
Medexus Pharmaceuticals Inc.
Supply Chains Act Report
Financial Year Ended March 31, 2025

Introduction

This mandatory report details the steps taken by Medexus Pharmaceuticals Inc. (**Medexus**) during the 12-month period ended March 31, 2025, being Medexus's previous financial year, to prevent and reduce the risk of the use of forced labor or child labor at any step of the production of goods in Canada or elsewhere or of goods imported into Canada by Medexus, as required by Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act, which may also be known or referred to as the Supply Chains Act (**SCA** or **Act**), and which came into force on January 1, 2024.

This report includes, for Medexus Pharmaceuticals Inc., being the entity subject to this report, details regarding –

- its structure, activities, and supply chains;
- its policies and due diligence processes in relation to forced labor and child labor;
- any parts of its activities or business and supply chains that carry a risk of forced labor or child labor being used and the steps it has taken to assess and manage that risk;
- any measures taken to remediate any forced labor or child labor;
- any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labor or child labor in its activities and supply chains;
- any training provided to employees on forced labor and child labor; and
- how it assesses its effectiveness in ensuring that forced labor and child labor are not being used in its business and supply chains.

Medexus Pharmaceuticals Inc. is a federal corporation incorporated under the Canada Business Corporation Act, and so a copy of this report will be provided to the shareholders of Medexus, along with its annual financial statements, as required by the SCA. Medexus intends to comply with this requirement by including a copy of this report in the materials distributed in connection with the annual meeting of shareholders for the fiscal year ended March 31, 2025, currently expected to be held in September 2025.

Although this report includes references to information relating to Medexus's overall or consolidated business operations, which include Medexus's business operations in the United States (conducted through its US subsidiaries), this report has been prepared solely in respect of Medexus's business operations in Canada, which are referred to in this report as **Medexus Canada**, being the single entity covered by this report.

This report has been approved by Medexus's board of directors and will be made available to the public, including by publishing it in a prominent place on Medexus's website, in each case as required by the SCA.

Structure, activities, and supply chains

Overview

Medexus is a specialty pharmaceutical company with operations in Canada. Additional information about Medexus and its business and operations can be found on the company's corporate website at www.medexus.com and in its filings on SEDAR+ at www.sedarplus.ca.

Corporate organizational structure

Medexus conducts its business in Canada directly through Medexus Canada. It also owns 100% of the issued and outstanding shares of the intermediate holding company through which Medexus conducts its business in the United States.

Business strategy

Medexus Canada focuses on commercialization of a portfolio of pharmaceutical products licensed or acquired from third parties. For a full list of the products that Medexus Canada commercializes in Canada, see the "Our Portfolio—Canadian Product Portfolio" section of the company's corporate website at www.medexus.com.

Manufacturing, supply, and distribution

Medexus Canada focuses on managing the production and distribution of pharmaceutical products that the company commercializes. Medexus Canada generally purchases finished products manufactured by third-party licensors and suppliers and distributes them in Canada. A significant majority of Medexus Canada's third-party licensors and suppliers are located in Western Europe. For example, with respect to Medexus Canada's current leading and other key products in Canada, the licensors and suppliers of Metoject®, Trecondyv®, and Gleolan® are located in Germany and the licensor and supplier of Rupall® is located in Spain. Medexus Canada also relies on licensed customs brokers and institutional third-party logistics providers to administer importation and distribution logistics processes in Canada.

For the year ended March 31, 2024, being the most recent financial year for which audited financial statements have been filed on SEDAR+ as of the date of this report, the geographic segmentation of Medexus's sales based on customer location was US\$35.9 million (approximately 32%) in Canada and US\$77.2 million (approximately 68%) in the United States.

Medexus Canada and its Commercial Partners (defined below) are, and will continue to be, subject to extensive government regulation in connection with the manufacture, supply, and distribution of pharmaceutical products. Products that Medexus Canada commercializes must be manufactured in facilities and using processes, methods, and equipment that comply with the requirements of Health Canada and other relevant authorities. See "Reliance on third parties" below.

Risk assessment

In order to identify and report on the areas of Medexus Canada's supply chain that present a risk of forced or child labor for purposes of the SCA, Medexus Canada conducted a preliminary

risk assessment of Medexus Canada and its supply chain and select third-party suppliers and intermediaries. This preliminary risk assessment included a review of publicly available reports relating to forced labor and child labor globally and a review of materials published by certain of Medexus Canada's key licensors and suppliers relating to manufacturing and supply chain management, including commitments to human rights and legal compliance.

Based on the circumstances set out under "Manufacturing, supply, and distribution" above and "Reliance on third parties" below, Medexus Canada has determined, on a preliminary basis, that the parts of its activities or business and supply chains that carry a risk of forced labor or child labor being used are likely to be limited, and believes that the risk of forced labor or child labor being used in connection with its activities or business and supply chains is correspondingly limited.

Consistent with the foregoing, Medexus Canada has identified no instances of forced labor or child labor in its activities and supply chains. Accordingly, Medexus Canada has taken no measures to remediate any forced labor or child labor nor to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labor or child labor in its activities and supply chains.

The steps Medexus Canada has taken to assess and manage that risk are set out under "Policies and due diligence processes" below. Since the SCA is new legislation and there are limited implementing regulations and guidance statements to date, Medexus Canada's preliminary risk assessment remains subject to amendment, modification, revision, and supplement. See "Effectiveness" below.

Reliance on third parties

Medexus Canada depends on third-party licensors or manufacturers or other collaborators, suppliers, service providers, or vendors, and others (collectively **Commercial Partners**) in the research, development, manufacturing, and commercialization of Medexus Canada's products and product candidates and also enters into licensing arrangements and other business development transactions with third party Commercial Partners. Medexus Canada relies heavily on these Commercial Partners for multiple aspects of drug development, manufacturing, and commercialization activities, but Medexus Canada does not directly control many aspects of those activities. Medexus Canada also outsources a number of ancillary services relating to its ordinary-course business operations.

Considering the subject matter of the SCA, Medexus Canada views the legal and regulatory environment and the general terms and conditions of its contractual arrangements with Commercial Partners, each as described in this section below, as an effective supplement to Medexus Canada's direct assessment and due diligence processes.

Legal and regulatory environment. In both domestic and foreign markets, Commercial Partners' formulation, manufacturing, packaging, labelling, testing, handling, distribution, importation, exportation, licensing, sale, and storage of Medexus Canada's products are affected by extensive laws, rules, regulations, and other legal and regulatory constraints. These laws, rules, regulations, and other constraints exist at all levels of government. Enforcement of these laws, rules, regulations, and other constraints can result in the imposition of civil, administrative, and/or criminal penalties, injunctions, and/or other remedies in respect of relevant Commercial

Partners. There can be no assurance that all Commercial Partners will be able to comply with all of these laws, rules, regulations, and other constraints at all times, or that their requirements are identical to the requirements of the SCA. However, to the extent the substance of the noncompliance is relevant to the subject matter of the SCA or otherwise, failure to comply with any of these laws, rules, regulations, or other constraints, or new laws, rules, regulations, or constraints, could lead to the imposition of significant penalties or claims and could negatively impact the relevant Commercial Partner's business, which Medexus Canada believes its Commercial Partners seek to avoid or minimize.

Contractual arrangements. Medexus Canada seeks to implement appropriate contractual protections as part of the company's overall management of its business relationships with Commercial Partners to ensure that Medexus Canada's interests are protected appropriately as determined by management in light of the overall value of the transaction, relevant market dynamics, regulatory considerations, and other relevant factors. Medexus Canada's ability to enforce and defend its contractual interests depends on the terms of the relevant agreement, the laws that govern those agreement terms, the identity, characteristics, and resources of the relevant Commercial Partner, and the nature and extent of Medexus Canada's commercial relationship with that Commercial Partner. There can be no assurance that Medexus Canada will be successful in enforcing its contractual remedies in any instance, or that Medexus Canada's contractual arrangements with any one or more of these Commercial Partners will provide Medexus Canada with adequate remedies in the case of claims against the relevant Commercial Partner relating to the subject matter of the SCA or otherwise. However, to the extent the substance of the claim is relevant to the subject matter of the SCA or otherwise, any such matter could lead to the imposition of significant damages on the relevant Commercial Partner and, in any such event, would cause the relevant Commercial Partner to incur significant direct and indirect expenses, which Medexus Canada believes its Commercial Partners seek to avoid or minimize.

Policies and due diligence processes

Compliance team. Medexus Canada designated a compliance team responsible for managing Medexus Canada's compliance initiatives in respect of the SCA. The compliance team consists of representatives from Medexus Canada's management team who have authority to seek information and advice from Medexus Canada's procurement, legal, and finance functions.

Policies and procedures. Medexus currently has in place a Code of Business Conduct and Ethics and an Environmental Social Governance Policy. While these policies and procedures currently do not specifically address forced labor and child labor, they do address Medexus Canada's objectives of seeking to outperform Medexus Canada's competition fairly and honestly (endeavoring to respect the rights of, and deal fairly with, Medexus Canada's customers, suppliers, competitors, and employees, and instructing Medexus Canada personnel not to take unfair advantage of anyone through any unfair business practice) and seeking to comply with all relevant laws, rules, regulations, and other constraints that apply to Medexus Canada and its business and operations, and the Code of Business Conduct and Ethics provides details for reporting and investigating any concerns. Medexus Canada conducted a preliminary review of these policies and procedures to assess potential future improvements to be considered and, if advisable, adopted and implemented.

Supply chain contracts. Medexus Canada has established contract review and approval processes that seek to mitigate material risks affecting Medexus Canada and its business and operations. While these processes currently do not specifically address forced labor and child labor, they do constitute part of Medexus Canada's overall risk management program. Medexus Canada conducted a preliminary review of Medexus Canada's supply chain arrangements to assess any prohibitions on the use of forced labor and child labor and requirements that counterparties comply with Medexus Canada's policies and procedures, and determined, on a preliminary basis, that, while Medexus Canada's supply chain contracts do not specifically address forced labor and child labor and do not typically expressly require compliance with Medexus Canada's policies and procedures described in "Policies and procedures" above, Medexus Canada believes the terms and conditions of its contracts are commercially reasonable and generally appropriate to Medexus Canada and its business and operations. See "Reliance on third parties" above.

Training provided to employees

Medexus Canada currently trains all employees on its Code of Business Conduct and Ethics. While this training program currently does not specifically address forced labor and child labor, see "Policies and procedures" above for information regarding relevant content. Medexus Canada conducted a preliminary review of this training program to assess potential future improvements to be considered and, if advisable, adopted and implemented.

Effectiveness

Assessments. Medexus Canada currently conducts periodic legal and regulatory compliance reviews as part of Medexus Canada's overall risk management program. While this review process does not specifically address forced labor and child labor, it is intended to address Medexus Canada's objectives described under "Policies and procedures" above. Medexus Canada conducted a preliminary review of the effectiveness of its review process for purposes of the SCA to assess potential future improvements to be considered and, if advisable, adopted and implemented. Medexus Canada also determined, on a preliminary basis, that it is likely to be difficult for Medexus Canada to develop and implement specific key performance indicators that meaningfully measure and assess year-over-year effectiveness in ensuring absence of forced labor and child labor from Medexus Canada's business and supply chains.

Continuous improvement. Since the SCA is new legislation and there are limited implementing regulations and guidance statements to date, Medexus Canada's preliminary risk assessment remains subject to amendment, modification, revision, and supplement, and Medexus Canada intends to continue to monitor for any updates to the SCA and developments in its implementation.

Uniform resource locators, or website addresses, that may appear in this report are intended to be provided as inactive textual references only. Information contained on or accessible through these website addresses is not a part of this report and is not incorporated by reference into this report or any of Medexus Pharmaceuticals Inc.'s public filings under applicable securities laws.

This mandatory report (which, for purposes of this paragraph, includes all responses to the mandatory questionnaire that this report accompanies) is furnished for information purposes with the sole good faith intent of complying with the requirements of the SCA only. While it should be interpreted in the context of all relevant laws, rules, and regulations, and is based on good faith views of relevant facts as of the date of this report, it is not itself intended to establish any legally binding rights or obligations. While this report may be furnished together or in connection with Medexus Pharmaceuticals Inc.'s public filings under applicable securities laws, including documents or materials required by relevant securities laws to be filed on SEDAR+, it is not incorporated by reference into any such document or filing nor itself to constitute such a document or filing, and is not intended to constitute part of Medexus Pharmaceuticals Inc.'s public disclosure to investors or other stakeholders. In addition, certain statements in this report may contain forward-looking information. For more information about any such forward-looking information, see Medexus Pharmaceuticals Inc.'s filings on SEDAR+ at www.sedarplus.ca.

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In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Medexus Pharmaceuticals Inc.

By: 

Name: Ken d'Entremont

Title: Director and Chief Executive Officer

I have the authority to bind
Medexus Pharmaceuticals Inc.

Date: May 30, 2025