



Management Discussion and Analysis  
(Expressed in Canadian Dollars)

## **WAVERLEY PHARMA INC.**

Year ended December 31, 2024

## BACKGROUND

This Management's Discussion and Analysis ("**MD&A**") of Waverley Pharma Inc. ("**Waverley**" or the "**Company**") is dated April 29, 2025 and provides an analysis of the Company's operations for the year ended December 31, 2024. This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2024 which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are in Canadian dollars unless otherwise specified. The audited consolidated financial statements are available on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com) under the Company's profile. As of October 27, 2017, the common shares have been listed on Tier 2 of the TSX Venture Exchange (the "**Exchange**" or the "**TSX-V**") under the symbol "WAVE". The address of the Company's registered office and head office is 4-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

## FORWARD-LOOKING INFORMATION

Certain statements in this MD&A are forward-looking statements or information (collectively, forward-looking statements). The Company is hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: a limited operating history; regulatory risks; substantial capital and liquidity requirements; financing risks and dilution to shareholders; competition; reliance on management and dependence on key personnel; conflicts of interest of management; exposure to potential litigation, and other factors beyond the control of the Company.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement, see the "*Risks and Uncertainties*" section for more information.

Forward-looking statements are based on estimates and assumptions made by management in light of their experience of historical trends, current conditions and expected future developments, as well as factors that are believed to be appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- the Company's intention to sell and market pharmaceutical products in the state of Ohio through its U.S. subsidiary, C&R Pharmacy, LLC ("**C&R Pharmacy**");
- the ability to achieve profitability;
- the Company's ability to establish and maintain relations with collaborators with acceptable development, regulatory and commercialization expertise, and the benefits to be derived from such collaborative efforts;
- the implementation of the Company's business model and strategic plans;
- the Company's intention to increase sales through C&R Pharmacy;
- expectations regarding market risk, including changes in interest rate and foreign currency movements;
- estimates of expenses, future revenue, capital requirements and availability of future financing;
- the Company's intentions regarding the protection of its intellectual property;

**FORWARD-LOOKING INFORMATION (continued)**

- the Company's intention to successfully develop its PARP-1 inhibitor project;
- the Company's intention to identify, negotiate and complete business development transactions (e.g. the sale, purchase or license of pharmaceutical products or services); and
- the Company's business strategy and the expectations that it will not pay dividends for the foreseeable future.

Inherent in forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to predict or control that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such risk factors include, among others, the Company's future product revenues, stage of development, additional capital requirements, risks associated with the completion and timing of clinical trials and obtaining regulatory approval to market the Company's products, the ability to protect its intellectual property, dependence upon collaborative partners, changes in government regulation or regulatory approval processes and rapid technological change in the industry. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the impact of changes between the Canadian dollar and the US dollar, European Euro, British Pound and other foreign exchange rates on the Company's revenues, costs and results;
- the timing of the receipt of regulatory and government approvals for the Company's product development projects;
- the availability of financing for the Company's commercial operations and/or product development projects, or the availability of financing on reasonable terms;
- results of future clinical trials;
- the uncertainties associated with the acceptance and demand for new products;
- government regulation not imposing requirements that significantly increase expenses or that delay or impede the Company's ability to bring new products to market;
- the Company's ability to attract and retain skilled management and employees;
- the Company's ability, amid circumstances and decisions that are out of the Company's control, to maintain adequate supply of product for commercial sale;
- inaccuracies and deficiencies in the scientific understanding of the interaction and effects of pharmaceutical treatments when administered to humans;
- market competition;
- tax benefits and tax rates; and
- the Company's ongoing relations with its employees and with its business partners.

## COMPANY OVERVIEW

The Company is a biopharmaceutical company engaged in the research, development and commercialization of human therapeutics. The Company had entered into a license, manufacture, supply, marketing and distribution agreement with Reliance Life Sciences Private Limited (“**RLS**” or the “**Licensor**”) by which the Licensor granted the Company an exclusive territorial license to market and sell capecitabine in the UK and Germany as well as a non-exclusive territorial license to market and sell temozolomide in the UK. Additionally, the Company has acquired exclusive territorial licenses from RLS to two oncologic drugs, pemetrexed and bortezomib in the USA, Canada, and the EU (the “**2017 Agreement**”). As part of the 2017 Agreement, the Company also obtained a non-exclusive license to sell both pemetrexed and bortezomib in the UK. These products are marketed in the EU and the UK through the Company’s wholly owned Irish subsidiary; Waverley Pharma Europe Limited (“**WPEL**”).

The Company strategically withdrew from its commercial agreements with the UK National Health Service (“**NHS**”) during the fiscal year ending December 31, 2023. This decision was prompted by an increasingly competitive market landscape, which eroded the financial viability of these contracts. By disengaging from underperforming contracts, the Company has positioned itself to reallocate resources, potentially exploring more lucrative opportunities, and/or focusing on areas with stronger growth potential.

During the year ended December 31, 2024, the Company entered into an amendment of the 2017 Agreement to transfer its previously acquired licenses for pemetrexed, bortezomib, capecitabine and temozolomide back to the Licensor for consideration of \$264,520. As a result, the intangible assets related to these products are classified as held-for-sale as at December 31, 2024.

### PARP-1 Inhibitor Project

The Company has revived its focus on advancing its PARP-1 pre-clinical development program, currently in the lead optimization stage, in response to burgeoning interest in novel PARP-1 inhibitors that demonstrate selective activity against PARP-1 over PARP-2. The current lead compound exhibits single-digit nanomolar activity and significant selectivity for PARP-1 over PARP-2, in pre-clinical invitro testing.

PARP-1 (Poly (ADP-Ribose) Polymerase-1) is a crucial DNA repair enzyme that potentially mitigates the efficacy of chemotherapy and radiation therapy. As a member of the PARP enzyme family, PARP-1 plays a vital role in detecting and repairing DNA damage. Inhibiting PARP-1 has emerged as a promising strategy in cancer treatment, particularly for high-grade ovarian cancers and triple-negative breast cancers. These cancer types often exhibit resistance to conventional treatments, making PARP-1 inhibition a valuable therapeutic approach.

PARP-1 inhibitors represent a class of anti-cancer agents that target DNA repair mechanisms. Their clinical importance spans various cancer types, offering two primary therapeutic strategies. As a monotherapy, these inhibitors can selectively eliminate cancer cells. Additionally, they show great promise in combination therapy, enhancing the efficacy of other cancer treatments. This dual approach underscores the versatility and potential of PARP-1 inhibitors in revolutionizing cancer treatment paradigms.

### Acquisition of Retail Pharmacy

On September 18, 2024, the Company executed a strategic acquisition, securing full ownership of C&R Pharmacy, a well-established retail pharmacy located in West Liberty, Ohio for total consideration of \$830,673. This acquisition marks a significant milestone in the Company’s expansion into the retail pharmaceutical sector. C&R Pharmacy boasts a comprehensive insurance acceptance policy, accommodating all major insurance providers, which ensures accessibility to a broad customer base. The pharmacy’s location in rural Ohio is particularly advantageous, as it operates in a market characterized by limited local competition. This strategic position allows C&R Pharmacy to serve as an important healthcare resource for the local community.

## OVERALL PERFORMANCE

The Company recorded a net loss of \$947,077 (\$0.02 loss per Common Share) for the year ended December 31, 2024 compared to a net loss of \$2,224,048 (\$0.04 loss per Common Share) during the year ended December 31, 2023. Factors contributing to the decreased net loss of \$1,276,971 during the year ended December 31, 2024, compared to the prior year included:

- Net revenue increased by \$63,283 during the year ended December 31, 2024 in comparison to the prior year. The increase in net revenue is attributable to the Company's acquisition of C&R Pharmacy. Net revenue recorded during the prior year was based on tenders won from the UK National Health Service ("NHS"). The Company elected to terminate its contracts with the NHS during 2023, as the contracts were no longer commercially viable.
- Cost of goods sold decreased by \$70,960 during the current year in comparison to the prior year. In the current year, cost of goods sold totaled \$261,329 and related to products sold through the Company's newly acquired subsidiary, C&R Pharmacy. In the prior year, cost of goods sold totaled \$332,289 and related to products sold through the Company's UK operations. The margins earned through C&R Pharmacy are a significant improvement over the margins the Company earned through its UK operations in the prior year, resulting in cost of goods sold decreasing in the current year, despite revenue increasing.
- Selling, general and administrative expenses decreased by \$475,722 during the current year as a result of the Company incurring additional professional fees in the prior year due to the wind down of its UK operations. In addition, the selling, general and administrative expenses in prior year included amortization expense of \$321,905 on the intangible licenses of pemetrexed and bortezomib. These assets were classified as held-for-sale during the current year, and as a result, there was no amortization recorded on the intangible licenses of pemetrexed or bortezomib in the current year. For more information regarding the changes in Selling, general and administrative expenses, see the *Selling, General and Administration* section below.
- Other expenses (income) increased by \$982,360 during the current year as a result of the Company recovering previously expensed value added tax ("VAT"). In addition, during the year ended December 31, 2023, the Company recorded an impairment on its intangible assets in the amount \$942,623, offsetting the impairment loss, was a recovery of previously expensed importation VAT of \$48,952, in addition to \$29,620 of other income pertaining to the profit share agreement between the Company and the Licensor. For more information regarding the other income (expense) recorded in the current and prior years, see the *Other Income (Expense)* section below.

Offset by:

- Research and development expenses increased by \$189,081 during the current year in comparison to the prior year. The increase in the current year is attributable to the Company's PARP-1 inhibitor development project. Expenditures of this nature are expensed when incurred, the timing of which varies between the Company's reporting periods. For more information regarding the increase in research and development expenses, see the *Research and Development* section below.
- Finance expense increased by \$85,752 during the current year in comparison to the prior year. The increase in finance expense during the current year is primarily the result of the Company incurring additional interest expense on its bank indebtedness during the current year.
- Foreign exchange loss increased in the current year by \$40,521 in comparison to the prior year. The increase in foreign exchange loss relates to unfavorable currency exchange rates between the Canadian dollar, the US dollar, and the British pound.

## OVERALL PERFORMANCE (continued)

The following table provides an overview of the financial results for the year ended December 31, 2024 compared to the year ended December 31, 2023:

<i>For the year ended December 31</i>	2024	2023	Change
Revenue	\$ 475,373	\$ 412,090	\$ 63,283
Cost of goods sold	(261,329)	(332,289)	70,960
Selling, general and administration	(652,337)	(1,128,059)	475,722
Research and development	(423,659)	(234,578)	(189,081)
Other income (expense)	\$ 118,379	\$ (863,981)	\$ 982,360
Finance expense, net	(162,405)	(76,653)	(85,752)
Foreign exchange loss	(41,099)	(578)	(40,521)
Net loss	\$ (947,077)	\$ (2,224,048)	\$ 1,276,971
Translation adjustment	52,250	(3,769)	56,019
<b>Net loss and comprehensive loss</b>	<b>\$ (894,827)</b>	<b>\$ (2,227,817)</b>	<b>\$ 1,332,990</b>

## REVENUE

<i>For the year ended December 31</i>	2024	2023	Change
capecitabine	\$ -	\$ 99,143	\$ (99,143)
temozolomide	-	198,695	(198,695)
pemetrexed	-	114,252	(114,252)
C&R Pharmacy	475,373	-	475,373
<b>Total, net revenue</b>	<b>\$ 475,373</b>	<b>\$ 412,090</b>	<b>\$ 63,283</b>

The Company's acquisition of C&R Pharmacy during the year ended December 31, 2024, resulted in the Company earning \$475,373 of revenue during the year ended December 31, 2024.

Revenue earned during year ended December 31, 2023 totaled \$412,090. The revenue earned during the year ended December 31, 2023 was from NHS awarded contracts for capecitabine, temozolomide and pemetrexed.

The Company did not earn any revenue from capecitabine, temozolomide or pemetrexed during the year ended December 31, 2024. The Company elected to stop selling capecitabine, temozolomide and pemetrexed during the current year due to increased costs associated with selling within the UK, in addition to pricing pressures from competitors for NHS awarded tenders. The Company has shut down its UK operations, as they are no longer commercially viable as a result of the increased costs, and decreasing margins on its previous product portfolio.

## COST OF GOODS SOLD

<i>For the year ended December 31</i>	2024	2023	Change
capecitabine	\$ -	\$ 124,383	\$ (124,383)
temozolomide	-	65,584	(65,584)
pemetrexed	-	142,322	(142,322)
C&R Pharmacy	261,329	-	261,329
<b>Total, cost of goods sold</b>	<b>\$ 261,329</b>	<b>\$ 332,289</b>	<b>\$ (70,960)</b>

Cost of goods sold for the year ended December 31, 2024 totaled \$261,329 compared to \$332,289 for the year ended December 31, 2023. Cost of goods sold in the current year consisted entirely of product sold to customers. Cost of goods sold in the prior year consisted of \$266,157 of product sold to customers and a \$66,132 inventory write-down, relating to inventory which is not expected to be sold prior to expiration.

## SELLING, GENERAL AND ADMINISTRATION

<i>For the year ended December 31</i>	<b>2024</b>	2023	Change
Administrative and other	\$ <b>80,800</b>	\$ 267,001	\$ (186,201)
Professional and consulting fees	<b>169,004</b>	204,888	(35,884)
Salaries, wages & benefits	<b>203,605</b>	193,127	10,478
Other asset amortization	<b>104,379</b>	104,379	-
Intangible asset amortization	<b>15,427</b>	321,905	(306,478)
Property and equipment amortization	<b>8,111</b>	-	8,111
Selling expenses	<b>71,011</b>	36,759	34,252
<b>Total, selling, general and administration</b>	<b>\$ 652,337</b>	\$ 1,128,059	\$ (475,722)

Selling, general and administrative costs during the year ended December 31, 2024 were \$656,924 compared to \$1,128,059 during the year ended December 31, 2023, a decrease of \$471,135. Significant differences during the year ended December 31, 2024 compared to the year ended December 31, 2023 are as follows:

- Administrative and other expenses decreased by \$186,201. These expenses include administrative expenses, office expenses, travel expenditures, rental costs and failure to supply penalties. The decrease during the current year was a result of the Company continuing to wind-down its UK operations; resulting in less expenditures relating to rental costs, failure to supply penalties and administrative expenses incurred during the current year.
- Professional fees decreased by \$35,884 during the year ended December 31, 2024, in comparison to the prior year. The Company incurred additional professional fees in the prior year as a result of its UK operations, which it did not incur in the current year as the Company continues to shut down its UK operations.
- Salaries, wages & benefits increased by \$10,478 during the year ended December 31, 2024, in comparison to the prior year. The increase in salaries, wages & benefits during the current year is a result of the Company acquiring C&R Pharmacy, leading to additional wages paid to the pharmacy staff.
- Intangible asset amortization decreased by \$306,478 during the year ended December 31, 2024, in comparison to the prior year. The decrease in the current year is a result of the Company classifying its intangible licenses related to pemetrexed and bortezomib as non-current assets held-for-sale. As a result, the Company did not record any amortization on the intangible licenses related to pemetrexed and bortezomib in the current year. The intangible asset amortization recorded during the current year was a result of the assets acquired as part of the C&R Pharmacy acquisition. The non-current assets held-for-sale were sold to the Licensor subsequent to year-end.
- Property and equipment amortization increased by \$8,111 during the current year, in comparison to the prior year. The increase in property and equipment amortization is a result of the Company's acquisition of C&R Pharmacy during the current year.
- Selling expense increased by \$71,011 during the year ended December 31, 2024 in comparison to the prior year. The increase in selling expenses is due to the Company's acquisition of C&R Pharmacy.

## RESEARCH AND DEVELOPMENT

<i>For the year ended December 31</i>	<b>2024</b>	2023	Change
Licensing fees	\$ <b>423,659</b>	\$ 234,578	\$ 189,081
<b>Total, research and development</b>	<b>\$ 423,659</b>	\$ 234,578	\$ 189,081

Research and development costs for the year ended December 31, 2024, were \$423,659 compared to \$234,578 during the year ended December 31, 2023. The increase in research and development expenses in the current year relates to expenses incurred for the Company's PARP-1 Inhibitor development project. Expenditures of this nature are expensed when incurred, the timing of which varies between the Company's reporting periods.

## OTHER INCOME (EXPENSE)

<i>For the year ended December 31</i>	2024	2023	Change
Recovery under profit share arrangement	\$ -	\$ 29,690	\$ (29,690)
Recovery of importation value added tax	118,379	48,952	69,427
Impairment of intangible assets	-	(942,623)	942,623
<b>Total, Other income (expense)</b>	<b>\$ 118,379</b>	<b>\$ (863,981)</b>	<b>\$ 982,360</b>

The Company recorded other income during the current year of \$118,379, in comparison to other expense of \$863,981 during the year ended December 31, 2023. The other income in the current year is the result of the Company recovering \$118,379 of previously expensed VAT.

During the prior year, the Company incurred an impairment loss on its intangible assets relating to the licenses of pemetrexed and bortezomib for the UK, EU and the United States in the amount of \$942,623. The Company classified these assets as non-current assets held-for-sale as at December 31, 2024, and subsequent to year-end, these assets were sold to the Licensor. Offsetting the impairment loss in the prior year is a \$29,690 recovery under the profit share arrangement, and a recovery of importation value added tax. For more information regarding the other income recognized under the profit share arrangement and the recovery of importation value added tax, see the *Contractual Obligations* section below.

## FINANCE EXPENSE

<i>For the year ended December 31</i>	2024	2023	Change
Interest expense	\$ 158,450	\$ 76,899	81,551
Interest income	(1,077)	(1,522)	445
Bank charges and other interest	943	1,276	(333)
Finance expense from lease obligation	4,089	-	4,089
<b>Total, Finance Expense (net)</b>	<b>\$ 162,405</b>	<b>\$ 76,653</b>	<b>\$ 85,752</b>

Finance expense during the year ended December 31, 2024 was \$162,405, in comparison to \$76,653 for the year ended December 31, 2023. The increase in finance expense during the current year is primarily the result of increased interest paid on the Company's bank indebtedness during the current year. For more information regarding the Company's bank indebtedness, see the *Transactions with Related Parties* section below.

## DISCUSSION OF OPERATIONS

On September 23, 2024, the Company announced that it had entered into a definitive agreement to acquire 100% membership interests of C&R Pharmacy, an independent pharmacy located in West Liberty, Ohio. The total consideration paid for C&R Pharmacy was US\$611,238, with up to an additional US\$60,000 to be paid after one year if certain performance metrics are met.

On June 20, 2024, the Company announced that James Kinley had been appointed as a director of the Company. Mr. Kinley is a Chartered Professional Accountant (CPA, CA) with more than 15 years of experience building, leading and advising companies through their daily operations as well as complex restructurings, mergers, acquisitions and capital market transactions. He is currently the Chief Financial Officer of Algernon Pharmaceuticals Inc. and a director of Medicare Inc. Both are publicly traded companies based in Canada.

On April 30, 2024, the Company provided a general update on its operations. As mentioned in the previous business update dated August 2, 2023, opportunities Waverley Pharma envisioned of marketing generic oncology drugs capecitabine, temozolomide, bortezomib and pemetrexed in the UK and recently approved bortezomib and pemetrexed in Europe and the United States have not come to fruition. This is a result of the unparalleled discounts currently taking place in generic drug pricing along with the large number of generic players vying for business in each of these markets. Subsequent to year end, Waverley Pharma transferred the US Abbreviated New Drug Applications ("ANDAs") for bortezomib and pemetrexed back to the manufacturer, Reliance Life Sciences Private Limited, for an undisclosed fee.

## **DISCUSSION OF OPERATIONS (continued)**

On November 22, 2023, the Company announced that Larry Thiessen was appointed to the Company's Board of Directors. Mr. Thiessen replaced Hellen Siwanowicz, who resigned from her board position. Mr. Thiessen is the current Chief Executive Officer of the Company and has extensive pharmaceutical experience having previously worked for Bausch Health Companies Inc. (formerly Biovail Corporation), for more than 25 years, working his way up from manager to site director of the manufacturing operation in Steinbach, Manitoba. He led a team of roughly 400 employees and provided overall leadership and strategic direction at the operation. Mr. Thiessen has a Bachelor of Science in Biology and an Executive M.B.A. from Athabasca University in Edmonton, Alberta.

On August 2, 2023, the Company provided a general update on its generic pharmaceutical business. The business opportunity Waverley Pharma envisioned of expanding its focus beyond the development of novel oncology drugs, to marketing recently off patent generic oncology drugs with significant brand sales, like bortezomib and pemetrexed, has not materialized as planned. The main reason has been the unprecedented discount in pricing relative to brand that is now occurring in the generic industry as soon as a brand comes off patent. This price erosion is a direct result of the significant increase of aggressive generic companies entering the market early on. Both pemetrexed and bortezomib had over 15 early generic entrants, as indicated in the FDA Orange Book Database, and the competition has been fierce, with prices dropping to as little as 5% of brand. Waverley Pharma has been awarded a few tenders in the United Kingdom, but the prices are so low that it is next to impossible to make a profit. Based on the current generic business environment as outlined above, Waverley Pharma is shifting focus back to the development of novel drugs, like the existing PARP-1 inhibitor project.

On March 20, 2023, the Company provided a general update on its current operations. Waverley Pharma has four generic products approved for sale in the United Kingdom and two generic products, pemetrexed and bortezomib, approved for sale in other parts of Europe and the United States. Similar to the situation in Europe, Waverley Pharma is experiencing significant price erosion on these products in the US due to fierce generic competition. The Company has won some contracts for its products in the United Kingdom, but in order to do so has had to be extremely aggressive with pricing resulting in very thin margins in an era of rising costs. Facing these realities in both the United States and Europe, Waverley Pharma is evaluating the best strategy for these products going forward. At the same time, the PARP-1 inhibitor program is showing promising early results and the Company is committing additional resources to this program in order to attract a development partner or buyer for its lead compound.

On January 11, 2023, the Company provided updates on its PARP-1 inhibitor program. Based on growing interest in new PARP-1 inhibitors with selective activity against PARP-1 over PARP-2, the Company has renewed its focus on completing its PARP-1 pre-clinical development program, which is at the lead optimization stage. The current lead compound has single digit nanomolar activity and significant selectivity to PARP-1 over PARP-2.

It is postulated that the effect of chemotherapy and radiation therapy is dampened by DNA repair enzymes 1 Poly (ADP-Ribose) Polymerase-1 (PARP-1) which belongs to the PARP family of enzymes and is involved in the detection and repair of DNA damage. PARP-1 inhibitors are a class of anti-cancer agents targeting DNA repair mechanism. The inhibition of PARP-1 is of clinical importance in various types of cancer. PARP-1 inhibitors have shown great potential to target high-grade ovarian cancers and triple-negative breast cancers which are resistant to current treatment. PARP-1 inhibitors can be used as a monotherapy to selectively kill cancer cells and in combination with other therapies.

## **PRODUCT DEVELOPMENT**

The Company's initial research project was the development of a novel PARP-1 inhibitor for cancer treatment. As announced on January 11, 2023, based on growing interest in new PARP-1 inhibitors with selective activity against PARP-1 over PARP-2, the Company has renewed its focus on completing its PARP-1 pre-clinical development program, which is at the lead optimization stage. The current lead compound has shown single digit nanomolar activity and significant selectivity to PARP-1 over PARP-2, in pre-clinical in vitro testing.

Although the Company's primary focus has shifted back to the PARP-1 program, a secondary focus of the Company continues to be the generic oncology injectable market in the EU, UK and North America.

The Company commenced filing applications in certain member states of the EU in late 2017 and has continued to file and incur related costs through November 24, 2021, for its tentatively approved generic oncology product, bortezomib. The Company's other generic oncology product, pemetrexed, has completed development, and as of June 15, 2021, the Company began commercializing the product within the UK.

## PRODUCT DEVELOPMENT (continued)

On November 12, 2020, the Company announced that it had obtained tentative approval of its US Abbreviated New Drug Application (“**ANDA**”) for pemetrexed, the generic product which was previously referred to as WAV-101. The tentative ANDA approval indicates that the technical requirements for approval have been met but approval cannot be made effective or begin marketing until the patent on the reference listed drug has expired. On May 25, 2022, the Company obtained final approval for the product from the FDA. Similarly, the Company obtained tentative approval of its ANDA for bortezomib on May 21, 2021. On October 11, 2022, the Company obtained final approval of its ANDA for bortezomib.

Increasing incidences of cancer, patent expiry of a number of blockbuster oncology drugs and the high cost of cancer treatment, has led to a robust growth in the market for generic oncology drugs. In addition to their strong growth, these drugs also enjoy high product differentiation and entry barriers.

**Pemetrexed:** is an injectable generic chemotherapy drug, developed for the treatment of non-small cell lung cancer and pleural mesothelioma. Regulatory filings have been made in the USA, the EU and the UK, and the Company is currently seeking a sales and marketing partner for the EU.

**Bortezomib:** is also an injectable generic chemotherapy drug, developed for the treatment of multiple myeloma and mantle cell lymphoma. Regulatory filings have been made in the USA, the EU and the UK, and the Company is currently seeking a sales and marketing partner for the EU.

In addition to its presence in Canada, Waverley has wholly owned subsidiary in Ireland to help the Company navigate the regulatory process and realize the commercial potential of Waverley’s innovative products in the marketplace.

During 2023, the Company elected to terminate its contract with the NHS as the contract was no longer commercially viable to continue. In addition, the Company classified the intangible assets related to pemetrexed and bortezomib as held for sale and has valued said assets at their fair value less cost to sell. Subsequent to year-end the Company sold the intangible assets related to pemetrexed and bortezomib to the Licensor.

## SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated financial information for the periods indicated. Other selected financial information provided below is derived from the Company’s audited financial statements for the years ended December 31, 2024, 2023 and 2022. These historic results may not be indicative of the Company’s future performance.

<i>For the year ended December 31</i>	<b>2024</b>	2023	2022
Revenue	\$ 475,373	\$ 412,090	\$ 1,246,832
Net loss	(947,077)	(2,224,048)	(664,076)
Total assets	2,045,809	952,293	2,687,349
Total non-current financial liabilities	(218,912)	-	-

Variations in the Company’s net losses and expenses for the periods above resulted primarily from the following factors:

- **Revenue:** The Company’s revenue increased during the current year in comparison to prior year due to the Company’s acquisition of C&R Pharmacy in the current year. In prior years, the Company’s revenue was driven by commercial tenders awarded through different NHS regions. However, due to increased competition and costs, the Company elected to terminate its contracts with the NHS during 2023, as they were no longer commercially viable.
- **Net loss:** The Company’s net loss decreased during the current year in comparison to prior years primarily as a result of an impairment loss of \$942,623 recorded on the Company’s intangible assets during the year-ended December 31, 2023. For more information regarding the changes in the Company’s financial performance, see the *Overall Performance* section above.
- **Total assets:** Total assets increased in the current year compared to 2023 as a result of the acquisition of C&R Pharmacy. For more information regarding changes in the Company’s operations, see the *Overall Performance* section above.
- **Total non-current financial liabilities** increased in the current year as a result of the Company entering into a lease agreement for a retail location, in connection with the Company’s acquisition of C&R Pharmacy.

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited consolidated financial information for the periods indicated. The financial information provided below is derived from the Company's unaudited quarterly condensed consolidated interim financial statements for each of the last eight quarters. These historic results may not be indicative of the Company's future performance.

	Three months ended			
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Revenue	\$ 452,956	\$ 22,417	\$ -	\$ -
Cost of goods sold	(253,494)	(7,835)	-	-
Selling, general and administration	(282,225)	(72,153)	(137,133)	(160,826)
Research and development	(20,277)	(171,320)	(167,220)	(64,842)
Recovery of value added tax	118,379	-	-	-
Finance expense, net	(51,481)	(41,815)	(36,668)	(32,441)
Foreign exchange loss	(29,064)	(2,205)	(3,813)	(6,017)
Net loss	\$ (65,206)	\$ (272,911)	\$ (344,834)	\$ (264,126)
Other comprehensive income	48,616	1,196	1,147	1,291
Basic loss per share	(0.00)	(0.01)	(0.01)	(0.01)
Diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)

	Three Months Ended			
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Revenue	\$ 48,725	\$ 96,086	\$ 148,593	\$ 118,686
Cost of goods sold	(97,542)	(71,444)	(46,434)	(116,869)
Selling, general and administration	(337,512)	(245,853)	(271,688)	(273,006)
Research and development	(63,877)	(60,133)	(56,401)	(54,167)
Recovery under profit sharing arrangement	29,690	-	-	-
Recovery of value added tax	48,952	-	-	-
Impairment loss on intangible assets	(942,623)	-	-	-
Finance income, net	(29,115)	(20,447)	(15,374)	(11,717)
Foreign exchange gain (loss)	9,730	(8,170)	347	(2,485)
Net loss	\$ (1,333,572)	\$ (309,961)	\$ (240,957)	\$ (339,558)
Other comprehensive income (loss)	4,538	-	(3,973)	(4,334)
Basic loss per share	(0.02)	(0.01)	(0.00)	(0.01)
Diluted loss per share	(0.02)	(0.01)	(0.00)	(0.01)

## SUMMARY OF QUARTERLY RESULTS (continued)

Variations in the Company's net losses, revenues and expenses for the periods above resulted primarily from the following factors:

- Revenue: The increase in revenue in the current quarter in comparison to the same period in the prior year is the result of the Company's acquisition of C&R Pharmacy. For more information regarding the changes in the Company's revenue, see the *Revenue* section above.
- Selling, general and administrative: Selling, general and administrative costs relate to administrative expenses, professional and consulting fees, and amortization on the Company's other asset and intangible assets. In addition, regulatory fees are included within selling, general and administrative expenses, which vary quarter over quarter based on the timing of variation filings. For additional commentary on the changes within selling, general and administrative expenses, see the *Selling, General and Administrative* section above.
- Research and development: The Company continues to develop additional products under its drug development programs, resulting in expenses relating to the filing of drug formulation dossiers. The timing of expenses of this nature fluctuate and are expensed as incurred. The primary focus of the Company's research and development activities is its PARP-1 inhibitor project. For more information regarding the nature of the expenses included with research and development, see the *Research and Development* section above.
- Other income (expense): During the year ended December 31, 2024, the Company received other income relating to a recovery of importation VAT that was previously expensed. For more information regarding the nature of the items included within other income (expense), see the *Other Income (Expense)* section above.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. The consolidated financial statements do not include any adjustments to assets or liabilities should the Company be unable to continue in existence.

### Sources and Uses of Cash

The following is a summary of cash flows from the years ended December 31, 2024 and 2023:

For the year ended December 31	2024	2023
Cash used in operating activities	\$ (410,192)	\$ (1,021,115)
Cash flows from financing activities	1,198,443	940,333
Cash flows used in investing activities	(611,550)	-
Net increase (decrease) in cash and cash equivalents	\$ 176,701	\$ (80,782)

Cash used in operating activities for the year ended December 31, 2024 was \$410,192 compared to \$1,021,115 for the year ended December 31, 2023, a decrease of \$612,963.

Cash used in operating for the year ended December 31, 2024 was the result of a net loss incurred by the Company of \$947,077, offset by an adjustment for finance expense of \$162,405, an adjustment for foreign exchange loss of \$41,099 and an adjustment for interest paid during the year of \$158,316. In addition, there is an adjustment for total amortization incurred by the Company of \$132,471, and working capital adjustments for an increase in accounts receivable of \$75,447, and an increase in inventory of \$28,846; offset by a decrease in prepaid expense of \$201,255 and an increase in accounts payable and accrued liabilities of \$266,326.

## LIQUIDITY AND CAPITAL RESOURCES (continued)

### Sources and Uses of Cash (continued)

Cash used in operating for the year ended December 31, 2023 was the result of a net loss incurred by the Company of \$2,224,028, an adjustment for other income related to the recovery under profit sharing arrangement of \$29,690, the recovery of importation VAT of \$48,952, and working capital adjustments for a decrease in accounts payable and accrued liabilities of \$249,687; offset by an adjustment for the impairment loss recorded on intangible assets of \$942,623, an adjustment for foreign exchange loss of \$578 an adjustment for an inventory write-down on unsaleable inventory of \$66,132 an adjustment for amortization of intangible assets of \$321,905, an adjustment for amortization of the other asset of \$104,379, and working capital adjustments for a decrease in accounts receivable of \$55,201, decrease in prepaid expenses of \$18,923 and a decrease in inventory of \$60,889.

Cash flows from financing activities for the year ended December 31, 2024 was \$1,198,443 compared to \$940,333 cash flows from financing activities during year ended December 31, 2023, an increase of \$258,110. Cash flows from financing activities during the year-ended December 31, 2024 consisted of \$1,208,324 drawn on the Company's bank indebtedness, offset by \$9,881 repaid on the Company's lease liability. Cashflows from financing activities during the year ended December 31, 2023 consisted only of the Company drawing on its line of credit.

Cash used in investing activities during the year ended December 31, 2024 was \$611,550 in comparison to nil during the year ended December 31, 2023. The investing activities during the current year consisted of the Company's acquisition of C&R Pharmacy.

### Funding Requirements

The Company has not been profitable through December 31, 2024, and as a result, it has financed its operating expenditures and capital costs. Operational activities during the year ended December 31, 2024 were financed by the line of credit obtained by the Company from its primary financial institution.

The Company will consider investments through public or private financings. The Company's development programs are modular and can be scaled to accommodate the Company's financing strategy and timing.

### Working Capital

The Company had working capital of (\$3,128,739) at December 31, 2024, compared to working capital of (\$1,672,303) at December 31, 2023. The decrease in working capital was a result of a decrease in prepaid expenses of \$201,255, increase in accounts payable and accrued liabilities of \$523,991, increase in bank indebtedness of \$1,208,324 and an increase in current portion of lease obligation of \$37,116; offset by an increase in cash of \$182,914, increase in accounts receivable of \$70,484, and an increase in inventory of \$260,852.

## LIQUIDITY RISK

The Company manages liquidity risk through maintaining sufficient cash to finance its operations and seeking financing from existing shareholders and outside investors as required. The Company may have a working capital deficiency in the next twelve months if it is unable to raise enough cash to finance its planned business operations. If the Company does have a working capital deficiency, it may not be able to pay continuing obligations as they become due such as the commitments listed in "*Contractual Obligations*" below. The Company intends to satisfy its continuing operating expenditures through existing cash on hand and through future equity offerings or bank indebtedness. Using the proceeds from future equity offerings or bank indebtedness, the Company will work toward expanding its pharmacy operations through C&R Pharmacy, its newly acquired subsidiary in the current year, and it may also look to acquire licenses for additional products or fund additional developments internally. In addition, if financing is not available on reasonable terms as a result of external factors, such as disruptions in the capital markets, the Company's liquidity may be affected.

## CONTRACTUAL OBLIGATIONS

### *June 7, 2018 agreement*

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

In connection with the signing of the June 7, 2018 agreement, the Company entered into a profit and/or loss sharing arrangement resulting in a portion of the net profits, after a margin deduction to the Company on the sales of capecitabine and temozolomide, to be paid to RLS. During the year ended December 31, 2023, the Company recorded a recovery of \$29,690 pertaining to the profit and/or loss sharing arrangement. During the year ended December 31, 2024, the Company terminated the June 7, 2018 agreement, and transferred the licenses associated with capecitabine and temozolomide back to RLS, in connection with the Company's wind-down of its UK and EU operations.

### *August 30, 2017 agreement*

On August 30, 2017, the Company entered into a license, manufacture and supply agreement with RLS (the "**2017 Agreement**") whereby it acquired exclusive licenses to sell and market two generic cancer drugs, pemetrexed and bortezomib from RLS, in the USA, Canada and Europe (excluding the UK where a non-exclusive license was acquired). An up-front payment of US \$20,000 was made upon signing of the term sheet on July 5, 2017 and a US \$180,000 payment was made upon signing of the 2017 Agreement. Additional payments of US \$1,200,000 are payable upon certain development and approval-based milestones being met and as at December 31, 2024, there are no amounts recorded as license fee payable pertaining to the 2017 Agreement (2023 - nil). Additionally, the Company will purchase inventory and pay a royalty of 7.5% of its net sales from these two products to the Licensor. During the year-ended December 31, 2024, the Company did not record any royalty expense in relation to these two products (2023 – \$5,812). The royalty expense recorded during the year ended December 31, 2023 is recorded within cost of goods sold in the consolidated statement of net loss and comprehensive loss. At December 31, 2024 and 2023, there are no amounts recorded as royalties payable on the consolidated statement of financial position. The term of the original 2017 Agreement is a period of ten (10) years, which begins when regulatory approval is obtained in the USA.

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

### *Importation Value Added Tax Contingency*

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

During the year ended December 31, 2024, the Company's was able to recover the previously expensed VAT on import, resulting in the Company recording a recovery of \$118,379 during the current year (2023 – \$48,952). The recovery of importation VAT previously expensed has been included in other income on the consolidated statement of net loss and comprehensive loss. As at December 31, 2024, all previously expensed VAT has been recovered from HMRC.

### *Commitments*

As at December 31, 2024, and in the normal course of business, the Company has obligations to make future payments representing contracts and other commitments that are known and committed. The Company, through a subsidiary, C&R Pharmacy has committed to an retail space lease, as described in note 11, and in addition has committed to a contract with its pharmacist in charge for a monthly rate of USD \$7,349 per month until September 18, 2025. All commitments are current and expected to be settled within one year, of December 31, 2024, with the exception of the Company's lease obligation which has a term ending in 2029.

## OUTSTANDING SHARE CAPITAL

As of April 29, 2025, 54,000,000 Common Shares were issued and outstanding. Other outstanding securities convertible into Common Shares are summarized in the following table:

	Number of Common Shares, Options and Warrants Outstanding as of April 29, 2025	Number of Options and Warrants exercisable into Common Shares as of April 29, 2025	Number of Common Shares, Options and Warrants Outstanding as of December 31, 2024
Common shares issued and outstanding <sup>(1)(2)</sup>	54,000,000	-	54,000,000
Options <sup>(3)(4)(5)(6)(7)(8)(9)(10)(12)(13)</sup>	525,000	525,000	750,000
Warrants <sup>(11)</sup>	10,000,000	10,000,000	10,000,000

### Notes:

- (1) On October 24, 2017, pursuant to the Amalgamation, 14,000,000 Buffalo Shares converted into 14,000,000 Resulting Issuer Shares at the Buffalo Exchange Ratio at a deemed price of \$0.50 per Resulting Issuer Share.
- (2) On October 24, 2017, pursuant to the Amalgamation, 100 Old Waverley Shares converted into 40,000,000 Resulting Issuer Shares at the Waverley Exchange Ratio at a deemed price of \$0.50 per Resulting Issuer Share.
- (3) On October 24, 2017, pursuant to the Amalgamation, 300,000 Buffalo options to purchase one (1) Buffalo Share were converted into Resulting Issuer options at a 1:1 exchange ratio entitling the holder to purchase one (1) Resulting Issuer Share per Resulting Issuer option at an exercise price of \$0.20 per Resulting Issuer Share.
- (4) On October 24, 2017, the Company granted 1,000,000 options to certain directors and a consultant of the Company with each option entitling the holder to purchase one (1) Resulting Issuer Share at an exercise price of \$0.50 per Resulting Issuer Share and expiring October 24, 2027.
- (5) On August 1, 2018 the Company granted 400,000 options to certain directors and an officer of the Company and its subsidiaries with each option entitling the holder to purchase one (1) common share of the Company at an exercise price of \$0.26 per common share and expiring August 1, 2023.
- (6) On December 1, 2018, the Company granted 50,000 options to an employee of the Company with each option entitling the holder to purchase one (1) common share of the Company at an exercise price of \$0.285 per common share and expiring December 1, 2023.
- (7) On February 1, 2020, the Company granted 250,000 options to certain directors and officers of the Company with each option entitling the holder to purchase one (1) common share of the Company at an exercise price of \$0.10 per common share and expiring February 1, 2025.
- (8) On March 2, 2020, the Company granted 25,000 options to an employee of the Company, with each option entitling the holder to purchase one (1) common share of the Company at an exercise price of \$0.10 per common share and expiring March 2, 2025.
- (9) During the year-ended December 31, 2020, 765,000 previously granted options were forfeited/expired as a result of certain officers and directors of the Company and its subsidiaries leaving their position and not exercising their options in the time frame stated within the stock option plan.
- (10) During the period ended June 30, 2021, 110,000 previously granted options were forfeited/expired because certain directors and consultants of the Company and its subsidiaries ceased to be involved with the Company and did not exercise their options in the time frame stated within the stock option plan.
- (11) On August 5, 2021, the Company announced that it had obtained a \$3,000,000 credit facility through its primary financial institution. The necessary collateral for the credit facility was provided by a related party to the Company. To compensate the related party for providing the necessary collateral for the credit facility, the Company elected to issue 10,000,000 stock warrants, each convertible into one (1) common share. The exercise price of each stock warrant is \$0.11, and each stock warrant has a contractual life of five years from the date of issuance.
- (12) On February 28, 2024, 325,000 previously granted options were forfeited/expired because certain directors of the Company ceased to be involved with the Company and did not exercise their options in the time frame stated within the stock option plan.
- (13) On February 1, 2025, 225,000 previously granted options expired without exercise.

## TRANSACTIONS WITH RELATED PARTIES

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

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

For the year ended December 31	2024	2023
Salaries, fees and short-term benefits	\$ 61,500	\$ 88,500
	\$ 61,500	\$ 88,500

Directors and key management personnel control 75% of the voting shares of the Company as at December 31, 2024 (2023 - 75%).

During the year ended December 31, 2024, the Company paid GVI Clinical Development Solutions Inc. (“**GVI CDS**”) a company controlled by a director of the Company, a total of \$375 (2023- \$1,375) for business administration services, and \$56,593 (2023 – \$72,435) for regulatory affairs consulting.

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

As at December 31, 2024, included in accounts payable and accrued liabilities is \$47,714 (2023 – \$36,803) payable to GVI CDS. All amounts owed to related parties are unsecured, payable on demand and non-interest bearing.

Effective May 1, 2024, the Company amended its agreement with its CEO, amending the annual consulting fee from \$45,000 to \$24,000. The fee is reviewed annually on or about January 1. The Company can terminate the agreement with 30 days written notice, otherwise the agreement has an indefinite term. As at December 31, 2024, there was \$4,200 (2023 – nil) payable to the CEO as a result of this agreement.

Effective October 1, 2022, the Company amended its agreement with its CFO through 10055098 Manitoba Ltd., amending the monthly consulting fee from \$6,750 to \$3,625. The fee is reviewed annually on or about January 1. The Company can terminate the agreement with 30 days written notice, otherwise the agreement has an indefinite term.

Effective May 1, 2024, the Company amended its agreement with its CFO through 10055098 Manitoba Ltd., amending the annual rate from \$43,500 to an annual rate of \$24,000 per year. The aforementioned fee shall be reviewed annually on January 1. The Company can terminate the agreement with 30 days written notice, otherwise the agreement has an indefinite term. As at December 31, 2024 and 2023, there are no amounts payable to 10055098 Manitoba Ltd as a result of this agreement.

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

## **CRITICAL ACCOUNTING ESTIMATES**

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

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

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

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements for the year ended December 31, 2024:

- Estimates of variable consideration receivable from revenue from contracts with customers
- Estimates of the measurement, valuation, and period of use of intangible assets

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

The Company is a research and development stage company and as such is primarily dependent on financing provided from external sources to continue as a going concern. The Company has not achieved the expected levels of revenue to sustain the business during the year ended December 31, 2024. In addition, during the year ended December 31, 2024, the Company incurred a net loss of \$947,077 (2023 - \$2,224,048), with cash used in operating activities of \$410,192 (2023 - \$1,021,115) and, as at December 31, 2024, has a deficit of \$10,342,221 (2023 - \$9,395,144).

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

## **NEW STANDARD NOT YET ADOPTED**

### ***IFRS 18, Presentation and Disclosure in Financial Statements***

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

This new standard introduces new categories and subtotals in the statement of profit or loss where all income and expenses are categorized into one of five categories: operating, investing, financing, income taxes and discontinued operations. The standard also requires disclosure of management-defined performance measures ("MPM"). MPM is a subtotal of income and expenses that a company uses in public communications outside financial statements. IFRS 18 requires disclosure of information for all of the company's MPMs within a single note to the financial statements that includes a description of each MPM, how the measure is calculated and a reconciliation to the most comparable line item in the statement of profit or loss. The standard also introduces a principle for presentation of information in the primary financial statements versus the financial statement notes including the aggregation and disaggregation of such information. IFRS 18 is effective for annual periods beginning on or after January 1, 2027, and must be applied retrospectively. The Company is assessing the impact of adopting IFRS 18 and although early adoption is permitted, the Company does not anticipate early adoption of this standard.

## **OFF BALANCE SHEET ITEMS**

The Company has no off-balance sheet arrangements.

## PROPOSED TRANSACTIONS

The Company has no proposed transactions.

## FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments at December 31, 2024 and 2023 consist of the following:

As at December 31	2024	2023
<b>Financial Assets</b>		
Cash	\$ 235,929	\$ 53,015
Amounts receivable	208,681	138,197
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	\$ (1,010,960)	\$ (486,969)
Bank indebtedness	(2,810,383)	(1,602,059)

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

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

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

The Company has classified all of its non-derivative financial assets as financial assets measured at amortized cost.

The Company has not classified any assets financial assets measured at fair value through profit or loss or fair value through other comprehensive income.

A non-derivative financial asset is measured at amortized cost when both of the following conditions are met: (i) the asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows;

and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost. Financial assets measured at amortized cost are comprised of cash and amounts receivable.

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

The Company has the following non-derivative financial liabilities which are classified as financial liabilities measured at amortized cost: accounts payable and accrued liabilities and license fee payable.

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

## FINANCIAL INSTRUMENTS AND RISKS (continued)

The Company is exposed to currency risks through the following USD and GBP denominated financial assets and liabilities:

	December 31, 2024		December 31, 2023	
<i>USD (Expressed in USD)</i>				
Cash	\$	155,844	\$	-
Accounts receivable		82,973		-
Accounts payable and accrued liabilities		(522,741)		(175,000)
Current portion – lease obligation		(25,794)		-
Lease obligation		(152,139)		-
	\$	(461,857)	\$	(175,000)
<i>GBP (Expressed in GBP)</i>				
Cash	£	4,301	£	29,326
Accounts receivable		45,908		80,371
Accounts payable and accrued liabilities		(43,909)		(74,756)
	£	6,300	£	34,941

Based on the above net exposures as at December 31, 2024, assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the USD would result in a corresponding increase or decrease, respectively on the Company's net loss of approximately \$23,093 (2023 – \$8,750). Based on the above net exposures as at December 31, 2024, assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the GBP would result in a corresponding decrease or increase, respectively on the Company's net loss of approximately \$315 (2023 – \$1,747).

## RISKS AND UNCERTAINTIES

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its plans could be adversely affected.

### Substantial Capital Requirements

Substantial additional funds for the establishment of the Company's planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

### Competition

The health care industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources. Competition could adversely affect the Company's ability to acquire suitable prospects in the future.

### Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

## **RISKS AND UNCERTAINTIES (continued)**

### **Financing Risks and Dilution to Shareholders**

The Company has limited financial resources and is not currently profitable. If the Company's business plan is successful, additional funds will be required. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

### **Price Volatility of Public Stock**

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early-stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on a stock exchange may be affected by such volatility.

### **Economic Conditions**

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

### **Dependence on Management**

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

### **Conflicts of Interest**

The Company's directors and officers may serve as directors and officers of, or may be associated with, other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the CBCA in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must at a meeting of the board of directors, disclose his interest and refrain from voting on the matter unless otherwise permitted by the CBCA. In accordance with the laws of Canada, the directors and officers of the Company are required to act honestly, in good faith and in the best interest of the Company.

### **Litigation**

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

### **Dividends**

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for corporate and business development activities. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning Waverley's expenses are provided in the Company's consolidated statement of net loss and comprehensive loss and note disclosures contained in its financial statements for the year ended December 31, 2024. These statements are available on Waverley's SEDAR page accessed through [www.sedar.com](http://www.sedar.com).

### **Management's Responsibility for Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **APPROVAL**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee intends to meet periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Dated: April 29, 2025