

NAVCO PHARMACEUTICALS INC.
MANAGEMENT DISCUSSION & ANALYSIS
For the Period Ended June 30, 2025

This Management Discussion and Analysis (“MD&A”) of NAVCO Pharmaceuticals Inc (“NAVCO” or the “Company”) has been prepared by management as of August 29, 2025, and should be read together with the interim financial statements and related notes for the nine months ended June 30, 2025 and the audited financial statements for the year ended September 30, 2024 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All of the following amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overall Performance

The Company was incorporated under the Canada Business Corporations Act on April 1, 2018. The Company’s registered office is located at 5205 Harvester Road, Unit 1, Burlington, Ontario, Canada.

On April 13, 2023, the Company (“BMGB”) completed a share exchange agreement with NAVCO Pharmaceutical Limited (“Private Co”). The transaction was a qualifying transaction pursuant to the policies of the TSX Venture Exchange.

At the time of the RTO, BMGB did not meet the definition of a business as defined under IFRS 3 “Business Combinations”. Hence, the qualifying transaction was accounted for as an asset acquisition in accordance with IFRS 2, “Share-Based Payment”. Private Co was identified as the accounting acquirer that issued shares to acquire all the net asset of BMGB, the accounting acquiree, and its listing status. The financial statements are considered to be a continuation of the financial statements of Private Co, the accounting acquirer.

Under the terms of the agreement, Private Co shareholders exchanged 100% of their shares of Private Co and received 21,340,000 shares of BMGB. The resulting entity became the listed entity under the name of NAVCO Pharmaceuticals Inc. Subsequent to the transaction, the Private Co shareholders hold 21,340,000 shares or 82.3% of the new entity and the BMGB shareholders hold 4,600,000 shares or 17.7%. The difference between the fair value of the consideration paid and the fair value of the assets has been expensed and is included in reverse acquisition transaction costs in the statements of loss and comprehensive loss.

Concurrently with the RTO, the Company issued 340,000 shares in finder’s fees, closed a private placement for gross proceeds of \$2,110,566, and changed its name to NAVCO Pharmaceuticals Inc.

Fair value of consideration transferred		
4,600,000 shares issued at a determined price of \$0.13 per share		\$ 598,000
Net assets of BMGB acquired		
Loan and interest receivable		94,747
Accounts payable		(90,718)
		4,029
Difference, charged to cost of reverse takeover transaction		593,971
Add costs of transaction		
Fair value of 340,000 shares issued for finders fees at a determined price of \$0.13 per share		44,200
Legal costs		28,877
Total cost of reverse takeover transaction, classified as listing expense		\$ 667,048

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NAVCO Pharmaceuticals Inc. was in the business of developing and commercializing novel supplemental and therapeutic consumer health and wellness products, in the areas of antibacterial & immunity support and infectious disease prevention. It planned to do so by utilizing nanotechnology and computerized nano-meter algorithms to create a portfolio of products that would enable it: to optimize health benefits with a high degree of precision, to use natural, known and safe compounds, and to offer new-methods-of-action and effective therapeutic delivery all via innovative particle science. However, after failing to generate anticipated sales revenue, the Company's Board of Directors decided to refocus its operations by shifting to different segments of pharmaceutical production and sale or by changing to a completely different business model altogether. This resulted in the reduction in the carrying value of certain assets as their use was determined to be no longer required in the operation. Accordingly, the Company impaired intangible assets and plant and equipment assets reducing their value to nil.

Selected Annual Information

The following table provides a summary of the Company's financial operations for years ended September 30, 2024, 2023 and 2022. For more detailed information, refer to the September 30, 2024 audited financial statements.

	Year Ended September 30, 2024	Year Ended September 30, 2023	Year Ended September 30, 2022
	\$	\$	\$
Total revenue	-	-	58,734
General and administrative expenses	(1,616,640)	(1,479,564)	(523,862)
Loss and comprehensive loss for the year	(1,722,551)	(2,146,612)	(465,128)
Loss per share – basic and diluted	(0.03)	(0.07)	(0.03)
Total assets	73,806	981,835	324,857
Total liabilities	931,949	844,384	1,112,964

Summary of Quarterly Results

	Three Months Ending June 30, 2025	Three Months Ending March 31, 2025	Three Months Ending December 31, 2024	Three Months Ending September 30, 2024
	\$	\$	\$	\$
Revenue for the period	-	-	-	-
Net income for the period	(11,234)	(18,110)	(10,437)	(876,641)
Loss per share	0.00	0.00	0.00	0.02

	Three Months Ending June 30, 2024	Three Months Ending March 31, 2024	Three Months Ending December 31, 2023	Three Months Ending September 30, 2023
	\$	\$	\$	\$
Revenue for the period	-	-	-	-
Net Income (loss) for the period	(177,474)	(396,489)	(271,947)	1,335,227
Income (loss per share)	0.00	0.01	(0.01)	0.44

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Results of Operations

For the period ended June 30, 2025:

The Company had \$nil in revenue from operations for the period ended June 30, 2025 and 2024. During the period ended June 30, 2025, the Company incurred a net loss of \$39,781 (2024 -\$845,910).

The general and administrative expenses for the period ended June 30 are summarized below:

	2025	2024
	\$	\$
Amortization	-	46,300
Consulting fees	6,950	403,998
Depreciation	1,385	26,561
Interest on loan	6,729	5,865
Interest on lease	201	5,234
Management fees	-	186,750
Office and general	12,176	24,365
Professional fees	(2,500)	12,633
Transfer agent and filing fees	14,840	24,625
Share based payments	-	109,579

Significant changes in administrative expenses for the period ending June 30, 2025 included:

- Consulting fees of \$6,950 (2024 – \$403,998) related to pertaining to corporate activities and reorganization were less than the prior year;
- Amortization of \$nil (2024 - \$46,300) decreased due to an impairment of intangible assets during the last fiscal year;
- Management fees of \$nil (2024 - \$186,750) decreased as no fees were charged in the current period;
- Transfer agent and filing fees of \$14,840 (2024 - \$24,625) decreased slightly as corporate reorganization activities were less in this period compared to the prior period.

During the period ending June 30, 2025, the Company’s Board of Directors are continuing to refocus its operations by shifting to different segments of pharmaceutical production and sale or by changing to a completely different business model altogether.

Liquidity and Capital Resources

At June 30, 2025, the Company reported a working capital deficit of \$896,539 (September 30, 2024 – \$856,758). At June 30, 2025 the Company had a cash balance of \$6,684 (September 30, 2024 - \$7,350) to settle current liabilities of \$903,223 (September 30, 2024 - \$931,949). Over the coming year the Company expects to fund these liabilities and its operational activities through the issuance of capital stock and through loans from related parties.

During the period ended June 30, 2025, cash used in operating activities was \$17,673 (2024 – 227,411). Cash used during the period consists primarily of net loss of \$39,781 (2024 - \$845,910) net of amortization of nil (2024 - \$46,300), depreciation of \$1,385 (2024 - \$26,562), interest on lease of \$201 (2024 - \$5,234), interest on loan of \$6,729 (2024 - \$255) and share based costs of \$nil (2024 - \$109,578). For the period ended June 30, 2025 the net increase in non-cash operating working capital items was \$13,793 (2024 – \$430,570)

During the period ended June 30, 2025, cash provided by financing activities was \$17,007 (2024 - \$3,952) which included loan proceeds of \$22,000 (2024 – 18,700) and lease payments of \$4,993 (2024 - \$14,748).

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company’s plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. 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.

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Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related party transactions

The Company considers officers and members of the Board of Directors as related parties. Key management costs for the period ended June 30, 2025, is \$nil (2024 - \$292,816). Remuneration was made to the following officers and directors and their close family members, or to companies controlled by these officers and directors:

	Period ended June 30, 2025	Period ended June 30, 2024
	\$	\$
Management fees, accrued or paid to the CEO	-	72,000
Management fees, accrued or paid to the CFO	-	31,500
Management and director fees, accrued or paid to the COO and director	-	83,250
Management fees, paid or accrued to the corporate secretary and director	-	18,200
Share based costs	-	106,066
Total	-	292,816

As at June 30, 2025, an amount of \$629,618 (September 30, 2024 - \$631,588) was due to related parties for unpaid fees, lease and advances, and \$9,700 in loans (September 30, 2024 - \$32,247). The loans are unsecured, without interest and due on demand.

Financial Instruments and Other Instruments

	<i>Ref.</i>	<i>June 30, 2025</i>	<i>September 30, 2024</i>
		\$	\$
Other financial assets	a	6,684	7,350
Other financial liabilities	b	901,793	917,002

a. Comprised of cash

b. Comprised of accounts payable and accrued charges, amounts due to related parties, loans and interest payable and lease payable. Payables of \$1,430 (September 30, 2024 - \$14,497) to government agencies are excluded.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial Risk Management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of accounts at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At June 30, 2025, management considers the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at June 30, 2025, the Company had a cash balance of \$6,684 (September 30, 2024 - \$7,350) to settle current liabilities of \$903,223 (September 30, 2024 - \$931,949). So far, the Company's source of funding has been the issuance of equity securities for cash through private placements, advances from related parties and small loans from third parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or advances from related parties.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At June 30, 2025, the Company was not exposed to significant interest rate risk.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

Recent Accounting Policies Adopted

The Company has reviewed the impact of new and amended standards that are effective for annual periods beginning on or after October 1, 2024. It does not expect the impact on the financial statements to be material, although additional disclosure may be required.

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Other Requirements

Summary of Outstanding Securities as at date of report
Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

There are 57,069,541 shares issued and outstanding as at the date of this report.

Stock options

There are 5,350,000 options issued and exercisable as at the date of this report.

Warrants

There are nil warrants issued and exercisable as at the date of this report.