events. We caution readers not to place undue reliance on forward-looking statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations and intentions expressed in such forward-looking statements. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. See – "Risk Factors".

The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on our behalf, except as required by law.

### **Narrative Description of the Business**

Prior to November 25, 2022, the Company had active business operations that were carried out primarily through WPD Pharmaceuticals Sp. z o.o. ("**WPD Poland**"), which was the operating branch of the Company and a wholly owned subsidiary. WPD Poland is a biotechnology research and development company with a focus on oncology, namely research and development of medicinal products involving biological compounds and small molecules.

Effective on November 25, 2022, the issued share capital of WPD Poland was increased as a result of the issuance of 34,000 shares of WPD Poland at PLN 50 per share to Houston Pharmaceuticals Inc. ("**HPI**") for cash proceeds of PLN 1,700,000 (\$503,370). Following the share issuance, HPI owned 80.95% and the Company owned 19.05% of WPD Poland's share capital.

During the year, all the existing shareholders of WPD Poland decided to restructure it by creating a new joint stock company WPD Pharmaceuticals S.A. ("New company" or "WPD Poland SA"), which will buy all the outstanding shares of WPD Poland in exchange of its own stock units issued to these existing shareholders.

As a consequence of the purchase of WPD Poland shares by HPI, the Company was determined to have lost control of the previously consolidated subsidiary WPD Poland and was deconsolidated in the Company's financial statements effective November 25, 2022 (the "**Date of Deconsolidation**"). Following the Date of Deconsolidation, the Company retained a minority equity interest in WPD Poland SA and earlier in WPD Poland as an investment asset only. Information in this MD&A related to WPD Poland after the Date of Deconsolidation is considered material and significant to WPD's equity interest in WPD Poland SA/WPD Poland. The Company has not carried on any active business since the Date of Deconsolidation of WPD Poland and has been evaluating opportunities to acquire an interest in an operating business.

### **Operational Update**

On May 1, 2023, the British Columbia Securities Commission (the "**BCSC**") issued an order partially revoking the cease trade order issued by the BCSC, which permitted the Company to complete a convertible debenture offering. On June 2, 2023, the Company closed the convertible debenture offering through a private placement of unsecured convertible debentures (the "**Debentures**") that raised an aggregate principal amount of \$300,000. Each Debenture is convertible into units of the Company at a conversion price of \$0.05 per unit. Each unit will consist of one common share and one share purchase warrant exercisable to purchase one additional common share at a price of \$0.05 for three years from the date of issuance of the unit. The Debentures bear interest at the rate of 18% per annum compounded monthly until maturity and after default. The Debentures will mature on June 2, 2026. The proceeds of this offering have been used to complete and file the Company's outstanding continuous disclosure documents, including its audited financial statements; to pay legal fees, accounting fees, filing fees and certain accounts payable; and for general working capital.

On August 31, 2023, WPD Poland signed an Investment Agreement with ACRX Investments Limited ("**ACRX**") of Nicosia, Cyprus, for an investment by ACRX of PLN 11,940,000 (approx. CAD\$3,918,000) in consideration of the issuance of new shares by WPD Poland to ACRX. The funds are being advanced to WPD Poland in scheduled tranches to be used for the joint development of drug projects currently and in the future carried out by WPD Poland. During the financial year ended December 31, 2023, ACRX advanced to WPD Poland total funds of PLN 5,126,961.58 (approx. CAD\$1,682,365) in consideration of the issuance to ACRX of a total 61,526 shares at a par value of PLN 50 each. As a result of the issuance of the shares to ACRX and a few other issuances during the year ended December 31, 2023, the percentage equity ownership of WPD Poland shares by the Company decreased from 19.05% to 6.91%. On February 5, 2024, WPD Poland received the third tranche of funds from ACRX and issued to ACRX 14,400 shares at a par value of PLN 50 each for total consideration paid to WPD Poland of PLN 1,199,952 (\$402,129). As a result of the issuance of the shares to ACRX, the percentage equity ownership of WPD Poland shares by the Company decreased from 6.91% to 6.15%.

On January 26, 2024, the Company filed its audited financial statements for the years ended December 31, 2022 and 2021. On May 7, 2024, the Company filed its audited financial statements for the year ended December 31, 2023.

On May 15, 2024, the BCSC and the Ontario Securities Commission (the "**OSC**") issued revocation orders fully revoking the dual cease trade orders issued by the BCSC and the OSC on July 8, 2022, which had ceased the trading and issuance of all securities of the Company.

On May 24, 2024, the Company's common shares were reinstated for trading on the Canadian Securities Commission under the trading symbol "WBIO".

On June 7, 2024, the Company recorded \$84,664 of debt forgiveness from a vendor and from current and former related parties. In addition, the Company closed a share for debt settlement transaction with a vendor and with former and current related parties. The Company issued an aggregate of 1,382,857 common shares of the Company with a fair value of \$65,643 to settle \$67,818 of accounts payable. As a result of the transaction, the Company recognized a gain on debt settlement of \$2,175 recorded in the condensed interim statement of loss and comprehensive loss for the nine months ended September 30, 2024.

On July 11, 2024, as per an investment agreement between the existing shareholders of WPD Poland, including the Company, and WPD Poland SA, the court approval in Poland was received for the sale of all the shares in WPD Poland to WPD Poland SA, which was followed by the purchase of 61,500 stock units in WPD Poland SA by the Company, representing 5.9% ownership in the New Company. The stock units of the New Company have a fair value of PLN 10.82 per unit. A subsequent capital raised by the New Company further the Company's share to 4.97% of the New Company.

On July 25, 2024, the Company closed another share for debt settlement transaction with certain vendors. The Company issued an aggregate of 1,116,036 common shares of the Company to settle \$58,302 of accounts payable. In addition, certain vendors agreed to forgive 60% of debts owed by the Company to them. As a result of the transaction, the Company recognized a gain on debt settlement of \$52,472 recorded in the condensed interim statement of income/(loss) and comprehensive income/(loss) for the nine months ended September 30, 2024

### **Summary of Quarterly Results**

Below is selected financial information for the most recent eight quarters. The quarterly results presented in the table below were prepared in accordance with IFRS.

Quarter ended	Comprehensive income (loss) \$	Income (loss) per share \$
September 30, 2024	47,523	0.00
June 30, 2024	(19,001)	(0.00)
March 31, 2024	(157,615)	(0.00)
December 31, 2023	122,387	0.00
September 30, 2023	(85,850)	(0.00)
June 30, 2023	(78,650)	(0.00)
March 31, 2023	(37,969)	(0.00)
December 31, 2022	5,547,603	0.05

The quarter ended December 31, 2022 include the results of the Company as well as its wholly owned subsidiary WPD Poland up to Nov 25, 2022, the Date of Deconsolidation. Deconsolidation of WPD Poland coupled with recognition of certain grant income in WPD Poland received prior to deconsolidation resulted in a comprehensive income of \$5,547,603 in the quarter ended December 31, 2022. Subsequently, the comprehensive losses in the quarters of 2024 and 2023 represent the costs incurred by the Company to keep it running, primarily consisting of professional fees, consultant fees and interest on convertible debt issued on June 2, 2023.

## Results Of Operations

Total expenses incurred in the nine months ended September 30, 2024 and 2023 respectively consisted of the following expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Expenses</b>				
Administration and supplies	\$ 736	\$ 1,205	\$ 2,399	\$ 3,629
Amortization and depreciation	2,707	3,509	8,118	3,509
Consultants	5,740	52,213	54,780	53,664
Foreign exchange loss (gain)	(12,692)	1,918	(9,694)	(4,930)
Interest expense	16,894	17,826	48,365	22,817
Professional fees	40,039	8,879	161,293	109,311
Regulatory, transfer agent and shareholder info	1,071	300	52,689	14,469
<b>Total expenses</b>	<b>(54,495)</b>	<b>(85,850)</b>	<b>(317,950)</b>	<b>(202,469)</b>
<b>Other items</b>				
Gain on conversion of debt	52,472	-	54,647	-
Forgiveness of debt	49,953	-	134,617	-
Change in value of investment	(407)	-	(407)	-
<b>Net income/(loss) and comprehensive income/(loss) for the period</b>	<b>47,523</b>	<b>(85,850)</b>	<b>(129,093)</b>	<b>(202,469)</b>

### **Three months ended September 30, 2024 and 2023**

For the three months ended September 30, 2024, the Company reported a comprehensive income of \$47,523 compared to a comprehensive loss of \$85,850 for the same period in 2023, an increase of income of \$133,373 which was primarily attributable to the following items:

- (i) Consultants expense for the three months ended September 30, 2024, were \$5,740 compared to \$52,213 for the three months ended September 30, 2023. The decrease is attributed to a decrease in accounting activities in the current quarter.
- (ii) Foreign exchange gain for the three months ended September 30, 2024, were \$12,692 compared to loss of \$1,918 for the three months ended September 30, 2023. The gain is due to foreign exchanges fluctuations in the period.
- (iii) Professional fees for the three months ended September 30, 2024, were \$40,039 compared to \$8,879 for the three months ended September 30, 2023. The increase is attributable to less legal activities in relation to the revocation procedures in the current quarter.
- (iv) The Company recorded \$52,472 of gain on conversion of debt that were settled with common shares of the Company during the three months ended September 30, 2024.
- (v) The Company recorded \$49,953 of forgiveness of debt from a vendor and from current and former related parties during the three months ended September 30, 2024.

### **Nine months ended September 30, 2024 and 2023**

For the nine months ended September 30, 2024, the Company reported a comprehensive loss of \$129,093 compared to a comprehensive loss of \$202,469 for the same period in 2023, a decrease of loss of \$73,376 which was primarily attributable to the following items:

- (i) Amortization and depreciation for the nine months ended September 30, 2024, were \$8,118 compared to \$3,509 the nine months ended September 30, 2023. The increase is attributed to the amortization of transaction costs related to the offering of the Debentures which closed on June 2023.
- (ii) Interest costs for the nine months ended September 30, 2024, were \$48,365 compared to \$22,817 for the nine months ended September 30, 2023. The increase is attributed to the interest charges on the Debentures.
- (iii) Professional fees for the nine months ended September 30, 2024 were \$161,293 compared to \$109,311 for the nine months ended September 30, 2023. The increase is attributable to higher legal activities in relation to the revocation procedures in the current period.
- (iv) Regulatory, transfer and agent fees for the nine months ended September 30, 2024, were \$52,689 compared to \$14,169 for the nine months ended September 30, 2023. The increase was attributed to filing fees and penalties for filing of 2021 and 2022 and interim March 2024 financial statements in the current period.
- (v) The Company recorded \$54,647 of gain on conversion of debt that were settled with common shares of the Company during the three months ended September 30, 2024.
- (vi) The Company recorded \$134,617 of forgiveness of debt from a vendor and from current and former related parties during the nine months ended September 30, 2024.

### **Liquidity And Capital Resources**

The Company has financed its operations to date through the issuance of common shares and debt securities. The Company continues to seek capital through various means including the issuance of equity and/or debt securities.

As at September 30, 2024, the Company had a working capital deficit of \$487,443 (December 31, 2023 – \$476,533) inclusive of cash of \$9,339 (December 31, 2023 – cash of \$85,861).

On June 7, 2024, the Company recorded \$84,664 of debt forgiveness from a vendor and from current and former related parties. In addition, the Company closed a share for debt settlement transaction with a vendor and with former and current related parties. The Company issued an aggregate of 1,382,857 common shares of the Company with a fair value of \$65,643 to settle \$67,818 of accounts payable.

On July 25, 2024, the Company closed another share for debt settlement transaction with certain vendors. The Company issued an aggregate of 1,116,036 common shares of the Company to settle \$58,302 of accounts payable. In addition, certain vendors agreed to forgive 60% of debts owed by the Company to them.

Although the Company has previously been successful in raising the funds required for its operations, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future. See – "Risk Factors".

### **Summary of Outstanding Share Data**

The Company's authorized capital is unlimited common shares without par value. As at September 30, 2024, the Company had 115,987,137 common shares, 2,515,000 stock options, ten Debentures, and nil warrants issued and outstanding as described below. As at the date of this MD&A the Company had 115,987,137 common shares, 2,515,000 stock options, ten Debentures, and nil warrants issued and outstanding as described below

Expiry date	Number of options outstanding and exercisable	Weighted average exercise price (\$)	Remaining life of options (Years)
January 13, 2025	2,015,000	0.86	0.29
November 4, 2025	500,000	0.86	1.10
	<b>2,515,000</b>	<b>0.86</b>	<b>0.45</b>

The Debentures are convertible into up to 6,000,000 units at a conversion price of \$0.05 per unit. See – "Narrative Description of the Business" for more information regarding the terms of the Debentures.

### **Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements.

### **Related Party Transactions**

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

During the nine months ended September 30, 2024, the Company recorded \$79,414 of debt forgiveness from current and former related parties.

On June 7, 2024, the Company closed a share for debt settlement transaction former and current related parties. The Company issued an aggregate of 1,282,857 common shares of the Company with a fair value of \$64,143 to settle \$64,143 of accounts payable.

As at September 30, 2024, current liabilities include \$70,875 (December 31, 2023 – \$214,432) payable to current and former key management personnel and other related parties.

As at September 30, 2024, the Company has \$23,545 (December 31, 2023 - \$16,177) owing to WPD Poland, a former subsidiary.

Amounts due to related parties included in accounts payable and accrued liabilities and in due to related parties are unsecured, non-interest-bearing and are without fixed terms of repayment.

### **Proposed Transactions**

As of September 30, 2024, the Company did not have any proposed transactions.

### **Critical Accounting Estimates and Judgments**

The preparation of this MD&A is based on critical accounting estimates and judgments consistent with those used in the preparation of the audited annual financial statements for the years ended December 31, 2023 and 2022. For further information, see Note 2 of the Company's audited financial statements for the years ended December 31, 2023 and 2022.

### **Accounting Policies**

The preparation of this MD&A is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements for the years ended December 31, 2023 and 2022. For further information, see Note 3 of the Company's audited annual financial statements for the years ended December 31, 2023 and 2022.

### **Financial Instruments and Other Instruments**

#### **Fair Value of Financial Instruments**

The Company's financial instruments consist of cash, receivables, investments, accounts payables, due to related parties and the Debentures. The carrying value of receivables, accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. The Debentures approximate their fair value because they are discounted using a market discount rate. Cash is valued at a Level 1 fair value measurement and is classified as fair value through profit or loss. Receivables and the Debentures are classified as amortized cost. Investments are measured at fair value using Level 2 inputs. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During this year as well as in 2023, WPD Poland SA and WPD Poland respectively had closed a significant investment agreement with certain entities and individuals, including the Company, which provided a relevant and reliable reference point to determine the fair value of the Company's investment in both WPD Poland SA and WPD Poland. Accordingly, the fair value measurement of the investment is categorized within Level 2 of the fair value hierarchy based on this recent financing price.



**Financial Instruments Risk**

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes:

**(i) Credit Risk**

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

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations.

The Company's cash of \$9,339 as at September 30, 2024 is insufficient to meet anticipated cash needs for working capital and capital expenditures through the next twelve months. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligation, management considers securing additional funds primarily through equity arrangements to be of most importance.

The Company's long-term liquidity depends on its ability to access the capital markets, which depends substantially on the economic conditions relating to the state of capital markets generally.

**(iii) Interest Rate Risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2024, the Company has cash balances which are interest bearing. Interest income is not significant to the Company's projected operational budget and related interest rate fluctuations are not significant to the Company's risk assessment. The Company's Debentures are interest-bearing debt at a fixed rate and therefore not subject to interest rate risk.

**(iv) Tax Risk**

The Company is subject to various taxes including, but not limited to the following: income tax and goods and services tax. The Company's tax filings will be subject to audit by various taxation authorities. While the Company intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged by a relevant taxation authority resulting in a greater than anticipated tax liability.

**(v) Foreign Exchange Risk**

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

**Capital Management**

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is subject to externally imposed capital requirements.

**Additional Information**

Additional information relating to WPD Pharmaceuticals Inc. can be accessed under the Company's public filings on SEDAR+ found at [www.sedarplus.ca](http://www.sedarplus.ca).