



Management Discussion and Analysis
(Expressed in Canadian Dollars)

WAVERLEY PHARMA INC.

Three and nine months ended September 30, 2022

Prepared by Management without review from the Company's auditor

BACKGROUND

This Management's Discussion and Analysis ("**MD&A**") of Waverley Pharma Inc. ("**Waverley**" or the "**Company**") is dated November 24, 2022 and provides an analysis of the Company's operations for the three and nine months ended September 30, 2022. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2021 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 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 its oncological products, capecitabine, temozolomide and erlotinib in the United Kingdom (the "**UK**");
- the intention, cost, progress and success of the Company's product development program for pemetrexed and bortezomib;
- the timing of and ability to achieve regulatory approval for marketing authorization ("**MA**") of pemetrexed and bortezomib in the United States and its territories (the "**USA**"), and applicable milestones payable to Reliance Life Sciences Private Limited ("**RLS**" or the "**Licensor**");
- the Company's intention to sell and market pemetrexed and bortezomib in the USA, the EU and the UK
- 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;
- estimates of the size of the potential markets for capecitabine, temozolomide, erlotinib, pemetrexed and bortezomib;
- 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;

FORWARD-LOOKING INFORMATION (continued)

- the Company's intentions regarding the protection of its intellectual property;
- 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 to not 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 extent and impact of the COVID-19 outbreak on the Company's business including any impact on its customers, suppliers and other third-party service providers;
- 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 was incorporated as Buffalo Capital Inc. ("**Buffalo**") pursuant to the provisions of the Canada Business Corporations Act ("**CBCA**") on December 14, 2016 and was classified as a Capital Pool Corporation ("**CPC**") as defined by Policy 2.4 of the Exchange. On October 24, 2017, Buffalo completed a Qualifying Transaction ("**QT**") by entering into a non-arm's length business combination transaction by way of amalgamation (the "**Amalgamation**") with Waverley Pharma Inc. ("**Old Waverley**") pursuant to the CBCA to continue as the Company (the "**Resulting Issuer**").

The Company is a biopharmaceutical company engaged in the research, development and commercialization of human therapeutics focused on oncology. Through its wholly owned Barbadian subsidiary, Waverley Pharma International Inc. ("**WPIL**"), the Company entered into a license, manufacture, supply, marketing and distribution agreement with RLS or the Licensor by which the Licensor granted the Company an exclusive territorial license to market and sell capecitabine and erlotinib in the UK, and capecitabine in Germany. In addition, the Company obtained a non-exclusive territorial license to market and sell temozolomide in the UK. The Company acquired exclusive territorial licenses from RLS to two oncologic drugs currently under development, pemetrexed and bortezomib in the USA, Canada, and the EU. In addition, a non-exclusive license has also been acquired for the UK for both pemetrexed and bortezomib. During the period ended September 30, 2022, the Company elected to wind-up WPIL into Waverley, as a result, the above licenses acquired through WPIL were transferred to Waverley upon the completion of the wind-up.

COMPANY OVERVIEW (continued)

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's fiscal year end is December 31st.

OVERALL PERFORMANCE

The Company recorded a net loss of \$121,712 (\$0.00 per Common Share) for the three months ended September 30, 2022 compared to a net loss of \$207,248 (\$0.00 per Common Share) for the three months ended September 30, 2021. Factors contributing to the decreased net loss of \$24,424 during the three months ended September 30, 2022 compared to same period in the prior year included:

- Cost of goods sold decreased by \$112,674 during the three-month period ended September 30, 2022, in comparison to the same period in the prior year. The decrease in cost of goods sold in the current period is the result of decreased sales volume during the current period.
- The Company recorded a recovery of value added tax of \$234,662 during the three month period ended September 30, 2022, in comparison to nil during the three month period ended September 30, 2021. The recovery recorded during the current period was the result of the Company applying the previously expensed value added tax ("VAT") to its outstanding VAT amount payable, after consulting with Her Majesty's Revenue and Customs ("HMRC").

Offset by:

- Revenue from contracts with customers decreased by \$40,794 for the three months ended September 30, 2022 due to additional pricing pressures, resulting in decreased selling prices on the product sales of capecitabine and temozolomide, partially offset by higher sales volume of pemetrexed during the current period in comparison to the same period in the prior year.
- Selling, general and administrative expenses increased by \$159,114 in the current period in comparison to the same period in the prior year. The increase in selling, general and administrative costs was primarily the result of the Company expensing the prepaid asset in connection with its agreement to acquire six additional oncology products for the US market from the Licensor. Management determined that the commercialization of the six oncology products would be difficult, due to a decrease in US market demand and increased generic competition. For a more detailed breakdown of these expenses, see the *Selling, General and Administrative* section below.
- Research and development expenses increased by \$3,272 during the three month period ended September 30, 2022, in comparison to the three month period ended September 30, 2021. The increase in research and development expenses is a result of the Company amortizing the intangible license associated with pemetrexed, as the Company began commercialization of the product during July 2021. For a more detailed breakdown of research and development expenses, see the *Research and Development* section below.
- Foreign exchange loss increased by \$55,127 for the three months ended September 30, 2022, in comparison to the same period in the prior year. The foreign exchange loss incurred in the current period is a result of fluctuations in the Canadian dollar exchange rate, specifically in relation to the British pound sterling ("GBP"), which is the functional currency of the Company's Irish subsidiary, WPEL.

The following table provides an overview of the financial results for the three months ended September 30, 2022 compared to the three months ended September 30, 2021:

<i>For the three months ended September 30</i>	2022	2021	Change
Revenue	\$ 341,927	\$ 382,721	\$ (40,794)
Cost of goods sold	(213,619)	(326,293)	112,674
Selling, general and administration	(404,777)	(245,663)	(159,114)
Research and development	(14,999)	(11,727)	(3,272)
Recovery of value added tax	234,662	-	234,662
Finance income (expense), net	(3,964)	(471)	(3,493)
Foreign exchange gain (loss)	(60,942)	(5,815)	(55,127)
Net loss	\$ (121,712)	\$ (207,248)	\$ 85,536
Translation adjustment	(24,806)	36,488	(61,294)
Net loss and comprehensive loss	\$ (146,518)	\$ (170,760)	\$ 24,424

OVERALL PERFORMANCE (continued)

The Company recorded a net loss of \$456,744 (\$0.01 per Common Share) for the nine months ended September 30, 2022 compared to a net loss of \$528,473 (\$0.01 per Common Share) for the nine months ended September 30, 2021. Factors contributing to the decreased net loss of \$71,729 during the nine months ended September 30, 2022 compared to same period in the prior year included:

- Cost of goods sold decreased by \$259,572 during the nine month period ended September 30, 2022, in comparison to the same period in the prior year. The decrease in cost of goods sold in the current period is the result of decreased sales volume during the current period, in addition to a reduction in inventory costs due to discounts provided by the Company's contract manufacturing organization.
- The Company recorded a recovery of value added tax of \$234,662 during the nine month period ended September 30, 2022, in comparison to nil during the nine month period ended September 30, 2021. The recovery recorded during the current period was the result of the Company applying the previously expensed VAT to its outstanding VAT amount payable, after consulting with the HMRC.

Offset by:

- Revenue from contracts with customers decreased by \$218,484 for the nine months ended September 30, 2022 in comparison to the same period in the prior year due to additional pricing pressures, resulting in decreased selling prices on the product sales of capecitabine and temozolomide, partially offset by higher sales volume of pemetrexed during the current period.
- Selling, general and administrative expenses increased by \$141,931 in the current period in comparison to the same period in the prior year. The increase in selling, general and administrative costs during the current period is primarily due to the Company expensing its prepaid term sheet asset; the Company had previously entered into an agreement with its Licensor to acquire six additional oncology products for the US market. Management determined that the commercialization of the six oncology products would be difficult, due to a decrease in US market demand and increased generic competition. For a more detailed breakdown of these expenses, see the *Selling, General and Administrative* section below.
- Research and development expenses increased by \$20,448 during the nine month period ended September 30, 2022, in comparison to the same period in the prior year. The increase in research and development expenses is a result of the Company amortizing the intangible license associated with pemetrexed, as the Company began commercialization of the product during July 2021. For a more detailed breakdown of research and development expenses, see the *Research and Development* section below.
- Foreign exchange loss increased by \$35,138 for the nine month period ended September 30, 2022, in comparison to the same period in the prior year. The foreign exchange loss incurred in the current period is a result of fluctuations in the Canadian dollar exchange rate, specifically in relation to the British pound sterling ("**GBP**"), which is the functional currency of the Company's Irish subsidiary, WPEL.

The following table provides an overview of the financial results for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021:

<i>For the nine months ended September 30</i>	2022	2021	Change
Revenue	\$ 1,067,589	\$ 1,286,073	\$ (218,484)
Cost of goods sold	(816,617)	(1,076,189)	259,572
Selling, general and administration	(824,299)	(682,368)	(141,931)
Research and development	(46,871)	(26,423)	(20,448)
Recovery of value added tax	234,662	-	234,662
Finance (expense) income, net	(6,786)	(282)	(6,504)
Foreign exchange loss	(64,422)	(29,284)	(35,138)
Net loss	\$ (456,744)	\$ (528,473)	\$ (71,729)
Translation adjustment	83,439	4,287	79,152
Net loss and comprehensive loss	\$ (373,305)	\$ (524,186)	\$ 150,881

REVENUE FROM CONTRACTS WITH CUSTOMERS

	Three months ended Sept. 30, 2022	Three months ended Sept. 30, 2021	Change	Nine months ended Sept. 30, 2022	Nine months ended Sept. 30, 2021	Change
capecitabine	\$ 176,431	\$ 362,641	\$ (130,174)	\$ 660,797	\$ 1,125,370	\$ (278,363)
temozolomide	14,813	20,080	24,362	71,572	70,612	6,047
erlotinib	-	-	-	-	3,643	(3,463)
pemetrexed	150,683	-	150,683	335,220	86,448	98,089
Total, revenue from contracts with customers	\$ 341,927	\$ 382,721	\$ (40,794)	\$ 1,067,589	\$ 1,286,073	\$ (177,690)

Revenue from contracts with customers for the three and nine months ended September 30, 2022 totaled \$341,927 and \$1,067,589, respectively (2021 - \$382,721 and \$1,286,073).

On June 15, 2021, the Company began the commercialization of pemetrexed in the UK. The Company intends to grow the sales of pemetrexed going forward in the UK by applying for additional tenders within the four regions of the UK's National Health Service (the "NHS") in the future.

The Company currently sells capecitabine, temozolomide and pemetrexed through its third-party distributor to hospitals affiliated with the NHS, through tenders awarded by different NHS regions.

COST OF GOODS SOLD

	Three months ended Sept. 30, 2022	Three months ended Sept. 30, 2021	Change	Nine months ended Sept. 30, 2022	Nine months ended Sept. 30, 2021	Change
capecitabine	\$ 168,433	\$ 309,173	\$ (149,307)	\$571,365	\$ 972,990	\$ (401,625)
temozolomide	6,310	17,120	16,846	57,166	64,946	(7,780)
erlotinib	-	-	(1,022)	-	1,609	(1,609)
pemetrexed	38,876	-	35,329	188,086	36,644	151,442
Total, costs of goods sold	\$ 213,619	\$ 326,293	\$ (112,674)	\$ 816,617	\$1,076,189	\$ (146,898)

Cost of goods sold for the three and nine months ended September 30, 2022 totaled \$213,619 and \$816,617, respectively (2021 – \$326,293 and \$1,076,198). Cost of goods sold includes the cost of products available for sale and bringing the inventory to its present location immediately prior to sale.

SELLING, GENERAL AND ADMINISTRATION

	Three months ended Sept. 30, 2022	Three months ended Sept. 30, 2021	Change	Nine months ended Sept. 30, 2022	Nine months ended Sept. 30, 2021	Change
Administrative and other	\$ 197,745	\$ 65,694	\$132,051	\$ 341,261	\$210,060	\$ 131,201
Professional and consulting fees	50,257	99,299	(49,042)	153,211	229,969	(76,758)
Salaries, wages & benefits	106,212	63,700	42,512	184,150	176,563	7,587
Stock-based compensation	-	(2,633)	2,633	-	(450)	450
Other asset amortization	26,094	-	26,094	78,284	-	78,284
Selling expense	24,469	19,603	4,866	67,393	66,226	1,167
Total, selling, general and administration	\$ 404,777	\$ 245,663	\$159,114	\$ 824,299	\$682,368	\$ 141,931

Selling, general and administrative costs during the three and nine months ended September 30, 2022 were \$404,777 and \$824,299, respectively (2021 - \$245,663 and \$682,368). Significant differences during the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021 were as follows:

- During the three-month and nine-month period ended September 30, 2022, administrative and other expenses increased by \$132,051 and \$131,201, respectively. These expenses include administrative expenses, office expenses, travel expenditures, rental costs and failure to supply penalties. The increase noted in both the three month and nine month periods is primarily due to the Company expensing its prepaid term sheet asset; the Company had previously entered into an agreement with its Licensor to acquire six additional oncology products for the US market. Management determined that the commercialization of the six oncology products would be difficult, due to a decrease in US market demand and increased generic competition. As a result, the Company elected to expense the prepaid asset that was recorded in connection with this agreement, as the agreement has been terminated, and the corresponding expense is included within administration expenses in the table above.
- Professional and consulting fees decreased during the three-month and nine-month period ended September 30, 2022 by \$49,042 and \$76,758, respectively, as the Company incurred additional professional and consulting fees in the prior year as it was preparing for the launch of pemetrexed within Europe and the UK.
- Salaries, wages & benefits increased during the three and nine month period ended September 30, 2022 by \$42,512 and \$7,587 in comparison to the same periods in the prior year. The increase in salaries, wages and benefits expense is the result of the Company using additional contract employees during the current year, in addition to the Company no longer receiving government assistance through the National Research Council of Canada Industrial Research Assistance Program ("NRC IRAP"), which the Company was eligible for during the same periods in the prior year.
- Other asset amortization increased during the three-month and nine-month period ended September 30, 2022. The warrants associated with the other asset had not commenced amortization as of September 30, 2021. For more information regarding the warrants issued, see the *Discussion of Operations* section below.

RESEARCH AND DEVELOPMENT

	Three months ended Sept. 30, 2022	Three months ended Sept. 30, 2021	Change	Nine months ended Sept. 30, 2022	Nine months ended Sept. 30, 2021	Change
Licensing Fees	\$ 4,663	\$ 528	\$ 4,135	\$ 19,757	\$ 9,465	\$ 10,292
Amortization on Licenses	10,336	11,199	(864)	27,115	16,958	10,157
Total, research and development	\$ 14,999	\$ 11,727	\$ 3,272	\$ 46,872	\$ 26,423	\$ 20,449

RESEARCH AND DEVELOPMENT (continued)

Research and development costs for the three and nine months ended September 30, 2022 were \$14,999 and \$46,872 respectively, (2021 - \$11,727 and \$26,423). The increase was primarily the result of the Company incurring amortization expense on the intangible license relating to pemetrexed. The Company began commercialization of the product during June 2021, and has continued to record amortization on the associated intangible license throughout the current period. In addition, the Company has incurred additional licensing expenses for both pemetrexed and bortezomib in relation to variation filings as the Company is preparing for its commercial launch in the US.

DISCUSSION OF OPERATIONS

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 credit facility with maximum aggregate proceeds of \$3,000,000. The collateral necessary to secure the credit facility was provided by a director of the Company. To compensate the director for providing the collateral for the credit facility, 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.

On May 27, 2021, the Company announced that through its subsidiary, WPEL, it had been awarded exclusive distribution rights for two strengths of pemetrexed (100 mg and 500 mg) by the National Health Service of England (“**NHS England**”) for the Central and Southwest Region of England. The awarded NHS England tender was the first awarded tender for pemetrexed in the UK. The tender commenced on June 15, 2021 and has a duration of 12.5 months. WPEL continues to apply for additional tenders in the UK and across the EU for pemetrexed, and hopes to further increase its presence across Europe.

On January 18, 2021, the Company announced that it had been awarded exclusive distribution rights for capecitabine by the National Health Services of Scotland (“**NHS Scotland**”) through its subsidiary, WPEL. The awarded NHS Scotland tender represents the Company’s first successful tender proposal for capecitabine in the NHS Scotland region. The tender commenced on February 1, 2021, and has duration of two years. WPEL currently has awarded tenders for capecitabine in both Wales and England in addition to this newly awarded tender in Scotland. All tenders awarded for this product have been awarded by each region’s respective National Health Services organization.

On November 12, 2020, the Company announced that it had obtained tentative approval of its Abbreviated New Drug Application (“**ANDA**”) approval for pemetrexed in the United States. The tentative ANDA approval indicates that the technical requirements for approval have been met but approval cannot be made effective until the patent on the reference listed drug has expired, which is projected to occur in 2022. Pemetrexed is an injectable chemotherapy product used in the treatment of pleural mesothelioma and non-small cell lung cancer along with other indications. In addition to obtaining tentative ANDA approval in the US, the Company has obtained marketing authorization for this product in numerous European countries and is in the process of filing for market authorization in additional countries across Europe.

On September 23, 2020, the Company announced a listing on the Frankfurt Stock Exchange under the ticker symbol 5GZ. The Frankfurt Stock Exchange is the world’s third largest organized exchange-trading market in terms of turnover and dealings in securities. The Company anticipates that it will obtain access to new potential investors by listing on the Frankfurt Stock Exchange.

PRODUCT DEVELOPMENT

The Company’s initial research project was the development of a novel PARP-1 inhibitor for cancer treatment. In an effort to augment the product pipeline and vastly reduce the time to revenue and profitability, the Company’s current focus is on 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 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 Food and Drug Administration (“FDA”). Similarly, the Company obtained tentative approval of its ANDA for bortezomib on May 21, 2021. The Company has filed for final approval during the current fiscal year, and is currently waiting on a response from the FDA.

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.

As the drug substance and drug product patents for the branded version of these two drugs near expiry, several generics are expected to compete in these therapeutic segments.

Through its extensive contacts and marketing relationships, the Company plans to commercialize pemetrexed and bortezomib. In addition to its presence in Canada, Waverley has wholly owned subsidiaries in Barbados and Ireland to help the Company navigate the regulatory process and realize the commercial potential of Waverley’s innovative products in the region.

HISTORIC USE OF PROCEEDS

Concurrent to the completion of the Company’s QT, the Company completed a brokered private placement financing in which it issued 11,000,000 Buffalo Shares at an issue price of \$0.50 per share for aggregate gross proceeds of \$5,500,000 (the “**Concurrent Financing**”) and representing an oversubscription of 1,000,000 Buffalo Shares (10%) over the amount of the Concurrent Financing that had previously been announced. Upon completion of the QT, these 11,000,000 Buffalo Shares were converted into 11,000,000 Resulting Issuer shares. PI Financial Corp. (“PI”) acted as lead agent in connection with the Concurrent Financing and was paid a cash commission of 7% of the gross proceeds of the Concurrent Financing, as well as receiving 770,000 warrants (converted into Resulting Issuer warrants upon the Amalgamation) which entitle PI to acquire one Resulting Issuer share for each warrant at a price of \$0.50 for a period of 24 months following the completion of the Amalgamation.

On April 27, 2019, the initial 200,000 warrants granted expired without being exercised. On October 24, 2019, the remaining 770,000 warrants issued as part of the Concurrent Financing expired without being exercised.

The following table sets out a comparison of the stated use of proceeds for the Concurrent Financing and how the Company actually used the proceeds from the Concurrent Financing.

Intended Use of Proceeds	Actual Use of Proceeds
To fund development costs associated with the Company’s two generic drugs and for working capital and general corporate purposes.	The proceeds have been used as intended, to further the Company’s product development activities while meeting the Company’s general administrative requirements. As at September 30, 2022, the Company has fully-expended the funds raised in the Concurrent Financing.

SUMMARY OF QUARTERLY RESULTS

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			
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Revenue	\$ 341,927	\$ 421,754	\$ 303,907	\$ 466,775
Cost of goods sold	(213,619)	(355,383)	(247,615)	(453,990)
Selling, general and administration	(404,777)	(207,642)	(211,880)	(273,338)
Research and development	(14,999)	(15,838)	(16,034)	(27,366)
Loss recovery under profit sharing arrangement	-	-	-	41,977
Recover of value added tax	234,662	-	-	-
Finance expense, net	(3,964)	(1,244)	(1,578)	(2,755)
Foreign exchange gain (loss)	(60,942)	134,310	(137,790)	(19,337)
Net loss	\$ (121,712)	\$ (24,042)	\$ (310,990)	\$ (268,034)
Other comprehensive (loss) income	(24,806)	(8,858)	117,103	16,391
Basic loss per share	(0.00)	(0.00)	(0.01)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)

	Three Months Ended			
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Revenue	\$ 382,721	\$ 543,389	\$ 359,963	\$ 425,584
Cost of goods sold	(326,293)	(453,537)	(296,359)	(328,378)
Selling, general and administration	(245,663)	(239,739)	(196,966)	(290,372)
Research and development	(11,727)	(7,090)	(7,606)	(9,528)
Loss recovery under profit sharing arrangement	-	-	-	(111,925)
Finance income, net	-	(267)	456	2,470
Foreign exchange gain (loss)	(471)	9,889	(33,358)	(10,006)
Net loss	(5,815)	\$ (147,355)	\$ (173,870)	\$ (322,155)
Other comprehensive (loss) income	\$ (207,248)	(40,678)	8,477	(46,079)
Basic loss per share	36,488	(0.00)	(0.00)	(0.01)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

SUMMARY OF QUARTERLY RESULTS (continued)

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

- Revenue: The decrease in revenue in the current quarter in comparison to the same period in the prior year is the result of additional pricing pressures, resulting in decreased selling prices on the Company's current product portfolio.
- Selling, general and administrative: Selling, general and administrative costs relate to administrative expenses, professional and consulting fees, staffing and stock-based compensation expense relating to options issued to directors, officers, and employees. In addition, regulatory fees are included within 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 Company has also begun the commercialization of its previous products under development, pemetrexed and bortezomib, and has recorded the amortization of the intangible assets relating to these products within research and development expenses. For more information regarding the nature of the expenses included with research and development, see *Research and Development* section above.

LIQUIDITY AND CAPITAL RESOURCES

The Company's condensed consolidated interim 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 condensed consolidated interim 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 used in the nine months ended September 30, 2022 and 2021:

For the nine months ended September 30	2022	2021
Cash used in operating activities	\$ (48,123)	\$ (575,907)
Cash from in financing activities	15,998	-
Effect of exchange rates differences on cash	-	3,691
Net decrease in cash and cash equivalents	\$ (32,125)	\$ (572,216)

Cash flows used operating activities for the nine months ended September 30, 2022 was \$48,123 compared to cash used in operating activities of \$575,907 for the nine months ended September 30, 2021, a decrease in cash used of \$527,784. Cash used in operating activities totaling \$48,123 for the nine months ended September 30, 2022 was the result of a \$456,744 net loss incurred, in addition to an adjustment for non-cash gain on the recovery of value added tax, and working capital adjustment for a decrease in accounts payable and accrued liabilities of \$373,650; offset by working capital adjustments for a decrease in accounts receivable of \$335,172, decrease in inventory of \$295,052, non-cash adjustment for amortization of \$105,399 and a foreign exchange loss of \$64,422.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Sources and Uses of Cash (continued)

Cash used in operating activities totaling \$575,907 for the nine months ended September 30, 2021 was the result of a net loss incurred by the Company of \$528,473 and working capital adjustments for an increase in accounts receivable of \$236,503 and an increase in prepaid expenses of \$51,373; offset by an adjustment for amortization of \$16,958 and a working capital adjustment for a decrease in inventory of \$50,935 and an increase to accounts payable of \$143,030.

Cash used in financing activities for the nine months ended September 30, 2022 was \$15,998 compared to \$nil used in financing activities for the nine months ended September 30, 2021. The change in cash flows used in financing activities during the nine month period ended September 30, 2022 was the result of the Company drawing \$241,602 on its credit facility, offset by payments made on the license fee payable of \$225,604.

Funding Requirements

The Company has not been profitable through September 30, 2022, and as a result, it has financed its operating expenditures and capital costs. Operational activities during the nine months ended September 30, 2022 were financed partially by the proceeds from the Concurrent Financing, in addition to the line of credit obtained by the Company during the prior year.

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 \$(745,541) at September 30, 2022, compared to working capital of \$(448,922) at December 31, 2021. The decrease in working capital of \$296,691 was a result of a decrease in cash of \$.32,125, decrease in accounts receivable of \$284,172, decrease in inventory of \$244,053, increase in bank indebtedness of \$241,602; offset by a decrease in accounts payable of \$464,964 and a decrease in license fee payable of \$216,245.

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. Using the proceeds from future equity offerings, the Company will work toward the commercialization of current and future generic drugs in which it holds a license and may acquire additional products or licenses or fund additional developments internally. 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 through WPPI 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 National Health Service. All inventory purchased for resale will be purchased from RLS, in accordance with the June 7, 2018 agreement.

CONTRACTUAL OBLIGATIONS (continued)

June 7, 2018 Agreement (continued)

In addition, as part of the June 7, 2018 agreement, the Company was provided an option to obtain the market authorization rights to erlotinib in the UK. On December 17, 2019, the Company elected to exercise this option and obtained the rights to market erlotinib in the UK, and as of May 1, 2020, the Company began commercialization of erlotinib in the UK. Similar to both capecitabine and temozolomide, all inventory purchased for resale will be purchased from RLS, in accordance with the June 7, 2018 agreement. During the year-ended December 31, 2021, the Company elected to stop marketing erlotinib, due to lower than expected customer demand. During the period ended September 30, 2022 management elected to wind-up WPIL, as a result, the June 7, 2018 agreement was transferred from WPIL to Waverley.

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 period ended September 30, 2022 and 2021, the Company elected to not record a recovery from the profit and/or loss arrangement due to significant delays in collections caused by the detailed review process of the profit share arrangement.

August 30, 2017 Agreement

On August 30, 2017, the Company 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 definitive documentation on August 30, 2017. Additional payments of US \$1,200,000 are payable upon certain development and approval based milestones being met and as at September 30, 2022, the Company has paid US \$925,000 of the remaining US \$1,200,000 with US \$275,000 (CAD \$354,265) recorded as license fee payable. The amount recorded as license fee payable represents the remaining portion of the milestones which have not been met, the remaining milestone payments are recorded as current liabilities as they are expected to be met within one year of September 30, 2022. 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 three and nine month period ended September 30, 2022, the Company recorded a royalty expense of \$10,712 and \$24,525 respectively, (2021 – \$6,358 and \$6,358) in relation to sales of pemetrexed within the UK. This amount is recorded within cost of goods sold in the condensed consolidated interim statement of net loss and comprehensive loss. At September 30, 2022, \$36,920 (December 31, 2021 - \$15,636) is recorded as a payable within accounts payable and accrued liabilities on the condensed consolidated interim statement of financial position in connection with the royalties payable to the Licensor. The Company has not started the commercialization of bortezomib as at September 30, 2022. Therefore, the Company has not accrued for, or expensed any royalties pertaining to bortezomib as at September 30, 2022. The term of the August 30, 2017 agreement is a period of ten (10) years, which begins when regulatory approval is obtained in the USA.

Recovery of value added tax

During the three and nine month period ended September 30, 2022, the Company recorded a recovery of VAT of \$234,662 (2021 – nil and nil, respectively) which was in connection with previously expensed VAT on the import of products into the UK during the years ended December 31, 2019 and December 31, 2020. The offsetting entry to the other income recorded during the current period was applied to the Company's outstanding VAT liability with the HMRC.

Commitments

As at September 30, 2022, 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, WPEL has committed to purchase inventory totaling £68,973 (CAD \$104,135) and an office space lease at a rate of €1,167 (CAD \$1,562) per month for a term ending October 31, 2023. All commitments are current and expected to be settled within one year of September 30, 2022.

OUTSTANDING SHARE CAPITAL

As of November 24, 2022, 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 November 24, 2022	Number of Options and Warrants exercisable into Common Shares as of November 24, 2022	Number of Common Shares, Options and Warrants Outstanding as of September 30, 2022
Common shares issued and outstanding ⁽¹⁾⁽²⁾	54,000,000	-	54,000,000
Options ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	1,075,000	1,075,000	1,075,000
Warrants ⁽¹¹⁾	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.

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:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Salaries, fees and short-term benefits	\$ 31,500	\$ 38,750	\$ 108,583	\$ 116,250
Stock-based compensation	-	527	-	1,931
	\$ 31,500	\$ 39,277	\$ 108,583	\$ 118,181

During the three and nine months ended September 30, 2022, the Company paid Genesys Venture Inc. (“GVI”), a company controlled by a director of the Company, a total of \$955 and \$2,818, respectively (2021 – \$1,049 and \$3,620) for business administration expenses.

During the three and nine month period ended September 30, 2022, the Company paid GVI Clinical Development Solutions Inc. (“GVI CDS”) a company controlled by a director of the Company, a total of \$32,519 and \$78,102 respectively, (2021 – nil and nil) 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 September 30, 2022, included in accounts payable and accrued liabilities is \$526 (December 31, 2021 - \$2,939) payable to GVI, this amount is unsecured, payable on demand and non-interest bearing. As at September 30, 2022, included in accounts payable and accrued liabilities is \$23,525 (December 31, 2021 - \$12,863) payable to GVI CDS. All amounts owed to related parties are unsecured, payable on demand and non-interest bearing.

Effective January 1, 2021, the Company’s CFO was no longer an employee of the Company, and on January 1, 2021, the Company signed a consulting agreement with the same CFO, through 10055098 Manitoba Ltd., a company owned by the CFO for a monthly rate of \$9,167. 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.

Effective June 1, 2022, the Company amended its agreement with its CFO through 10055098 Manitoba Ltd., a company owned by the CFO for a monthly rate of \$6,750. 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 of September 30, 2022, included in accounts payable and accrued liabilities is \$6,750 (December 31, 2021 - nil) payable to 10055098 Manitoba Ltd. Any amounts payable to 10055098 Manitoba Ltd are unsecured, payable on demand and non-interest bearing.

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 requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

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 as follows:

- Estimates of variable consideration receivable from revenue from contracts with customers
- Estimates of the measurement and valuation of inventory
- Estimates of the measurement, valuation, and period of use of intangible assets
- Estimates regarding assumptions used to estimate the value of share-based payment transactions and warrants

These condensed consolidated interim 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. Management intends to raise capital in order to fund its operations, however, the outcome of these matters cannot be predicted at this time. In addition, there is uncertainty surrounding the potential impacts of COVID-19 on the Company and its subsidiaries. The COVID-19 pandemic has resulted in uncertainties surrounding the shipment of products and fluctuations of foreign exchange. Due to the preventive measures taken by the UK and EU with respect to preventing the spread of the virus, the Company is unable, at this time, to assess the future impact of COVID-19 on the Company and its subsidiaries' operations.

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 September 30, 2022 and December 31, 2021 consist of the following:

	September 30, 2022	December 31, 2021
Financial Assets		
Cash	\$ 125,990	\$ 158,115
Accounts receivable	417,874	702,046
Financial Liabilities		
Bank indebtedness	(463,958)	(222,356)
Accounts payable and accrued liabilities	(597,063)	(1,062,000)
Current portion of license fee payable	(354,265)	(570,510)
Loan payable	(40,000)	(40,000)

FINANCIAL INSTRUMENTS AND RISKS (continued)

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.

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

	September 30, 2022	December 31, 2021
<i>USD (Expressed in USD)</i>		
Cash	\$ -	\$ -
Accounts receivable	-	-
Accounts payable and accrued liabilities	-	-
Current portion of license fee payable	(325,000)	(450,000)
	\$ (325,000)	\$ (450,000)
<i>GBP (Expressed in GBP)</i>		
Cash	£ 23,777	£ 20,916
Accounts receivable	273,901	407,465
Accounts payable and accrued liabilities	(330,244)	(567,733)
	£ (32,566)	£ (139,352)

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 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.

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. Specifically, the Company is unable to measure the impacts of Brexit and COVID-19 on its operations at this time.

RISKS AND UNCERTAINTIES (continued)

Disease Outbreak

Disease outbreaks may negatively impact the performance of the Company. A local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could interrupt supplies and other services from third parties upon which the Company relies (including contract manufacturers, marketing and transportation and logistics providers), decrease demand for the Company's products, decrease the willingness of the general population to travel, cause staff shortages, reduce customer demand, and increase government regulation, all of which may materially and negatively impact the business, financial condition and results of operations of the Company. In particular, if the current outbreak of the COVID-19 coronavirus continues or increases in severity, the Company could experience difficulty in executing its strategic plans and the marketing, sales, production, logistics and distribution of its products could be severely disrupted. These events could materially and adversely affect the Company's business and could have a material adverse effect on the Company's liquidity and its financial results.

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 statement of loss and note disclosures contained in its financial statements for the three and nine months ended September 30, 2022. These statements are available on Waverley's SEDAR page accessed through 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: November 24, 2022