WPD Pharmaceuticals Inc.

Management's Discussion & Analysis

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial results of WPD Pharmaceuticals Inc. ("WPD" or the "Company") for the three months ended March 31, 2021.

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

The following discussion is Management's assessment and analysis of the results of operations and financial conditions of the Company and should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto for the year ended December 31, 2020 and the Company's unaudited condensed consolidated interim financial statements and related notes thereto for the three months ended March 31, 2021 both of which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and can be found on SEDAR at www.sedar.com.

This MD&A is based on information available up to June 2, 2021, the date on which it was prepared and approved by the Board of Directors. All dollar figures stated herein are expressed in Canadian dollars except unless otherwise specified.

Narrative Description of the Business

WPD is a biotechnology research and development company with a focus on oncology and infectious diseases, namely research and development of medicinal products involving biological compounds and small molecules. It operates its business primarily through WPD Poland, a subsidiary of and the operating branch of the Company.

WPD has 9 novel drug candidates with 4 that are in clinical development stage. These drug candidates were researched at institutions including Mayo Clinic and Emory University. WPD currently has ongoing collaborations with Wake Forest University, MD Anderson Cancer Institute and leading hospitals, scientific institutes and academic centers in Poland. WPD has entered into license agreements with Wake Forest University Health Sciences and sublicense agreements with Moleculin Biotech Inc. ("Moleculin") and CNS Pharmaceuticals, Inc. ("CNS Pharmaceuticals"), respectively, each of which grant WPD an exclusive, royalty-bearing sublicense in certain territories to certain technologies of or licensed to the licensor. Such agreements provide WPD with certain research, development, manufacturing and sales rights, among other things. The sublicense territory from CNS Pharmaceuticals and Moleculin includes 30 and 29 countries, respectively, in Europe, Asia, including Russia.

About Moleculin
Moleculin is a clinical stage pharmaceutical company focused on the development of a broad portfolio of oncology drug candidates for the treatment of highly resistant tumors and viruses. The Company's clinical stage drugs are: Annamycin, a Next Generation Anthracycline, designed to avoid multidrug resistance mechanisms with little to no cardiotoxicity being studied for the treatment of relapsed or refractory acute myeloid leukemia, more commonly referred to as AML, WP1066, an Immune/Transcription Modulator capable of inhibiting p-STAT3 and other oncogenic transcription factors while also stimulating a natural immune response, targeting brain tumors, pancreatic cancer and hematologic malignancies, and WP1220, an analog to WP1066, for the topical treatment of cutaneous T-cell lymphoma. Moleculin is also engaged in preclinical development of additional drug candidates, including other Immune/Transcription Modulators, as well as WP1122 and related compounds capable of Metabolism/Glycosylation Inhibition.

About CNS Pharmaceuticals
CNS Pharmaceuticals is developing novel treatments for primary and metastatic cancers of the brain and central nervous system. Its lead drug candidate, Berubicin, is proposed for the treatment of glioblastoma multiforme (GBM), an aggressive and incurable form of brain cancer. CNS Pharmaceuticals holds a worldwide exclusive license to the Berubicin chemical compound and has acquired all data and know-how from Reata Pharmaceuticals, Inc. related to a completed Phase 1 clinical trial with Berubicin in malignant brain tumors, which Reata conducted in 2006. In this trial

the overall response rate of stable disease or better was 44%. This 44% disease control rate was based on 11 patients (out of 25 evaluable patients) with stable disease, plus responders. One patient experienced a durable complete response and remains cancer-free as of Feb. 20, 2020. These Phase 1 results represent a limited patient sample size and, while promising, are not a guarantee that similar results will be achieved in subsequent trials. By the end of 2021, CNS Pharmaceuticals expects to commence a Phase 2 clinical trial of Berubicin for the treatment of GBM in the U.S., while a sub-licensee partner undertakes a Phase 1/2 trial in adults and a first-ever Phase 1 trial in pediatric GBM patients in Poland.

The Company's business objective is the pursuit of regulatory approvals to sell medicines to the public. To accomplish this objective, the Company intends to:

(a) continue drug trials and research;
(b) scale up its manufacturing process to be ready for GMP manufacturing; and
(c) partner with an established pharmaceutical company to develop or license out and distribute our products.

The above objective may change at any time depending on market conditions. There is no certainty that the Company's business objective will be achieved on the terms anticipated or at all. See "*Risk Factors*".

To accomplish the foregoing business objectives, the Company will target the following milestones:
(a) *in vitro* and animal trials; and
(b) clinical and human trials.

The above milestones may change at any time depending on market conditions and are subject to various risks associated with conducting clinical trials, receiving regulatory approval and acquiring additional funding, as applicable, on terms acceptable to the Company. See – "*Risk Factors*".

Principal Products or Services

WPD101
WPD101 is a biologic compound developed by WPD under the Wake Forest License Agreement. It is composed of recombinant proteins conjugated with bacterial toxins preferentially targeting GBM-specific receptors. After internalization of the protein-receptor complex, cancer cells are eliminated due to the bacteria-toxins-induced cytotoxic effects, thereby limiting tumor growth. WPD101 is currently in clinical development in animals and its consistent anticancer properties are demonstrated and validated in dogs. Overall, results of these studies indicate the significant potential of WPD101 demonstrating the same effective treatment of GBM in humans. Start of Phase 1 clinical trials is dependent on identifying a suitable Good Manufacture Practice ("**GMP**") vendor.

WPD101 Program
The WPD101 research and development program under agreement with the NCRD of Poland is planned to continue until 2023. Current research is focused on scaling-up manufacturing preparation for production in large scale, leading to production of the compound for Phase 1 clinical trial purposes. Start of Phase 1 clinical trials is dependent on identifying a suitable GMP vendor.

The grant funds, currently committed together with the portion of expenditures required by the grants to be contributed by WPD from other sources, will enable the completion of the research program, including production of the biologically active compound in a GMP facility with all the necessary quality standards and pre-clinical development using animal models. The development program of the WPD101 will include up-scaling of the active compound production, which is expected to be completed in 2021, as well as Phase 1 clinical trials, which is expected to be completed during 2022-2023.

Berubicin
Berubicin is a new anthracycline proposed for the treatment of glioblastoma multiforme (GBM), an aggressive and incurable form of brain cancer. CNS holds a worldwide exclusive license to the Berubicin chemical compound and has acquired all data and know-how from Reata Pharmaceuticals, Inc. related to a completed Phase 1 clinical trial with

Berubicin in malignant brain tumors, which Reata conducted in 2006. In this trial, 44% of patients experienced a statistically significant improvement in clinical benefit. This 44% disease control rate was based on 11 patients (out of 25 evaluable patients) with stable disease, plus responders. One patient experienced a durable complete response and remains cancer-free as of February 20, 2020. These Phase 1 results represent a limited patient sample size and, while promising, are not a guarantee that similar results will be achieved in subsequent trials Phase 1/2 of the clinical trial is expected to begin in 2021. WPD also plans to continue development of Berubicin in the pediatric population (first-in-children Phase 1 clinical trial).

A clinical trial for adults and a Phase 1 clinical trial for children is planned for Berubicin. In Phase 2 trials, WPD plans to evaluate the candidate drug's effectiveness in about 50 adult patients with GBM, and examine the possible short-term side effects (adverse events) and risks associated with the drug. WPD will verify whether the drug acts in accordance with the expected molecular mechanism, and whether the drug improves the GBM condition. Researchers will analyze optimal dose strength and schedules for using the drug. If the results of the Phase 2 trial are positive, the drug will move on to Phase 3 trials. All Phase 2 clinical trials must be reviewed and approved by an independent ethics committee and either the EMA or the local country's authorized medical agency. Successful completion of Phase 2 allows for commencement of Phase 3. At the Phase 3 stage, there may be additional interest from third parties to sub-license some of the technology developed.

After Phase 3 clinical trials prove successful, the company can apply to the EMA for marketing authorization, which means the company can sell the product to the medical industry. However, it is most common and likely that the company will partner with an established pharmaceutical company to carry out the sale and distribution of the product.

WPD plans to apply, if possible, with an established pharmaceutical company to the EMA to dispense with the requirements of Phase 3 clinical trials and apply directly to market to the medical industry after Phase 2 clinical trials because of the large unmet medical needs of certain oncology patients, especially glioblastoma.

Berubicin Program
The grant funds, currently committed together with the portion of expenditures required by the grants to be contributed by WPD from other sources, will enable the completion of the Berubicin research program, including production of the biologically active compound in a GMP facility. The Berubicin research program will include the following breakdown of anticipated costs:

(i) direct costs, including all necessary salaries to employees, necessary reagents, chemicals, analytes, many disposable and reusable materials, research and analytical equipment;
(ii) costs of rental of specialist research equipment and infrastructure for conducting pre-clinical research (*in vitro* studies); and
(iii) external service, including active compound manufacturing according to GMP and contract research services.

The Berubicin development program is focused on clinical studies performance. It will include the following breakdown of anticipated costs:

(i) direct costs including all necessary salaries to employees and costs of contracts with clinical sites and materials and equipment necessary for clinical trial performance; and
(ii) vendors, including investigational product manufacturing in dedicated GMP facility and cost of drug release for clinical trial, according to standards and regulations, Contract Research Organization ("**CRO**") service with clinical trial monitoring, pharmacovigilance and biostatistics and analysis of pharmacokinetics.

The Berubicin research program includes pre-clinical tests to determine the prospective use of this molecule with other anticancer compounds. Research includes *in vitro* and *in vivo* studies.

Annamycin
Annamycin is a next generation anthracycline that is licensed to WPD from Moleculin and is being developed with an initial focus on acute myeloid leukemia ("**AML**"). A common problem with leading AML induction therapy drugs is their cardiotoxicity and multidrug resistance induction.

The term cardiotoxic refers to drugs that can cause severe, permanent and sometimes fatal damage to the heart. Multidrug Resistance ("**MDR**") refers to mechanisms by which many cancers develop resistance to chemotherapy drugs and is a major factor in the failure of many forms of chemotherapy. MDR mechanisms affects a variety of blood cancers and solid tumors, including breast, ovarian, lung, and lower gastrointestinal tract cancers. Tumors usually consist of mixed populations of malignant cells, some of which are drug-sensitive while others are drug-resistant. Chemotherapy eliminates drug-sensitive cells but leaves behind a higher proportion of drug-resistant cells. As the tumor begins to grow again, chemotherapy may fail because the remaining tumor cells are now able to recognize the chemotherapy and actively expel drugs out of the cells, thus rendering the tumor resistant to the therapy. As MDR begins to counteract chemotherapy drugs, it can require higher doses to eliminate tumor cells, yet the unwanted side effects of the drugs, like cardiotoxicity, ultimately prevent increases in dosing.

Annamycin has little to no cardiotoxicity, avoids multidrug resistance, has been shown to be more potent in AML cell lines. Moreover, Annamycin has shown activity in patients who failed standard of care. Its unique design prevents it from being recognized by the MDR mechanisms that typically defeat the currently approved anthracyclines, allowing it a better opportunity to accumulate to therapeutic levels without dangerous increases in dosing.

The first line treatment of cancerous AML cells is called "7+3 induction therapy," a 50+ year old treatment that we estimate is effective for only about 20% of the AML population patients. In order to achieve remission and become eligible for a curative bone marrow transplant, the patient must post very positive results from the first-line (induction phase) therapy, which requires destruction of 95% of the leukemia cells. On average, around 80% of all AML patients will fail to respond to or will relapse from this induction therapy. Annamycin is seeking approval as a second line treatment for these 80% of patients.

In a proof-of-concept Phase I/II clinical trial, Annamycin was given to patients who had failed an average of five previous induction therapy attempts and 37% of those patients cleared enough of their leukemic cells to qualify for a bone marrow transplant. WPD's goal is to repeat this performance in a larger clinical trial, which management believes could warrant new drug approval.

Development
WPD's licensor, Moleculin, is conducting Phase I/II clinical trials, both in the U.S. and EU. Both the U.S. trial (MB-104) and the EU trial (MC-105) have begun treating patients. The Phase I portion of the U.S. trial for Annamycin has been completed. The Company has indicated to the FDA that it will close out the U.S. trial and shift focus to the Poland trial to complete establishment of the RP2D or maximum tolerated dose ("MTD"). Management believes a repeat of prior results should afford Annamycin an accelerated approval pathway as a second line induction therapy for relapsed or refractory AML (R/RAML).

WPD1066
WP1066, licensed to WPD from Moleculin, represents a new class of drugs, which are called "Immune/Transcription Modulators." It is currently being developed to treat glioblastoma and melanoma brain metastases.

WP1066 has a dual mechanism of action as a first-in-class drug to both directly inhibit tumor signaling (p-STAT3, HIF-1α, c-Myc) while also stimulating patient immune response (Tregs). In other words, WP1066 has demonstrated the ability to directly induce apoptosis (tumor cell death) but also the ability to stimulate an immune response to tumors allowing T-cells to attack tumor cells. Another important characteristic of WP1066 is its ability to cross the blood-brain barrier, which could make it a good candidate for potentially treating brain tumors and other malignancies of the central nervous system (CNS), including CNS metastasis.

WP1066 affects tumors both directly and indirectly by modulating transcription factors resulting in direct tumor cytotoxicity while also stimulating a natural immune response by reducing Regulatory T-cells (Tregs).

Unique dual action (direct cytotoxic effect on tumor cells and separately boosting the natural immune system to attack tumors) make WP1066 and its analogs well suited candidates to treat effectively a wide range of tumors and to serve as a critical element in creating effective drug combination therapies, for example with products based on Wake Forest license, for targeting some of the most unresponsive cancers.

Development

WP1066 is currently being studied via an investigator-initiated IND at The University of Texas MD Anderson Cancer Center in a dose-escalation Phase I clinical trial in patients with brain tumor or melanoma metastasis to the brain. We recently announced pharmacokinetic data from that trial that demonstrated bioavailability of our drug via oral administration, actually showing the presence of WP1066 in blood plasma. Investigators at MD Anderson have now dosed the 4th cohort in the trial.

That continued success is now helping to accelerate plans for another investigator-initiated trial, this time in pediatric brain tumors, at Emory University. At the 2018 annual meeting of the Society for Neuro Oncology (SNO), Emory researchers reported encouraging activity in their pediatric brain tumor models using WP1066. Based on this data, they have indicated their intent to begin a trial for pediatric brain tumors.

Apart from brain tumors, acute myeloid leukemia, or AML, is often associated with a high upregulation of p-STAT3. Because WP1066 is a potent inhibitor of p-STAT3 and the Phase I clinical trial is now suggesting that we can get WP1066 into patients' bloodstreams, we could now have a new way to combat AML, in addition to our Next Generation Anthracycline, Annamycin.

Operations

WPD occupies approximately 100 square meters of laboratory and office space in Warsaw, Poland and Wrocław, Poland, and also has access to shared labs at both the University of Warsaw Biological and Chemical Research Centre and Wroclaw Technology Park. WPD has 23 employees, 14 of whom are involved in research and 9 of whom are involved in other aspect of operations, including quality, project management, medical and scientific documentation, grant writing and administration.

WPD is conducting research and development using its own resources including researchers, laboratory technicians, pre-clinical and clinical trials managers. It also subcontracts out research and development. This part includes such activities as pre-clinical trials performance on animal models that needs special infrastructure, CRO services, in laboratory pharmacokinetics analysis that meets the standards of Good Laboratory Practice ("**GLP**"), manufacturing of active pharmaceutical ingredients ("**API**") and investigational products dedicated for clinical trials, that need to be produced according to GMP standards and quality control defined by national and European regulations.

Development of WPD101 includes production of the active compound in laboratory/small scale and development of methods for quality control. Subcontracting includes manufacturing of the API and IP for the purpose of clinical trials by the specified manufacturer, that meets the standards of GMP.

Development of Berubicin includes testing of the active compound by WPD in laboratory/small scale. Subcontracting includes manufacturing of the API and IP for the purpose of clinical trial by specified manufacturers that meets the standards of GMP.

WPD's operations in Poland are conducted in Polish, but much of WPD's business is done with or in other countries, in which case English becomes the primary language used. Transactions in Poland use the Polish Zloty, but WPD uses the Euro or the United States dollar for most of its most important transactions, including licenses, collaborations, sublicenses, research grant applications, marketing and most other functions. WPD's licensors include Moleculin and CNS Pharma, which are both NASDAQ-listed US companies, and WFUHS, a major U.S. university. Such licensors work with WPD and conduct precise scientific research to ensure that drug candidates are developed to a standard that would be acceptable to the US Food and Drug Administration and the European EMA. WPD's clinical trial standards are comparable to those of large, global drug production companies.

Summary

The final products that may come from WPD's research and development are years away from commercialization. It is likely that WPD will partner with large pharmaceutical companies to develop and sell its products worldwide should

these products prove to be successful. In the meantime, WPD is raising awareness of compounds and its brand in both the oncology and pharmaceutical industries and is working on possible partnerships with established pharmaceutical companies.

WPD is developing products for the global market but, it is worth considering that according to EU Commission data for Poland, where WPD's research base is located, Poland is one of the top five countries in Europe in terms of highest incidence and mortality rates of brain and CNS cancer (source: https://ecis.jrc.ec.europa.eu). Poland is also one of main hubs for clinical research in the Central European region and Europe and regulations for clinical trials are harmonized on the EU level.

Operational Update

On January 8, 2020, Wake Forest received confirmation that the European national phase validation has been completed for the patent on Antibodies against human and canine IL-13ra2 (European Patent No. 2970492). In addition, Wake Forest was granted a European patent for EphA3 and Multi-Valent Targeting of Tumors (European Patent No. 3068797). On February 6, 2020, Wake Forest received a notice of allowance from the United States Patent and Trademark Office ("USPTO") patent for antibodies against human and canine il-13ra2 (under application number 15/835,566).

In February 2020, through CNS, Berubicin received positive feedback from the U.S. Food and Drug Administration ("FDA") for its Pre-IND (Investigational New Drug) meeting proposal to use Berubicin in Phase 2 clinical trials. In collaboration with CNS, WPD will be initiating the Phase 2 clinical trial in the second half of this year. Concurrently, WPD is planning the upcoming Phase I clinical trial at Children's Memorial Health Institute, the largest pediatric hospital in Poland. The Company believes this Phase I trial of Berubicin at Children's Memorial represents the first ever investigation of an anthracycline and topoisomerase II inhibitor in pediatric brain tumors. On April 24, 2020, WPD licensed partner, CNS filed an application with the U.S. FDA under the Orphan Drug Act to receive Orphan Drug Designation for Berubicin.

On April 23, 2020, WPD's license partner, Moleculin, completed an open label, single arm US Phase 1 trial on its Annamycin drug candidate. The Phase 1 trial met its objective of demonstrating the safety of Annamycin. Annamycin is intended for use in treating relapsed or refractory acute myeloid leukemia ("AML"). WPD has licensed rights to a portfolio of drug candidates, including Annamycin, from Moleculin.

The US Phase 1 trial shows the safety of Annamycin in a phase I trial setting when delivered to patients at or below the lifetime maximum anthracycline dose established by the FDA. The primary safety signal was the absence of cardiotoxicity (potential damage to the heart), a serious and often treatment-limiting issue prevalent with currently approved anthracyclines. This was determined by echocardiograms, as well as cardiac health biomarkers, principally blood troponin levels, which are considered an indicator of potential long-term heart damage. The data showed no cardiotoxicity in any of the 6 patients evaluated in the US Phase 1 trial. Additionally, there were no unexpected serious adverse events and no dose limiting toxicities at any dose tested.

Although the primary objective of the Phase 1 trial was to evaluate safety, the study also gathered data to support a preliminary assessment of the product's potential efficacy. Among other things, the study recorded complete response (CR), partial response (PR), event-free survival, overall survival (Kaplan-Meier), and time to and duration of remission/response. Based on these criteria, possible efficacy was seen in 2 of the US patients, even though the drug was dosed at what was expected to be sub-therapeutic levels. The evidence of efficacy consisted of 1 patient who achieved a "morphologically leukemia-free state," which the protocol defined as a CR with incomplete recovery of platelets or neutrophils (CRi), and another patient who had a substantial remission of leukemia cutis (a somewhat rare leukemia symptom), from diffuse to 3 small lesions.

On April 29, 2020, the Office for Registration of Medicinal Products, Medical Devices and Biocidal Products (the "URPL"), authorized Moleculin to accelerate the Phase 1 dose escalation portion of its clinical trial of Annamycin for the treatment of AML. The URPL has allowed an amendment to the Annamycin clinical trial protocol, which among other things, includes an increase in the dose escalation increment between cohorts from 30 mg/m2 to 60 mg/m2. The

clinical trial is currently recruiting suitable patients for the 240 mg/m2 cohort, so this amendment allows the next cohort to increase to 300 mg/m2, assuming all requirements for safety are met with the 240 mg/m2 cohort.

On April 30, 2020, WPD in collaboration with CNS, has identified several leading medical institutions in Poland to conduct its Berubicin Phase 2 clinical trial in adults with glioblastoma multiforme ("GBM"), an aggressive and incurable form of brain cancer. The US Phase 2 trial Sponsor will be CNS and the Polish Phase 2 trial Sponsor will be WPD, a Polish corporation founded by Professor Waldemar Priebe, founder of both WPD and CNS. The Company expects to initiate both its Phase 2 US and Polish trial of Berubicin in adults with GBM during the second half of 2020.

WPD101 is currently in preclinical development and its consistent anticancer properties are demonstrated and validated in dogs with spontaneous GBM closely resembling human GBM. Overall, results of these studies indicate the significant potential of WPD101 for human GBM therapy.

On May 21, 2020, Wake Forest received a patent from the United States Patent and Trademark Office ("USPTO") for a patent titled "EphA3 and Multi-Valent Targeting of Tumors" (under application number 15/958,608). The patent is exclusively licensed to WPD, and the patent relates to the WPD101 drug candidate, used in the therapy of GBM.
On June 26, 2020, WPD took part in a non-clinical Scientific Advice meeting with MHRA (Medicines & Healthcare products Regulatory Agency) in the United Kingdom presenting the results of the research and development work from its in-house production, preliminary preclinical results on mice and the further WPD101a development plan.

On July 23, 2020, WPD received a scientific advice letter from MHRA in response to the meeting. The agency confirmed the Company's preclinical development plan.

On August 17, 2020, WPD announced that it has entered into a collaborative agreement with Dermin Sp. z o.o., a Polish biotech research company. WPD previously held the rights to the compound WP1122 under sublicense in 29 countries mostly in Europe and Asia, and under the collaborative agreement has now added Poland, except for the WP1122 rights to treat gliomas in Poland. Under the collaborative agreement, WPD is not required to pay Dermin or grant a royalty for the rights transferred, but is required to provide Dermin with all its research data, if any, which Dermin may use for the further development of WP1122 in GBM.

On September 9, 2020 WPD announced that is has engaged world-renowned Contract Research Organization ("CRO"), Worldwide Clinical Trials ("WCT") to coordinate and supervise startup of Phase 1 and 2 clinical trials on its Berubicin drug candidate.

WCT is a global CRO providing full-service drug development services to the pharmaceutical and biotechnology industries from Early Phase and Bioanalytical Sciences through Phase II and III trials to peri-approval studies. WCT offers clients expertise in neuroscience, cardiovascular, inflammation, rare disease, oncology and other therapeutic areas. They manage clinical trials across nearly 60 countries in North America, Latin America, Europe, Asia Pacific and Middle East.

WCT will provide research services, implementation of start-up activities, organization and development for clinical trials being conducted by WPD in adult and pediatric populations with Glioblastoma, according to international standards of good clinical practice (ICH GCP) and other applicable regulatory requirements. These requirements include safety management, pharmacovigilancem and data management. WCT will also support WPD's application for orphan drug designation, which if successful, has filing fee savings and other benefits. 60% of the program budget will be refunded by a grant already awarded to WPD by The National Center for Research and Development based in Poland under the European Union's Smart Growth Operational Program.

On September 16, 2020, WPD announced that it has received a prepayment of approximately $705,000 (2,000,000 PLN) and approval for reimbursement of approximately $175,000 (500,000 PLN) from the Polish National Center for Research and Development ("NCRD") granted by the European Union, under the Smart Growth Operational Program 2014-2020, for the further development of WPD101, the Company's drug candidate targeting glioblastoma ("GBM") which includes Phase I clinical studies.

On October 5, 2020, WPD announced that it has received another prepayment of approximately $705,000 (2,000,000 PLN) and is waiting for approval of reimbursement from the Polish National Center for Research and Development ("NCRD") for the further development of Berubicin, the Company's drug candidate targeting glioblastoma ("GBM") which includes two clinical studies, planned to be implemented under the project: "New approach to glioblastoma treatment addressing the critical unmet medical need", granted by the European Union, under the Smart Growth Operational Program 2014-2020. The NCRD has approved WPD's application of the prepayment from the total approximately C$7.4 million (22,000,000 PLN) grant for WPD's development of Berubicin.

The Company also announced that it has received from the Polish Government's Covid-19 assistance program $106,626 (PLN 307,800). The funds are provided to help fight the effects of Covid-19 on employment and business activities, and is partially a grant and partially a loan, depending on what level of activity and employment the Company maintains over the next 12 months. The funds are being paid to the Company's wholly owned Polish subsidiary, WPD Pharmaceuticals Sp. z.o.o.

On October 15, 2020, the Company announced that it has appointed Marek Sipowicz MD PhD, as Chief Medical Officer ("CMO") of the Company. Marek brings over 20 years' experience in clinical operations and clinical research to WPD and will be invaluable as the Company continues to plan for Phase I and II clinic trials for a number of drug candidates in its portfolio. Marek is an exceptionally well-regarded executive within the pharmaceuticals industry and will be instrumental in leading and managing WPD's clinic research efforts in Poland.

On October 26, 2020, the Company announced that it recently met with Worldwide Clinical Trials, a world-renowned Contract Research Organization engaged to coordinate and supervise the start-up of WPD's Phase 1 and 2 clinical trials on Berubicin. The discussions indicated that the Berubicin adult trial is expected to commence in February 2021 and the children multicenter pediatric phase I clinical trial later in 2021.

About 60% of the program budget is expected to be refunded by a grant already awarded to WPD by The National Center for Research and Development based in Poland under the European Union's Smart Growth Operational Program.

The Company also announced that it presented at the Bio-Europe Digital conference October 26-29, 2020. BIO Europe is a leading European Pharmaceuticals event with 4,000 executives from over 60 countries. Due to COVID-19, The BIO Europe conference was held virtually.

On January 14, 2021, the Company announced that it has signed a contract with Clinigen Clinical Supplies Management ("Clinigen"), a leading clinical supply management business, to provide critical services during the Berubicin phase 2 adult and phase 1 pediatric clinical trials which are scheduled to start in February 2021 and May 2021, respectively.

For nearly half a century, Clinigen has built a reputation as one of the most trusted specialty logistics company in the world through its unsurpassed knowledge, global reach and flawless supply chain execution. Clinigen's global supply chain facility and depot network combines market-leading clinical trial services such as comparator sourcing, packaging and labelling with biological sample management. Clinigen delivers tailored solutions for clients globally to ensure clinical trials are a success, regardless of size or scope, from Phase I to Phase IV Trials.

For WPD's trials, Clinigen will cover Qualified Person (QP) services for ensuring and confirming that the Berubicin clinical product has been manufactured in accordance to the European Union Good Manufacturing Practice (EU GMP) standards.

Clinigen will also be responsible for packaging and labeling of the Investigational Medicinal Product ("IMP"), storage in accordance with the product specification and release of the IMP to clinical sites in accordance to Good Distribution Practice (GDP). QP certification of the IMP is crucial to obtain approval of the Regulatory Authority and to initiate the clinical trials.

WPD aims to conduct the clinical trials with the highest quality and in compliance with the applicable EU regulations and all applicable requirements including GMP. The services provided by Clinigen are expected to last up to 3 years.

On January 28, 2021, the Company announced that it participated in the LSX World Congress from February 1 – 5, 2021. For 6 years, the LSX World Congress has been bringing together the executives that matter to the future of healthcare and life science strategy, investment, partnering and deal making. LSX World Congress gathers the founders and CEOs of innovative start-ups through to publicly listed life sciences giants, and everyone in between. It represents the breadth and depth of the cutting-edge research and technology driving the advances in the industry right now and in the near future. This year, the event was a virtual experience incorporating all the same features of the usual physical meeting, but spread across a full week.

On February 5, 2021, the Company announced that Moleculin announced that a preclinical study in animals demonstrated a potentially significant therapeutic benefit of Annamycin against metastatic osteosarcoma. The Moleculin press release of February 2, 2020 states, "This appears to be the result of the high cytotoxic potential of Annamycin previously demonstrated in vitro against sarcoma cells in combination with its high uptake by the lungs where the tumors in this study are localized. Computerized tomography (CT) scans demonstrated that animals treated with Annamycin exhibited significant suppression of tumor growth and not a single death was observed in the treated animals, whereas significant tumor burden contributed to the rapid death of 90% of untreated animals. While the study continues, as of day 130, the survival rate for animals treated with Annamycin was 100%, compared with only 10% for untreated animals.

Osteosarcoma is among a class of tumors that initiate in the bone of patients, with bone-related sarcomas representing the second most common form of sarcoma after soft tissue sarcoma. While many bone sarcomas can be addressed through surgical removal, it is estimated that as many as 40% of bone sarcomas will eventually metastasize to the lungs, where treatment can become more problematic. Researchers have more recently referred to the lungs and certain other vital organs as "sanctuary sites" for cancer where tumors can develop out of reach from conventional chemotherapies.

Once metastasized to the lungs, if tumors cannot be surgically removed, the primary chemotherapy regimen is the anthracycline doxorubicin (also known as Adriamycin). While 10% to 30% of patients with sarcoma lung metastases may initially respond to doxorubicin, most will relapse leaving the majority of these patients without an alternative chemotherapy.

Moleculin recently announced findings from its sponsored research showing that doxorubicin has a limited ability to accumulate in the lungs of animals, which may help explain its limited efficacy in this sanctuary site. Treatment options are further limited because of the inherent cardiotoxicity of currently approved anthracyclines, including doxorubicin, which limits the amount of anthracycline that can be given to patients.

Annamycin is a "next generation" anthracycline that has recently been shown in animal models to accumulate in the lungs at up to 34 times the level of doxorubicin, which may account for the 100% survival rate attained in this most recent osteosarcoma lung metastases study. Importantly, Annamycin has also demonstrated a lack of cardiotoxicity in recently conducted human clinical trials of Annamycin for the treatment of acute myeloid leukemia, so the use of Annamycin may not face the same dose limitations imposed on doxorubicin.

Moleculin recently announced that the FDA has allowed the Company's request for investigational new drug (IND) status in order to study Annamycin for the treatment of soft tissue sarcoma metastasized to the lungs. In addition, the FDA granted Orphan Drug Designation for Annamycin for the treatment of soft tissue sarcomas.

Moleculin also stated that it expects that one, and potentially two, clinical trials in sarcoma lung metastases should commence in 2021.

WPD has not conducted its own independent confirmation testing of Annamycin and is relying solely on the information contained in Moleculin's news releases dated February 2, 2021 in providing this information to WPD's shareholders.

On February 9, 2021, the Company announced that the Agencja Badań Medycznych (The Medical Research Agency) a Polish state agency responsible for development of scientific research in the field of medical and health sciences, awarded a grant equivalent to US$1.5 million to the Maria Sklodowska-Curie National Research Institute to fund a Phase 1B/2 clinical trial of Annamycin for the treatment of soft tissue sarcoma (STS) lung metastases.

The grant-funded clinical trial will be led by Prof. Piotr Rutkowski, MD, PhD, Head of Department of Soft Tissue/Bone Sarcoma and Melanoma at the Maria Sklodowska-Curie National Research Institute of Oncology in Warsaw, Poland. In collaboration with WPD, Prof. Piotr Rutkowski will provide support in preparation for and conduct of the clinical trial, which is expected to begin this year.

Soft tissue sarcomas are the most common form of sarcoma, accounting for an estimated 130,000 incident cases per year worldwide. While many sarcomas can be addressed through surgical removal, it is estimated that as many as 20% to 50% of STS sarcomas will eventually metastasize to the lungs, where treatment can become more challenging. Once metastasized to the lungs, if tumors cannot be surgically removed, the primary chemotherapy regimen is the anthracycline doxorubicin (also known as Adriamycin). While 10% to 30% of patients with sarcoma lung metastases may initially respond to doxorubicin, most will relapse leaving the majority of these patients without an alternative chemotherapy.

Treatment options are further limited because of the inherent cardiotoxicity of currently approved anthracyclines, including doxorubicin, which limits the amount of anthracycline that can be given to patients.

Annamycin is a "next generation" anthracycline that has recently been shown in animal models to accumulate in the lungs at up to 34 times the level of doxorubicin. Importantly, Annamycin has also demonstrated a lack of cardiotoxicity in recently conducted human clinical trials for the treatment of acute myeloid leukemia, so the use of Annamycin may not face the same dose limitations imposed on doxorubicin.

On February 11, 2021, the Company announced that it has signed another services agreement with world-renowned Contract Research Organization ("CRO"), Worldwide Clinical Trials ("Worldwide") to continue support of Phase 1 and 2 clinical trials on its Berubicin drug candidate.

Part of the program budget will be refunded by a grant already awarded to WPD by The National Center for Research and Development based in Poland under the European Union Smart Growth Operational Program 2014-2020.

In September 2020, WPD announced that it had selected Worldwide to provide research services, implementation of start-up activities, organization and development for clinical trials being conducted by WPD in adult and pediatric populations with Glioblastoma.

In this stage, Worldwide will further support Phase 2 of the clinical trials. This includes expertise on engaging with investigators and site selection for the purpose of clinical trials in adult and pediatric population with Glioblastoma, according to international standards of Good Clinical Practice (ICH GCP) and other applicable regulatory requirements. Requirements include safety management and pharmaco-vigilance and data management. Worldwide will also support services associated with orphan drug designation.

Worldwide is a midsized, global CRO providing full-service Phase 1-4 drug development services to the pharmaceutical and biotechnology industries. The company offers expertise in neuroscience, cardiovascular, metabolic disease, rare disease, oncology and other therapeutic areas. They manage clinical trials across nearly 60 countries in North America, Latin America, Europe, Asia Pacific and Middle East.

On February 18, 2021, the Company announced that WPD received a positive opinion of the Lower Silesian Medical Chamber Ethics Committee in Wrocław, Poland for its planned upcoming Berubicin clinical trial in adults with Glioblastoma Multiforme (GBM) under the WPD-201 Clinical Trial Protocol. CNS Pharmaceuticals has received study level Central IRB Approval from the Central IRB for the CNS- 201 Clinical Trial Protocol.

Following the sublicense agreement, WPD was subsequently awarded a reimbursement grant for further development of Berubicin that was valued at $6 million upon the date of the grant from the Polish National Center for Research and Development under Smart Growth Operational Program 2014-2020 co-financed by the European Union. WPD plans to initiate both a multicenter Berubicin Phase 2 adult GBM trial in the first half of 2021 and a multicenter pediatric malignant glioma Phase 1 clinical trial in 2021. Roughly 60% of the program budget is expected to be funded by the reimbursement grant.

CNS Pharmaceuticals has received approval to proceed with their previously submitted Investigational New Drug (IND), from the U.S. Food and Drug Administration (FDA) for Berubicin in the treatment of GBM. The Company plans to initiate its Phase 2 trial evaluating the efficacy and safety of Berubicin in the treatment of adults with GBM who have failed first-line therapy in the first quarter of 2021. The Company has also received Central IRB study level approval for the U.S. portion of the adult GBM study.

On February 24, 2021, the Company announced that it has signed an agreement with CNS Pharmaceuticals to obtain Investigational Medicinal Product ("IMP") for use in the planned clinical trials of Berubicin. WPD will purchase half of the batch previously manufactured for CNS Pharmaceuticals by BSP Pharmaceuticals for the WPD-201 and WPD-201P studies which are planned to begin in the first half of 2021. This IMP will be QP certified by Clinigen Clinical Supplies Management on behalf of WPD under European current Good Manufacture Practice ("cGMP") requirements.

Shortly after the sublicense agreement, WPD was awarded a reimbursement grant for further development of Berubicin valued at $6 million from the Polish National Center for Research and Development under Smart Growth Operational Program 2014- 2020 co-financed by the European Union. WPD plans to initiate both a multicenter Berubicin Phase 2 trial in adult GBM in the first half of 2021 and a multicenter pediatric malignant glioma Phase 1 clinical trial in 2021.

CNS Pharmaceuticals has received Investigational New Drug (IND) approval from the U.S. Food and Drug Administration (FDA) to proceed with their planned randomized and controlled Phase 2 trial of Berubicin in the treatment of adults with GBM who have failed first-line therapy, which is expected to commence in the first quarter of 2021. The FDA has also designated Berubicin an Orphan Drug. CNS Pharmaceuticals has received Central IRB study-level approval for its GBM study.

On March 16, 2021, the Company announced that it has engaged Paediatric Oncology expert, Prof. David Walker to support and develop preclinical and clinical programs for WPD101 in glioblastoma.

Prof. Walker has over 40 years of medical experience in Paediatric Oncology and is a world-renowned expert in brain cancer. Throughout his career, Prof. Walker has led a number of brain tumor clinical trials and co-chaired the International Consortium of Childhood Low Grade Glioma 1997 - 2014. He co-chaired the Royal College of Paediatrics and Child Health (RCPCH), Society of British Neurological Surgeons (SBNS) and Royal College of Nursing (RCN) working party to establish a network of children's brain tumour treatment centres across the UK reporting in 1997. He helped to develop the Children's Brain Tumour Research Centre at the University of Nottingham.

Since retiring from clinical practice, Prof. Walker continues to work in research at the University of Nottingham and at the Harley Street Children's Hospital and medico-legal practice. Currently, he is an Emeritus Professor of Paediatric Oncology, Children's Brain Tumour Research Centre, at the University of Nottingham. His current research program seeks to develop methods for minimizing risk of cerebellar mutism syndrome, saving sight due to visual pathway glioma and chairing the recently launched Children's Brain Tumour Drug Delivery Research Consortium to enhance awareness of CNS Pharmaceuticals directed drug delivery as a priority for drug development.

Prof. Walker will be advising WPD with strategic decisions related to the development of WPD101 in glioblastoma. He will provide expertise and advise on preclinical studies necessary to move product to the clinical stage and to develop First in Human (FIM) protocols in adults and in children.

WPD also announces that it has engaged Arrowhead Business and Investment Decisions, LLC., ("Arrowhead") to provide investor relations support and brand awareness within the investment community. The Company has agreed to pay Arrowhead US$20,000 for a three month term, with the option to extend for another three month term at the same fixed cost. Arrowhead will not receive any securities of the Company as compensation for their services.

On March 22, 2021, WPD entered into an amended and restated sublicense agreement with Moleculin. The amendment of its February 2019 sublicense from Moleculin of certain intellectual property rights, including the rights to Moleculin's Annamycin, WP1066 and WP1122 portfolios to research, develop, manufacture, use, import, offer and sell products derived from these portfolios in the field of human therapeutics ("Products") in 29 countries, including some countries in Europe (the "Territories").

In consideration of the sublicense, WPD agreed that it must use commercially reasonable efforts to develop and commercialize Products in the Territories. The term "commercially reasonable efforts" has been amended to mean expenditure by WPD of at least USD$2,500,000 during the first 4 years of the agreement on the research, development and commercialization of Products and at least USD$1,000,000 in each of the 4 years thereafter. WPD also will pay to Moleculin a royalty on Products sold.

The amendment extends the period of time which WPD has to expend the research, development and commercialization costs to 8 years from February, 2019 and increases the amounts required to be spent over that longer period. It also provides a process to extend the period time further, if necessary.

On April 6, 2021, the Company announced that it has received prepayment of approximately C$954,248 (3,000,000 PLN) from the Polish National Center for Research and Development ("NCRD") for the further development of Berubicin, the Company's drug candidate targeting glioblastoma multiforme ("GBM").

The funds received are from a total C$7.4 million grant awarded to WPD, and will be used for two clinical studies, planned to be implemented under the project: "New approach to glioblastoma treatment addressing the critical unmet medical need". The grant was made by the European Union, under the Smart Growth Operational Program 2014-2020. The approved prepayment for WPD's continued advancements of the Berubicin drug candidate further validates WPD's scientific development strategy and government support in doing so and helps WPD fulfill requirements under its sublicense agreement with CNS Pharmaceuticals, Inc.

As a part of the Berubicin development strategy, WPD has requested scientific advice on pre-clinical and clinical development from the European Medicines Agency ("EMA"). On March 24, 2021, WPD attended a Pre-Submission Meeting with EMA experts during which useful information was provided on the preparation of documentation for the upcoming meeting with the Scientific Advice Working Party ("SAWP") of EMA.

EMA allows medicinal drug developers to request scientific advice during initial drug development, before submission of a marketing authorization application. EMA established SWAP for the purpose of providing scientific advice to applicants by providing advice on quality aspects, methodology and pre-clinical and clinical development of drugs being developed, based on documentation provided by the developer.

On April 13, 2021, the Company announced that it will be participating in an upcoming webinar "*The Potential of Advanced Imaging to Show the Early Treatment Effects of Berubicin in Brain Cancer"* with Image Analysis Group ("IAG"), a leading medical imaging company providing important critical imaging services during the Berubicin phase 2 clinical trial.

Mariusz Olejniczak, CEO of WPD and Diana Dupont-Roettger, Chief Scientific Alliance Officer of IAG will be discussing how the use of modern trial infrastructure, advanced imaging and selected imaging biomarkers can increase the chances of success in brain cancer drug development and how advanced imaging strategies in global multi-center clinical trials can accelerate drug development through efficient central imaging data management and centralized review. They will also be discussing how IAG and WPD will be collaborating together during upcoming Berubicin trials.

On April 27, 2021, the Company announced that it will attend the 10th Annual Congress of the Polish Society of Pediatric Oncology and Hematology to be held on May 6-8, 2021.
During the Congress, WPD will present the key assumptions of the WPD-201P Clinical Trial Protocol, which is planned to start in Q2 2021, as a part of the research project: "New approach to glioblastoma treatment addressing the critical unmet medical need", granted by National Research and Development Center ("NRDC") and co-financed by the European Union, under the Smart Growth Operational Program 2014-2020.

WPD also announces it has engaged Strikepoint Media LLC. ("Strikepoint"), to provide digital marketing and brand awareness support. The Company has agreed to pay Strikepoint US$50,000 for a 3-month digital media term commencing on April 26, 2021. Strikepoint will not receive any securities of the Company as compensation for their services.

On May 11, 2021, WPD announced that it has been conditionally awarded a grant of $6,730,036 (20,394,049.68 PLN) from the Polish National Center for Research and Development ("NCRD"), for the development of Annamycin, the Company's drug candidate used in the treatment of Acute Myeloid Leukemia ("AML").

Summary of Quarterly Information

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

Quarter ended	Comprehensive Loss $	Loss per share $
March 31, 2021	1,150,404	0.01
December 31, 2020	1,759,849	0.02
September 30, 2020	1,265,407	0.01
June 30, 2020	2,256,844	0.02
March 31, 2020	2,235,671	0.02
December 31, 2019	10,436,882	3.40
September 30, 2019	792,547	8,067
June 30, 2019	216,496	2,165

Results of Operations

Three months ended March 31, 2021 and 2020

During the three months ended March 31, 2021, the Company reported a comprehensive loss of $1,150,404 compared to a comprehensive loss of $2,235,671 for the same period in 2020, a decrease in loss $1,085,267 which was primarily attributable to professional fees, research and development expense, salaries and share-based payments expense.

For the three months ended March 31, 2021, the Company incurred professional fees of $83,170 compared to $147,464 for the same period in 2020. The increased expenses in 2020 were mainly due to one-time legal fees and corporate services associated with the Company's go-public transaction which did not occur in 2021.

For the three months ended March 31, 2021, the Company incurred clinical development expense of $1,007,826 compared to $nil for the same period in 2020. The cost in 2021 was mainly due to engaging the company Worldwide Clinical Trials France SARL to assist in the Company's research and development activities related to clinical trials.

For the three months ended March 31, 2021, the Company incurred salaries expense of $283,874 compared to $141,800 for the same period in 2020. The increase in 2021 was mainly due to an increase in staff as a result of increased research and development activities.

For the three months ended March 31, 2021, the Company incurred share-based payments expense of $95,929 compared to $1,513,088 for the same period in 2020. The cost in 2020 relate to the vesting of options granted in 2020. There were no options granted during the three months ended March 31, 2021.

Liquidity and Capital Resources

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

As at March 31, 2021, the Company had a working capital deficit of $636,302 (December 31, 2019 – working capital of $358,765) inclusive of cash and restricted cash of $1,678,279 (December 31, 2020 – cash and restricted cash of $1,868,786).

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

Summary of Outstanding Share Data

As at March 31, 2021 and the date of this report, the Company had 113,438,244 common shares issued and outstanding as well as 6,675,000 stock options outstanding with an exercise price ranging from $0.86 to $1.23 and 2,357,142 warrants outstanding.

Related Party Transactions

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

Key management compensation for the years ended December 31, 2020 and 2019 was as follows:

	For the three months ended	
	March 31, 2021	March 31, 2020
Management fees (CEO – Mariusz Olejniczak)	$ 18,900	$ 18,600
Management fees (Director and former CEO – Liam Corcoran)	12,000	15,000
Management fees (former CFO – Christopher Cherry; paid to Cherry Consulting Ltd.)	-	10,500
Management fees (CFO – Michael Malana)	22,500	-
Director fees (Teresa Rzepczyk)	4,500	4,500
	$ 57,900	$ 48,600

During the three months ended March 31, 2021, $50,131 (2020 – $2,406,400) was included in share-based payments for stock options granted to key management personnel.

As at March 31, 2021, accounts payable and accrued liabilities include $nil (December 31, 2020 – $28,110) payable to key management personnel.

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

During the three months ended March 31, 2021 and the year ended December 31, 2020, the Company also had the following transactions with related parties:

a) CNS Agreements

On August 30, 2018, WPD entered into a sublicense agreement (the "CNS Sublicense Agreement") with CNS Pharmaceuticals, Inc. ("CNS Pharma"). In connection, the Company is committed to spend at least US $2 million on the development, testing, regulatory approval, or commercialization of the products governed under the CNS License Agreement by August 30, 2021.

On March 23, 2020, the Company announced that it signed a Development Agreement with CNS ("CNS Development Agreement"). Under the CNS Development Agreement, the Company will receive a portion of the development costs from CNS for certain products in development in exchange for certain economic rights. In connection, the Company received an upfront cash payment of $USD 225,000 all of which was recorded in other income as the Company incurred corresponding development costs. As well, CNS committed to a milestone payment of $USD 775,000 upon completion of certain milestones. In return for the funding, CNS is entitled to receive 50% of net sales of resulting commercial products in certain of the Company's licensed territories.

Although to date the Company has not yet submitted any expenditures for formal approval under its commitments, the agreement remains in good standing.

CNS Pharma is a related party due to its founder and significant shareholder, Dr. Waldemar Priebe, being a significant shareholder of the Company.

b) Moleculin Sublicense Agreement

On February 19, 2019, the Company entered into a sublicense agreement (the "Moleculin Sublicense Agreement") with Moleculin Biotech, Inc. ("Moleculin"), under which Moleculin sublicensed certain intellectual property rights to WPD, including rights to certain products. In consideration for sublicensing rights provided, the Company agreed to make expenditure of at least: (i) USD $2,500,000 during the first two years of the agreement on the research, development and commercialization of products in the licensed territories, and (ii) USD $1,000,000 annually for the two years thereafter on the research and development of products in the licensed territories.

On March 22, 2021, WPD entered into an amendment of the Moleculin Sublicense Agreement (the "Amended Moleculin Sublicense Agreement") in which WPD agreed that it must use commercially reasonable efforts to develop and commercialize products in the licensed territories. The term "commercially reasonable efforts" has been amended to mean expenditure by WPD of at least USD$2,500,000 during the first 4 years of the agreement on the research, development and commercialization of products and at least USD$1,000,000 in each of the 4 years thereafter. WPD also will pay to Moleculin a royalty on products sold.

The Amended Moleculin Sublicense Agreement also extends the period of time in which WPD has to expend the research, development and commercialization costs to 8 years from February, 2019, increases the amounts required to be spent over that longer period and provides a process to extend the period of time further, if necessary.

Although to date the Company has not yet submitted any expenditures for formal approval under its commitments, the agreement remains in good standing.

Moleculin is a related party due to its founder, Dr. Waldemar Priebe being a significant shareholder of the Company and Moleculin's CEO, Walter Klemp, being a director of the Company.

Accounting Policies

The preparation of this MD&A is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2020. For further

information, see Note 3 of the Company's audited annual consolidated financial statements for the year ended December 31, 2020.

Financial Instruments and Other Instruments

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, receivables and accounts payables. The carrying values of cash, receivables and accounts payable approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial Instruments Risk

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

(i) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institutions. The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(ii) Liquidity Risk

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

(iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Company's loans payable and debentures is based on a fixed rate, and as such, the Company is not exposed to significant interest rate risk.

(iv) Tax Risk

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

(v) Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk.

Capital Management

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

Additional Information

Additional information relating to WPD Pharmaceuticals Inc. can be accessed under the Company's public filings found at www.sedar.com.

Risk Factors - General

COVID-19 Risk

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID- 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. The Company believes that the pandemic has slowed the pace of its research, but has not stopped it. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Limited Operating History

WPD was incorporated in August of 2017 and has yet to generate any material amount of revenue. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Liquidity and Future Financing Risk

The Company will likely operate at a loss until its business becomes established and it will require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing. Moreover, future activities may require the Company to alter its capitalization significantly and, if additional financing is raised by issuance of additional shares of the Company from treasury, control may change and shareholders will suffer dilution. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition and results of operations.

Risk Factors - Related to the Company's Business and Operations

We are developing our drugs to treat patients who are extremely or terminally ill, and patient deaths that occur in our clinical trials could negatively impact our business even if such deaths are not shown to be related to our drugs.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not so available, may require us to delay, limit, reduce or cease our operations.

We have recently commenced drug development, have a limited operating history and we expect a number of factors to cause our operating results to fluctuate on an annual basis, which may make it difficult to predict our future performance.

We have never been profitable, we have no products approved for commercial sale, and to date we have not generated any revenue from product sales. As a result, our ability to reduce our losses and reach profitability is unproven, and we may never achieve or sustain profitability.

There are limited suppliers for active pharmaceutical ingredients ("API") used in in our drug candidates. Problems with the third parties that manufacture the API used in our drug candidates may delay our clinical trials or subject us to liability.

We cannot be certain that any of our drug candidates will receive regulatory approval, and without regulatory approval we will not be able to market our drugs.

Delays in the commencement, enrolment and completion of clinical trials could result in increased costs to us and delay or limit our ability to obtain regulatory approval for any of our product candidates.

Any product candidate we advance through clinical trials may not have favourable results in later clinical trials or receive regulatory approval.

Our product candidates may have undesirable side effects that may delay or prevent marketing approval, or, if approval is received, require them to be taken off the market, require them to include safety warnings or otherwise limit their sales.

If regulatory authorities do not find the manufacturing facilities of our future contract manufacturers acceptable for commercial production, we may not be able to commercialize any of our product candidates.

We have no sales, marketing or distribution experience and we will have to invest significant resources to develop those capabilities or enter into acceptable third-party sales and marketing arrangements.

We may not be successful in establishing and maintaining development and commercialization collaborations, which could adversely affect our ability to develop certain of our product candidates and our financial condition and operating results.

We face competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.

The intellectual property rights we have licensed from other organizations are subject to the rights of others.

We have research expenditure and other obligations under the license agreements which provide us with the rights to develop and market certain compounds in certain countries, and we may not be able to meet our obligations and therefore may lose our licensed rights.
We may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights.

If we are not able to adequately prevent disclosure of trade secrets and other proprietary information, the value of our technology and products could be significantly diminished.

We will need to expand our operations and increase the size of our company, and we may experience difficulties in managing growth.

We may not be able to manage our business effectively if we are unable to attract and retain key personnel and consultants.

We do not expect that our insurance policies will cover all of our business exposures thus leaving us exposed to significant uninsured liabilities.

We may incur penalties if we fail to comply with healthcare regulations.

We may not be able to recover from any catastrophic event affecting our suppliers.

We may be materially adversely affected in the event of cyber-based attacks, network security breaches, service interruptions, or data corruption.

Our Quality Control Systems may not prevent products of poor quality from being sold by us, exposing us to liability for harm or damages caused.

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

The Company is subject to various taxes including, but not limited to the following: income tax; goods and services tax; sales tax; land transfer tax; and payroll tax. The Company's tax filings will be subject to audit by various taxation authorities. While the Company intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company Shares. Management of the Company will ensure the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal control is in place. One of the deficiencies in internal control is the lack of segregation of accounting duties due to the limited size of WPD. However, the threat of this deficiency is considered immaterial as management has taken effective measures to mitigate this weakness. The CEO will continue to reside in Poland and the CFO will reside in Canada, helping to ensure no collusion and making the CFO personally subject to Canadian regulation.

The potential risk that flows from the identified deficiencies and weaknesses is the risk of potential fraud. However, the risk of fraud is considered low as management has taken measures as stated above to mitigate the potential risk of fraud. Management anticipates taking the following measures to mitigate this weakness: (i) all purchase and payment, including payroll, must be authorized by management; (ii) all capital expenditures must be preapproved by the Board; (iii) all source documents in Polish or any other language other than English must be translated and scanned for accounting entries and recordkeeping purposes; (iv) and almost all of the Company's cash outside of grants received from the Polish government will be deposited with a Canadian bank in Vancouver, Canada. Bank statements of WPD will be reviewed by the CFO of the Company regularly.

Management will continue to monitor the operations of WPD, evaluate the internal controls, and develop measures in the future to mitigate any potential risks and weaknesses.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including other pharmaceutical or biotechnological companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director or senior officer must disclose his interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Forward Looking Statements

The information provided in this MD&A, including information incorporated by reference, may contain "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "**forward looking statements**") about the Company.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, the Company's proposed business objectives and plans relating to biotechnology research and development of medicinal products involving biological compounds and small molecules. These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Company and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. See "*Risk Factors*".