Management Discussion and Analysis

For the three- and nine-month periods ended December 31, 2020

INTERPRETATION

This management discussion and analysis of financial position and results of operations ("**MD&A**"), as approved by the board of directors (the "**Board**") of Medexus Pharmaceuticals Inc. (the "**Company**") on March 1, 2021, is prepared for the three- and nine-month periods ended December 31, 2020. The unaudited condensed interim consolidated financial statements of the Company for the three- and nine-month periods ended December 31, 2020, were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). This MD&A should be read in conjunction with the Company's financial statements.

Unless the context otherwise requires, all financial information is presented on an IFRS basis and all amounts are presented in Canadian dollars.

CAUTIONARY NOTE REGARDING COMPARATIVE FINANCIAL INFORMATION

On February 28, 2020, the Company announced that it had, indirectly through its wholly-owned subsidiary, Medexus Pharma Inc. ("**Medexus US**") completed a major acquisition (the "**2020 Acquisition**") in acquiring all of the outstanding limited liability company interests of Aptevo BioTherapeutics LLC ("**Aptevo**"), a Delaware limited liability company, from Aptevo Therapeutics, Inc. (NASDAQ: APVO) pursuant to a purchase agreement dated February 28, 2020 (the "**Aptevo Purchase Agreement**").

Accordingly, readers are cautioned that while certain financial information included herein for, and comparisons to, prior periods have been presented in this MD&A, changes from a pre- 2020 Acquisition period to a post- 2020 Acquisition period may, in the opinion of management, be of limited value in understanding changes to the financial condition, financial performance, or business of the Company from period to period given the transformative nature of the 2020 Acquisition. **Readers are advised that the comparative information included in this MD&A for the three- and nine-month periods ended December 31, 2019, includes only pre-2020 Acquisition results for the Company (i.e., the comparative information for such periods consists of (i) results prior to February 28, 2020, which reflect only the pre-2020 Acquisition results for the Company, and (ii) results subsequent to February 28, 2020, which reflect the consolidated results of the Company post-2020 Acquisition).**

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A contain forward-looking information within the meaning of applicable securities laws ("**forward-looking statements**"). Such forward-looking information includes statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "anticipates", "believes", "budget", "could", "estimates", "expects", "forecasts", "goals", "intends", "may", "might", "objective", "outlook", "plans", "projects", "schedule", "should", "will", "would" and "vision") which are not historical facts. More specifically, forward-looking information in this MD&A includes, but is not limited to, information contained in statements with respect to: the Company's future expectations regarding growth and revenues, including as set out in the "*Company Overview, Strategy & Outlook*" section of this MD&A; expected benefits from the 2020 Acquisition; expected benefits from expansion of IXINITY®; the Company's targeted launch for Gleolan; the Company's anticipated cash needs, capital requirements and its needs for additional financing; the Company's future growth plans; anticipated trends and challenges in the Company's business and the markets in which it operates; the Company's ability to obtain regulatory approvals when required; the Company's business strategy; the Company's business outlook and other expectations regarding financing or operating performance; the Company's expectation regarding the availability of funds from operations, cash flow generation and capital allocation; the potential impact of the COVID-19 pandemic and the Company's response thereto, including the Company's balance sheet and cost management strategies and any benefits thereof; and the Company's competitive position and the anticipated trends and challenges in the Company's business and the markets in which it operates.

The forward-looking statements and information included in this MD&A are based on certain key expectations and assumptions made by the Company, and although the Company believes that such expectations and assumptions are reasonable, undue reliance should not be placed on the forward-looking statements and information because the

Company can give no assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Factors and risks which could cause actual results or events to differ materially from those expressed in its forward-looking statements are referred to under the heading *"Risk Factors"* in the Company's most recent annual information form ("**AIF**") and under the heading *"Risk Factors and Risk Management"* in the Company's most recent annual MD&A.

Unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES

This MD&A refers to certain financial measures which are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. These measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

In particular, management uses Adjusted Net Income (Loss) and Adjusted EBITDA as measures of the Company's performance. Adjusted Net Income (Loss), EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA are non-IFRS financial measures. The Company defines Adjusted Net Income (Loss) as net income (loss) before unrealized loss (gain) on fair value of derivatives. The Company defines Adjusted EBITDA as earnings before financing and special transaction costs (including, for greater certainty, fees related to the 2020 Acquisition and related financing), interest expenses, income taxes, interest income, depreciation of property and equipment, amortization of intangible assets, non-cash share-based compensation, income from sale of assets, gain or loss on the convertible debenture embedded derivative, foreign exchange gains or losses, termination benefits, and impairment of intangible assets. The Company considers Adjusted Net Income (Loss) and Adjusted EBITDA as key metrics in assessing business performance and an important measure of operating performance and cash flow, providing useful information to investors and analysts. See "*Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)*" in this MD&A for a reconciliation of each of Adjusted Net Income (Loss) and Adjusted EBITDA to net income (loss).

COVID-19

In early 2020, the coronavirus ("COVID-19") was confirmed in multiple countries throughout the world and on March 11, 2020, the World Health Organization declared a global pandemic. In response to the COVID-19 pandemic, governments enacted emergency measures to combat the spread of COVID-19, including the implementation of travel bans, quarantine periods and social distancing. In response to the outbreak, the Company has prioritized (i) the health and safety of its employees; (ii) ensuring the continuity of access to the Company's products for its patients who rely on them for their day to day health and well-being; (iii) monitoring the status of the Company's partners in its supply and distribution process, such as the manufacturers of the Company's products and the operators of the Company's warehouses and distribution sites; and (iv) open and frequent communication with all of the Company's key business partners, including lenders and shareholders. The welfare and safety of the Company's personnel and the individuals with which the business interacts has remained critically important during this time. The Company quickly enforced a work from home policy for its employees; something the Company was well-suited to do, given the modern tools it uses to run its business. The Company has maintained, and is committed to maintaining continuity of patient care, has

implemented several preventative measures to protect the health and safety of its employees, and continues to refine its work processes to adapt to these unprecedented circumstances.

The COVID-19 pandemic had limited impact on the supply chain availability, results of operations and the financial condition of the Company during the three- and nine-months ended December 31, 2020. In future periods, the COVID-19 pandemic could, among other things, result in a continued decrease in demand for over-the-counter products, cause operating or supply chain delay disruptions such as meaningful delays for the enrollment of the pediatric trial for IXINITY® as hospitals around the world close their doors to all non-critical patients, labour shortages, expansion project delays, facility shutdowns and other business disruptions, each of which could have a negative impact on its ability to conduct its business and increase its costs. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Specifically, third parties on which the Company relies, including its manufacturers, suppliers, licensors and/or distributors, have operations around the world and are exposed to a number of global and regional risks outside of the Company's control, including but not limited to those related to COVID-19.

While the Company believes that the current conditions related to the COVID-19 pandemic to be temporary based on the information available to the Company as of the date hereof, the situation is dynamic and it is not possible to predict the duration and severity of the economic disruption, government restrictions and stimulus, social distancing and phased re-opening of economies. The broader impact that the COVID-19 outbreak may have on investors, businesses, the economy and the financial markets is currently unknown as it continues to rapidly evolve. As a result, the impact of COVID-19 on its results of operations and financial condition cannot be reasonably estimated at this time. The Company continues to evaluate the situation and monitor any impacts or potential impacts to its business.

HIGHLIGHTS - PERIODS ENDED DECEMBER 31, 2020

Comparative results subsequent to February 28, 2020 reflects the consolidated results of the Company post-2020 Acquisition, including the acquired entity, and comparative results prior to February 28, 2020 reflects only the pre-2020 Acquisition results for the Company.

Financial Highlights

Three-month period ended December 31, 2020

The Company achieved record revenue of $31.5 million for the three-month period ended December 31, 2020, versus $16.2 million for the three-month period ended December 31, 2019. As previously reported, the revenue for the three-month period ended December 31, 2020 includes over $3 million in revenue from IXINITY® sales, which was originally expected to be realized in September 2020, but was instead realized in October 2020 due to a delay in receipt of finished product from the Company's contract manufacturing partner.

Additional financial highlights for the period include:

- Adjusted EBITDA increased to $5.1 million compared to $0.7 million for the same period last year; see *"Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)".*
- Net loss was $17.1 million compared to $2.6 million for the same period last year, due primarily to a non-cash unrealized loss of $16.5 million in the current period on the fair value of the embedded derivatives in the Company's convertible debentures, which was driven by a significant increase in the Company's share price; see "*Operating Results – Year To Date – Net Loss*".
- Adjusted Net Loss (which adjusts for such unrealized losses (or gains) on the fair value of derivatives) was $0.5 million compared to $5.2 million for the same period last year; see "*Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)*".
- Achieved operating income of $2.0 million, compared to an operating loss of $3.3 million for the same period last year.

Nine-month period ended December 31, 2020

The Company achieved revenue of $82.7 million for the nine-month period ended December 31, 2020, versus $48.7 million for the nine-month period ended December 31, 2019. Additional financial highlights for the period include:

- Adjusted EBITDA increased to $13.1 million compared to $1.8 million for the same period last year; see *"Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)"*
- Net loss was $23.9 million compared to $4.1 million for the same period last year, due primarily to a non-cash unrealized loss of $20.5 million in the current period on the fair value of the embedded derivatives in the Company's convertible debentures, which was driven by a significant increase in the Company's share price; see "*Operating Results – Year To Date – Net Loss*".
- Adjusted Net Loss was $3.3 million compared to $11.7 million for the same period last year; see "*Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)*".
- Selling and administrative expenses as a percentage of revenue has decreased to 41.8%, from 62.4% for the same period last year, as the Company continues to leverage its platform and significantly increase its revenue with only modest increases to operating expenses.
- Achieved operating income of $4.2 million, compared to an operating loss of $5.8 million for the same period last year.
- Available liquidity of $15.2 million at December 31, 2020, compared to $7.4 million at March 31, 2020; see *"Liquidity and Capital Resources".*

Operational Highlights

Operational highlights for the three- or nine-month periods ended December 31, 2020, or subsequent to the period end, include:

- **Treosulfan US Licensing Agreement:** On February 2, 2021, the Company entered into an exclusive license to commercialize Treosulfan in the United States; see *"Significant Transactions"*
- **Nasdaq Application:** On January 21, 2021, the Company announced that it had submitted its application to list its common shares on The Nasdaq Capital Market® (the "**Nasdaq**"). The listing of its common shares on the Nasdaq remains subject to the approval of the Nasdaq and the satisfaction of all applicable listing and regulatory requirements.
- **IXINITY® Label Expansion:** In September 2020, the US Food & Drug Administration (FDA) approved the Company's application to supplement the IXINITY® Biologics License Application to add the indication for routine prophylaxis. This label expansion provides additional flexibility in the prescribed dosing regimen for IXINITY®, may appeal to health care professionals who prefer this dosing regimen, and expands the clinical efficacy data set that the Company can proactively discuss. The Company believes this label expansion will benefit its efforts to further penetrate market and will enhance its ability to retain its existing base of business.
- **IXINITY® Pediatric Study:** The Company continues to enroll patients in the ongoing Phase 4 clinical trial to evaluate the safety and efficacy of IXINITY® in previously treated patients under 12 years of age with hemophilia B. IXINITY® is currently indicated for patients 12 years of age or older with hemophilia B, and once completed, this study may support a significant expansion of the indicated patient population for IXINITY®. Approximately 1 in 3 patients treated for hemophilia B in the United States are 12 years of age or younger. To date, the study is over 73% enrolled and the Company is proactively pursuing patients to complete the enrollment.
- **Gleolan Approval:** On September 9, 2020, Gleolan was approved by Health Canada. It is indicated in patients with glioma World Health Organization (WHO) Grades III or IV (suspected on preoperative imaging) as an adjunct for the visualization of malignant tissue during surgery. International studies have shown that use of Gleolan during brain tumour surgery has nearly doubled the rate of achieving a complete resection of the tumour, which in turn has resulted in a doubling of the number of patients without progression of their brain cancer six months after surgery. The Company announced a full commercial launch on February 25, 2021.
- **Treosulfan Canada Priority Review:** On September 10, 2020, Health Canada granted priority review for Treosulfan. The file could be approved as soon as June 2021. The Company is currently negotiating the licence in anticipation of a full commercial launch following Health Canada approval. Until launch, the Company will continue to supply the product to the market through the Special Access Program (SAP) of Health Canada.
- **Triamcinolone Hexacetonide USA:** On December 18, 2020, the Company entered into an exclusive agreement with Ethypharm for the rights to register and commercialize Triamcinolone Hexacetonide Injectable Suspension 20 mg/mL ("TH") in the United States. TH is indicated for intra-articular, intrasynovial, or periarticular use in adults and adolescents for the symptomatic treatment of subacute and chronic inflammatory joint diseases. The Company is in discussions with FDA Drug Shortage and anticipates receipt of a special import authorization for TH prior to seeking approved marketing authorization.
- **NYDA® Renewal:** On January 25, 2021, the Company announced that it renewed and expanded its distribution agreement with G. Pohl-Boskamp GmbH & Co KG for NYDA®, a market leading treatment for head lice, through September 26, 2026. This distribution agreement provides the Company with exclusive Canadian distribution rights for NYDA® and includes a commitment related to bringing new and innovative solutions to the Canadian market. The initial agreement with G. Pohl-Boskamp GmbH & Co KG was signed in 2011 and the first extension was announced in June 2015.

SIGNIFICANT TRANSACTIONS

Treosulfan United States Licencing Agreement

Subsequent to December 31, 2020, on February 2, 2021, the Company entered into an exclusive license to commercialize Treosulfan ("**Treosulfan**"), a bifunctional alkylating agent, in the United States pursuant to the terms of the commercialization and supply agreement (the "**License Agreement**") entered into between the Company. and medac Gesellschaft für klinische Spezialpräparate m.b.H. ("**medac**"). Treosulfan is an innovative, orphan-designated agent developed for use as part of a conditioning treatment for patients undergoing allogeneic hematopoietic stem cell transplantation. If approved by the FDA, the Company expects that a Treosulfan-based regimen will be the first in a new conditioning treatment class, Reduced Toxicity Conditioning, resulting in a unique combination of improved survival outcomes compared to reduced-intensity regimens and decreased toxicity compared to standard myeloablative regimens. A Prescription Drug User Free Act date to review the Initial NDA (as defined herein) in respect of Treosulfan by the FDA has been scheduled for August 2021.

Bought Deal Public Offering of Shares

Subsequent to December 31, 2020, On February 23, 2020, the Company completed a "bought deal" public offering of units of the Company through a syndicate of underwriters, including the full exercise of an over-allotment option by a syndicate of underwriters led by Raymond James Ltd. and Stifel GMP at a price of $7.10 per Unit for aggregate gross proceeds to the Company of approximately $32,529,992 (the "**2021 Offering**").

Each Unit consists of one common share and one-half of one Common Share purchase warrant (each whole warrant, a "**2021 Offering Warrant**"). Each 2021 Offering Warrant entitles the holder thereof to purchase one Common Share at a price equal to $10.00 for a period of 24 months following the closing.

The Company intends to use the net proceeds to fund certain payments owed to medac under the License Agreement with medac as such payments become due, and for working capital and general corporate purposes.

MidCap Financial Trust Revolving Credit Facility

On May 7, 2020, the Company announced that it entered into a definitive credit agreement with a syndicate of lenders agented by MidCap Financial Trust in respect of a US$20 million secured asset-based revolving credit facility having a term of 38 months expiring June 30, 2023 (the "**ABL Facility**"). The ABL Facility is secured by a first-priority security interest in all existing and after-acquired personal property and is subject to an intercreditor agreement with MidCap Financial Trust, in its capacity as administrative agent under the Term Loan. Borrowings under the ABL Facility bear interest at an annual rate of one-month LIBOR plus 3.95%, subject to a LIBOR floor of 1.50%. Interest is payable monthly in arrears on the first business day of each month. The ABL Facility features a US$20 million revolving commitment (subject to the borrowing base) and an uncommitted US$10 million accordion. The initial advance under the ABL Facility was used by the Company to repay US$10 million of the principal amount outstanding under the Term Loan, plus all accrued and unpaid interest thereon and fees payable in connection therewith, and to pay transaction fees and expenses in connection with the ABL Facility. This was treated as a non-cash transaction by the Company. After such repayment, approximately US$10 million principal amount remained outstanding under the Term Loan. As at December 31, 2020, US$11.8 million was available to the Company under the ABL Facility, of which US$10.8 million remained outstanding.

COMPANY OVERVIEW, STRATEGY & OUTLOOK

The Company, both directly and through its two active operating subsidiaries, Medexus US and Medexus Inc., is an innovative, rare disease company with a strong North American commercial platform, and a portfolio of innovative and high value orphan and rare disease products. The Company's vision is to provide the best healthcare products to healthcare professionals and patients, through its core values of Quality, Innovation, Customer Service and Teamwork. The Company is focused on the therapeutic areas of auto-immune disease, hematology, and allergy. The Company's leading products are: Rasuvo™ and Metoject®, unique formulations of methotrexate (auto-pen and pre-filled syringe) designed to treat rheumatoid arthritis and other auto-immune diseases; IXINITY®, an FDA-approved intravenous recombinant factor IX therapeutic for use in patients 12 years of age or older with Hemophilia B – a hereditary bleeding disorder characterized by a deficiency of clotting factor IX in the blood, which is necessary to control bleeding; and Rupall®, a prescription allergy medication with a unique mode of action. The Company has strong growth potential from its existing product portfolio and is aggressively pursuing additional product opportunities through both licensing and M&A activity, with the objective of further leveraging existing infrastructure to deliver strong financial results. The Company is preparing for the launch of Treosulfan, which is expected to be shortly after its Prescription Drug User Fee Act (PDUFA) date in August 2021. The Company expects that Treosulfan will become a leading agent for use in conditioning regimens as part of allogenic hematopoietic stem cell transplantation protocols.

Consistent with the Company's stated goal of further leveraging its existing infrastructure in the US, on February 28, 2020, the Company announced that Medexus US acquired all of the issued and outstanding limited liability company interests of Aptevo, a Delaware limited liability company, from Aptevo Therapeutics, Inc. (NASDAQ: APVO) pursuant to the Aptevo Purchase Agreement for up-front cash consideration of approximately US$30 million. Aptevo owns the worldwide rights to the commercial hematology asset, IXINITY®.

The incorporation of IXINITY® into the Company's existing operations is now complete and progressed in line with expectations for continued growth in product sales. Even with extreme changes to the selling environment brought about by COVID-19, the newly integrated US-based team has experienced success with IXINITY® in the form of continued patient conversions on top of a stable, existing base of patients.

Rasuvo® unit market demand in the United States has remained steady in the trailing twelve-months ended December 31, 2020 (Source: Symphony Sub National 12/31/2020 Data & Chargebacks, PAP) and continues to reflect strong payor, prescriber and patient acceptance and management believes the Company maintains a strong position within the methotrexate autoinjector segment. Rasuvo® is a once-weekly, subcutaneous, single-dose auto-injector of methotrexate indicated for the treatment of rheumatoid arthritis, psoriasis and juvenile idiopathic arthritis ("**JIA**").

Metoject® realized a 26% unit demand growth in Canada in the trailing twelve-months ended December 31, 2020, (Source: IQVIA – TSA National units) due, in part, to public reimbursement through provincial formularies in all provinces except British Columbia and Manitoba. Metoject® is a pre-filled syringe of methotrexate, which is indicated for the treatment of rheumatoid arthritis and psoriasis. Metoject® is a highly effective and cost-efficient treatment for these debilitating diseases. Public reimbursement creates access for a large group of patients who previously could not get the product.

In the most recent quarter, the Company responded to a competitive threat to Metoject® from a generic entry with a commercial response to protect its market share and a legal action to defend the product's IP. The Company and medac GmbH have jointly filed a statement of claim against Accord Healthcare Inc. regarding the launch by Accord Healthcare Inc. of a generic version of Metoject® in the Canadian market. For further information regarding Accord Healthcare litigation, please refer to the Company's most recently filed AIF under the headings "*General Development of the Business – Recent Developments Since March 31, 2020 – Accord Healthcare Inc. Litigation", "Risk Factors – Risks Relating to the Business – Competition from Manufacturers of Generic Products"* and *"Risk Factors – Risks Relating to the Business – Litigation May Negatively Impact Medexus' Business, Financial Condition and/or Results of Operations."*

Rupall™ is also experiencing very strong unit demand growth in its market, with an increase of 43% in the trailing twelve-months ended December 31, 2020, (Source: IQVIA – Drugstores and hospitals purchases) as physicians are

switching patients from either the generic prescription antihistamines or over-the-counter products. The Company expects Rupall™ to be a leading prescription antihistamine in a total market valued at $143.9 million, including $61.7 million from the prescription market, which is growing at an annual rate of 15.4% (Source: IQVIA – Drugstores and hospitals purchases, MAT December 2020). During the twelve-month period ended December 31, 2020, Rupall™ was one of the fastest growing anti-histamines in the Canadian prescription market (Source: IQVIA: CDH units – FQTR December2020).

In Canada, there has been a long-standing drug shortage of TH, the drug of choice for JIA. In October 2018, the Company launched its own TH product, which was previously being made available, by the Company, to children with JIA through the Health Canada Special Access Program. With the commercial launch of TH, children with JIA now have a reliable source for a product which is a key component for the management of their disease. The commercial launch also allows the Company to promote the product for use in adults with other indications such as osteoarthritis, rheumatoid arthritis and other forms of joint disease. TH is the longest acting corticosteroid for intra articular injection, often lasting twice as long as competitive products. The Company has now achieved public reimbursement for TH on all federal, provincial and territorial formularies except British Columbia, and has initiated full commercial launch of the product.

With the acquisition of IXINITY®, the Company is investing in a pediatric study that, if successful, will expand the product label to include the pediatric population. As this is a near term opportunity for revenue growth on an existing product in the US, the Company has prioritized the pediatric study as the top research and development project and will return to the Rheumatology project when the pediatric study nears completion.

In addition to continuing to market and grow its new and existing product lines, the Company also has a first right of refusal on current products from the previous owner of Medexus US with whom the Company has entered into the Medexus US Supply Agreement (as defined in the Company's most recent AIF). The Company believes that several of these products represent a commercial opportunity in North America and is in the process of assessing the licensing of these drugs. The Company is also in discussion with several current and/or potential partners regarding other licensing agreements and believes that those products have the potential to make a material contribution within the next few years.

A key aspect of the Company growth strategy will be to continue to leverage and grow its infrastructure through the acquisition and partnership of new products. To that end, in September 2020 the Company added a new member of its management team in the function of SVP Business Development and Strategy, with a focus on identifying, evaluating, negotiating and acquiring new products to commercialize. The Company is currently exploring a large number of opportunities, including a portion of the deal pipeline in the negotiation phase, in both the US and Canada. The Company will continue to look at optimizing its portfolio and leveraging its resources, with the goal of executing near-term accretive transactions to achieve its sales growth targets over the coming years.

In summary, the Company believes it has built a highly scalable business platform which should provide significant incremental earnings potential. The Company continues to grow revenue, leverage its North American sales force across products, realize synergies of the combined entities, and maintain strict financial discipline. The Company also has solid cash availability from which to execute its business plan, including the launch of several new products. Management expects that the continued revenue growth and stable operational expenses will continue to keep the Company in a positive Adjusted EBITDA situation for the remainder of the current fiscal year and beyond.

SELECTED FINANCIAL INFORMATION

OPERATING RESULTS – THIRD QUARTER

Three-Month Periods Ended December 31	**2020 $'000**	2019 $'000	Variance $'000
Revenue	**31,512**	16,204	15,308
Cost of goods sold	**15,095**	7,234	7,861
Gross Profit	**16,417**	8,970	7,447
Selling and administrative expenses	**12,147**	9,369	2,778
Research and development	**1,506**	442	1,064
Transaction fees	**596**	229	367
Termination benefits	**-**	2,085	(2,085)
Operating income (loss)	**2,000**	(3,316)	5,316
Net loss	**(17,066)**	(2,632)	(14,434)
Adjusted Net Loss[(1)]	**(546)**	(5,212)	4,666
Adjusted EBITDA[(1)]	**5,086**	731	4,355
Cash used by operating activities	**(2,959)**	(1,035)	(1,924)
Cash provided (used) by investing activities	**(998)**	56	(1,054)
Cash provided (used) by financing activities	**7,720**	(1,580)	9,300

(1) See "*Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)*".

OPERATING RESULTS – YEAR TO DATE

Nine-Month Periods Ended December 31	**2020 $'000**	2019 $'000	Variance $'000
Revenue	**82,660**	48,728	33,932
Cost of goods sold	**38,434**	20,251	18,183
Gross Profit	**44,226**	28,477	15,749
Selling and administrative expenses	**34,538**	30,418	4,120
Research and development	**3,433**	1,030	2,403
Transaction fees	**596**	229	367
Termination benefits	**934**	2,085	(1,151)
Operating income (loss)	**4,228**	(5,756)	9,984
Net loss	**(23,851)**	(4,129)	(19,722)
Adjusted Net Loss[(1)]	**(3,336)**	(11,739)	8,403
Adjusted EBITDA[(1)]	**13,062**	1,761	11,301
Cash provided (used) by operating activities	**1,116**	(572)	1,688
Cash used by investing activities	**(1,758)**	(900)	(858)
Cash provided (used) by financing activities	**5,857**	(4,833)	10,690

(1) See "*Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)*".

Revenue

Total revenue reached $31.5 million and $82.7 million for the three- and nine-month periods ended December 31, 2020, respectively, compared to revenue of $16.2 million and $48.7 million for the three- and nine-months period ended December 31, 2019. The increase was mainly due to the acquisition of IXINITY® as well as unit demand growth of the Company's key products in the market over the period. Specifically: i) Metoject® has been experiencing rapid unit demand growth in the Canadian market following the initiation of public reimbursement in March of 2018, including 26% unit demand growth in the trailing twelve-months ended December 31, 2020; ii) Rupall™ has also experienced rapid unit demand growth in the Canadian market as the product is taking market share from generic anti-histamines, including an increase of 43% in the trailing twelve-months ended December 31, 2020; and iii) Rasuvo's® unit demand in the United States has been steady over in the trailing twelve-months ended December 31, 2020.

As previously reported, over $3 million in revenue from IXINITY® sales, which was originally expected to be realized in September 2020, was instead realized in October 2020 due to a delay in receipt of finished product from the Company's contract manufacturing partner. The delay in receipt of finished product was a result of a common regulatory process that did not impact IXINITY®, but temporarily interrupted the Company's partner's ability to release shipments for any of their clients.

Gross Profit and Margin

In addition to actual cost of goods and royalties paid to partners, gross profit and margins are impacted by amortization of product licences, allowances for potential product returns as well as warehouse and logistics expenses.

Gross profit reached $16.4 million and $44.2 million for the three- and nine-month periods ended December 31, 2020, respectively, compared to gross profit of $9.0 million and $28.5 million for the three- and nine-months period ended December 31, 2019, respectively.

The gross margin was 52.1% and 53.5% for the three- and nine-month periods ended December 31, 2020, respectively, compared to 55.4% and 58.4% for the three- and nine-months period ended December 31, 2019, respectively. The lower gross margins for the current periods are primarily a function of the 2020 Acquisition, which has a lower gross margin than the Company's other key products.

Amortization of product licences included in cost of sales was $1.8 million and $5.4 million for the three- and nine-month periods ended December 31, 2020, respectively, compared to $1.2 million and $3.2 million for the three- and nine-month periods ended December 31, 2019, respectively.

Selling and Administrative Expenses

Selling and administrative expenses reached $12.1 million and $34.5 million for the three- and nine-month periods ended December 31, 2020, respectively, compared to $9.4 million and $30.4 million for the three- and nine-month periods ended December 31, 2019, respectively.

The Company's selling and administrative expenses for the three-month period ended December 31, 2020, increased 29.7% versus the comparative period, which is well below its revenue growth of 94.5% over the same period. The Company's selling and administrative expenses for the three-month period ended December 31, 2020 were comprised of:

(a) share-based compensation expense of $0.5 million (2019 - $0.4 million);

(b) sales and marketing expense of $5.5 million (2019 - $5.2 million); the slight increase over the comparative quarter is the result of incremental selling and marketing costs related to IXINITY®, partially offset by significantly reduced travel in the COVID-19 environment;

(c) business development and regulatory affairs expense of $2.0 million (2019 - $1.2 million); the increase over the comparative quarter is mainly due to additional regulatory costs associated with the production and sale of IXINITY®, acquired as part of the 2020 Acquisition; and

(d) general administrative expenses of $4.1 million (2019 - $2.6 million); the increase over the comparative quarter is a direct result of its operational growth in the past year, needed to improve its long-term operational effectiveness and maintain its capacity for future growth;

Transaction Fees

As a key pillar of its growth strategy, the Company regularly engages in business development activity in order to license or acquire new products to fill its product pipeline and optimize its commercial infrastructure. Where negotiations and related activities for a potential transaction progress to a stage which management determines is beyond the normal course of business activity, associated costs are tracked separately, and are excluded from the Company's Adjusted EBITDA (see *"Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)"*), regardless of whether the transaction is ultimately completed or terminated during the reporting period. During the three and nine-month periods ended December 31, 2020, transaction fees totaled $0.6 million, compared to $0.2 million for the three- and nine-months period ended December 31, 2019.

Termination Benefits

On May 22, 2020, the Company announced changes to its senior management team, with a member of its US team being replaced with an executive hired during the 2020 Acquisition. Costs associated with this change, including any termination benefits paid to departing personnel are considered outside of the normal course of business activity and are excluded from the Company's Adjusted EBITDA (see *"Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)"*). During the nine-months ended December 31, 2020, termination benefits totaled $0.9 million (2019 - $2.1 million).

Operating Income or Loss

Operating income for the three- and nine-month periods ended December 31, 2020, was $2.0 million and $4.2 million, respectively, compared to an operating loss of $3.3 million and $5.8 million for the three- and nine-month periods ended December 31, 2019, respectively as the Company continues to leverage its platform and significantly increase its revenue with only modest increases to operating expenses.

Net Loss

Net loss for the three- and nine-month periods ended December 31, 2020, was $17.1 million and $23.9 million, respectively, compared to a net loss of $2.6 million and $4.1 million for the three- and nine-month periods ended December 31, 2019, respectively. The increase in reported net loss relates primarily to a non-cash unrealized loss on fair value of the embedded derivatives in the Company's outstanding convertible debentures, which are sensitive to, among other things, the fluctuations in the Company's share price.

Management believes that Adjusted Net Income (Loss), which excludes the impact of the unrealized gains and losses on the fair value of the derivatives, provides a better representation of performance of the Company's operations because it excludes non-cash fair value adjustments on liabilities which may be settled for shares required by IFRS.

The Company's Adjusted Net Loss for the three- and nine-month periods ended December 31, 2020, was $0.5 million and $3.3 million, respectively, compared to $5.2 million and $11.7 million for the three- and nine-month periods ended December 31, 2019, respectively; see *"Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)"*.

RECONCILIATION OF ADJUSTED NET INCOME (LOSS) AND ADJUSTED EBITDA TO NET INCOME (LOSS)

The following table is derived from and should be read in conjunction with the consolidated statement of operations for the three- and nine-month periods ended December 31, 2020. This supplementary disclosure is intended to more fully explain disclosures related to Adjusted Net Income (Loss) and Adjusted EBITDA and provides additional information related to the operating performance of the Company. Investors are cautioned that this measure should not be considered in isolation or as a substitute for net income (loss) prepared in accordance with IFRS as issued by the IASB.

	Three Months		Nine Months	
For Periods Ended December 31	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Net Income (Loss)	**(17,066)**	(2,632)	**(23,851)**	(4,129)
Add Back:				
Unrealized loss (gain) on fair value of derivatives	**16,520**	(2,580)	**20,515**	(7,610)
ADJUSTED NET INCOME (LOSS)	**(546)**	(5,212)	**(3,336)**	(11,739)

	Three Months		Nine Months	
For Periods Ended December 31	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Net Income (Loss)	**(17,066)**	(2,632)	**(23,851)**	(4,129)
Add Back:				
Depreciation & Amortization (property, equipment, intangible assets)	**1,946**	1,335	**5,935**	3,718
Interest expenses	**3,252**	2,312	**9,726**	6,519
Interest income	**-**	(69)	**(3)**	(256)
Income tax expense	**478**	-	**476**	177
EBITDA	**(11,390)**	946	**(7,717)**	6,029
Share-based compensation	**544**	398	**1,369**	1,485
Transaction fees (legal, tax IP, etc)	**596**	229	**596**	229
Termination benefits	**-**	2,085	**934**	2,085
Foreign exchange loss (gain)	**(1,184)**	(347)	**(2,635)**	(457)
Unrealized loss (gain) on fair value of derivative	**16,520**	(2,580)	**20,515**	(7,610)
ADJUSTED EBITDA	**5,086**	731	**13,062**	1,761

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital structure and brings about adjustments related to changes in the economic environment and underlying risks of its assets. To preserve or modify its capital structure and to carry on the development and commercialization of technology and fulfill its various financial obligations, the Company may issue additional shares or negotiate new loans.

As of December 31, 2020, the Company had $15.2 million (March 31, 2020 - $7.4 million) of available liquidity comprised of:

- cash and cash equivalents of $11.9 million (March 31, 2020 - $7.4 million); and
- undrawn credit of $3.3 (March 31, 2020 - $nil) available under the ABL Facility.

Cash Flows

Three-Month Periods Ended December 31	**2020 $'000**	2019 $'000	Variance $'000
Cash used by operating activities	**(2,959)**	(1,035)	(1,924)
Cash provided (used) by investing activities	**(998)**	56	(1,054)
Cash provided (used) by financing activities	**7,720**	(1,580)	9,300
Increase (decrease) in cash position during the period	**3,763**	(2,559)	6,322
Impact of foreign exchange	**(410)**	(209)	(201)
Cash and cash equivalents, beginning of period	**8,571**	25,377	(16,806)
Cash and cash equivalents, end of period	**11,924**	22,609	(10,685)

Nine-month Periods Ended December 31	**2020 $'000**	2019 $'000	Variance $'000
Cash provided (used) by operating activities	**1,116**	(572)	1,688
Cash used by investing activities	**(1,758)**	(900)	(858)
Cash provided (used) by financing activities	**5,857**	(4,833)	10,690
Increase (decrease) in cash position during the period	**5,215**	(6,305)	11,520
Impact of foreign exchange	**(715)**	(291)	(424)
Cash and cash equivalents, beginning of period	**7,424**	29,205	(21,781)
Cash and cash equivalents, end of period	**11,924**	22,609	(10,685)

Operating activities

Cash used by operating activities for the three-months ended December 31, 2020, was $3.0 million, compared to $1.0 million for the three-months ended December 31, 2019. This was composed of net loss, adjusted for non-cash expenditures, of $4.4 million (2019 – ($1.7) million) and a change in working capital of ($7.4) million (2019 – $0.7 million) due in part to significant FDA annual fees which were paid in October 2020.

Cash provided by operating activities for the nine-months ended December 31, 2020, was $1.1 million, compared to cash used by operating activities of $0.6 million for the nine-months ended December 31, 2019. This was composed of net loss, adjusted for non-cash expenditures, of $10.1 million (2019 – ($1.4) million) and a change in working capital of ($9.0) million (2019 – $0.8 million).

Investing activities

Cash used by investing activities for the three-months ended December 31, 2020, was $1.0 million, compared to cash provided by investing activities of $0.1 million for the three-months ended December 31, 2019.

Cash used by investing activities for the nine-months ended December 31, 2020, was $1.8 million, compared to $0.9 million for the nine-months ended December 31, 2019, respectively.

Financing activities

Cash provided by financing activities for the three- and nine-months ended December 31, 2020, was $7.7 million and $5.9 million, respectively, compared to cash used by financing activities of $1.6 million and $4.8 million for the three- and nine-months ended December 31, 2019, respectively. The change over the comparative periods is due to draws made on the ABL Facility in the current periods, as well as the impact of treasury shares acquired in the comparative periods.

RELATED PARTY TRANSACTIONS

All related party transactions, unless otherwise disclosed, occurred in the normal course of operations.

The Company pays warehouse fees to a company 50% owned by a key member of management of the Company for storage and distribution services in respect of certain of the Company's products. Warehouse fees paid totaled approximately $81,000 (2019 – $90,000) for the three-month period, and $277,000 (2019 - $261,000) for the nine-month period, ended December 31, 2020.

The Company pays royalties on an exclusive licensing agreement with 9346-4626 Québec Inc., a private company operating as Transican, a significant shareholder of the Company. Royalties paid totaled approximately $141,000 (2019 - $168,000) for the three-month period, and $354,000 (2019 - $384,000) for the nine-month period, ended December 31, 2020.

Interest paid on Convertible Debentures which are owned or controlled, directly and indirectly, by two directors of the Company totaled approximately $91,000 (2019 - $93,000) for the three-month period, and $275,000 (2019 - $277,000) for the nine-month period, ended December 31, 2020.

OFF -BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as of December 31, 2020.

CAPITAL STRUCTURE

Description of the Company's Securities

The Company's authorized share capital consists of an unlimited number of common shares. As of March 1, 2021, the Company has 19,163,513 common shares outstanding. There have been no dividends declared during the current period. The Company had the following securities outstanding as at March 1, 2021:

Type of Security	Number/Principal Amount Outstanding	Common Shares Issuable Upon Conversion, Exercise or Exchange (as applicable)
Common shares	19,163,513	N/A
Common share purchase warrants[(1)]	-	4,524,762
Convertible Debentures[(2)]	-	9,891,907
Stock options	-	437,728
Restricted Share Units ("**RSUs**")[(3)]	-	1,096,471
Performance Share Units ("**PSUs**")[(4)]	-	72,999
Compensation Warrants[(5)]	-	558,091

Notes:

(1) Does not include warrants issuable upon conversion of Convertible Debentures, Compensation Warrants or MidCap Warrants (each, as defined below). Includes 2,227,411 2018 Offering Warrants (as defined below) exercisable at a price of $9.45 until October 16, 2023 and 2,290,844 2021 Offering Warrants (as defined under the heading "Significant Transaction") exercisable at a price of $10.00 until February 23, 2023.

(2) $42,000,000 represents the principal amount outstanding under the Convertible Debentures ("**Convertible Debentures**"), which are convertible into units ("**Conversion Units**") at a price of $6.30. Each Conversion Unit consists of one common share of the Company and ½ of one common share purchase warrant ("**2018 Offering Warrants**") exercisable at a price of $9.45 per warrant until October 16, 2023. As of March 1, 2021, 72,062 common shares and 36,030 2018 offering warrants had been issued due to conversion. If the remaining Convertible Debentures were converted in full (without giving account to accrued interest, which may be payable in cash or in common shares), up to an additional 6,594,604 common shares and 3,297,303 2018 Offering Warrants would be issued by the Company.

(3) RSUs were issued between December 2018 and December 2020 and vest in equal amounts upon the first, second, third and fourth anniversaries of the effective issuance date. Each vested RSU entitles the holder to receive one common share of the Company by delivering an exercise notice in accordance with the Company's omnibus equity incentive plan and the terms of the applicable RSU award agreement.

(4) PSUs were issued between October 2020 and December 2020 and vest if certain Company performance factors are met during a performance period of approximately 5 years. In accordance with the Company's omnibus equity incentive plan and the terms of the applicable PSU award agreement, except in limited circumstances, each vested PSU entitles the holder to receive, at the Company's option, either (i) one common share of the Company, or (ii) a cash payment equal to the fair market value of one common share of the Company.

(5) In connection with the Company's offering of subscription receipts in October 2018, Cormark Securities Inc. and Mackie Research Capital Corporation were issued 191,154 common share purchase warrants ("**Compensation Warrants**"). Each whole Compensation Warrant is exercisable for one common share until October 11, 2021 at an exercise price of $9.45. In connection with the entering into of the Company's US$20 million secured term loan (the "**Term Loan**") the Company, on February 28, 2020, issued 134,290 warrants to purchase common shares of the Company to an affiliate of MidCap Financial Trust (the "**MidCap Warrants**"). Each whole MidCap Warrant is exercisable for one common share until expiry of the Term Loan on June 30, 2023 at an exercise price of $4.00. In connection with the 2021 Offering (as defined under the heading "Significant Transaction"), the underwriters for the offering were issued 232,647 Compensation Warrants, each exercisable for one common share until February 23, 2023 at an exercise price of $7.10.

QUARTERLY FINANCIAL INFORMATION

The following is a summary of unaudited quarterly financial information for each of the eight quarters ended December 31, 2020:

Three-months ended ($'000) [1]	31-Dec-20	30-Sept-20	30-Jun-20	31-Mar-20	31-Dec-19	30-Sept-19	30-Jun-19	31-Mar-19
Total Revenue	31,512	23,631	27,517	25,631	16,204	16,397	16,127	12,745
Gross Profit	16,417	12,845	14,964	13,277	8,970	9,603	9,904	7,664
Selling and Administrative Expenses	12,147	11,012	11,379	10,616	9,369	10,558	10,494	9,391
Transaction and Financing Expenses	596	-	-	2,581	229	-	-	282
Operating Income (Loss)	2,000	628	1,600	(1,920)	(3,316)	(1,293)	(1,147)	(1,826)
Net Income (Loss)	(17,066)	(2,027)	(4,758)	(2,107)	(2,632)	658	(2,155)	(681)
Net Income (Loss) per share - Basic	(1.18)	(0.14)	(0.33)	(0.14)	(0.19)	0.05	(0.15)	(0.07)
Net Income (Loss) per share - Diluted	(1.18)	(0.14)	(0.33)	(0.14)	(0.19)	0.04	(0.15)	(0.07)
Adjusted Net Income (Loss) [2]	(546)	(1,682)	(1,108)	(455)	(5,212)	(3,662)	(2,865)	(4,418)
Adjusted Net Income (Loss)[2] per share - Basic and Diluted	(0.04)	(0.12)	(0.08)	(0.03)	(0.37)	(0.25)	(0.19)	(0.30)
Adjusted EBITDA[2]	5,086	3,025	4,951	4,226	731	511	519	105
Cash provided (used) by operations	(2,959)	(72)	4,147	(1,729)	(1,035)	772	(288)	490
Cash & cash equivalents, end of period	11,924	8,571	10,221	7,424	22,609	25,377	27,394	29,205
Assets	176,035	162,754	171,065	174,171	111,326	112,984	114,609	113,483
Long-term liabilities	109,305	93,906	93,791	91,275	58,554	60,382	63,107	61,920
Dividends	-	-	-	-	-	-	-	-

Notes:
(1) Except per share amounts.
(2) See *"Reconciliation of Adjusted Net Income (Loss) and Adjusted EBITDA to Net Income (Loss)"*.

The main reasons explaining volatility in the Company's quarterly results is the acquisition completed in February 2020, as well as the seasonality of some of the Company's major products.

RISK FACTORS AND RISK MANAGEMENT

The Company is subject to a number of risks and uncertainties. A risk is the possibility that an event might happen in the future that could have a negative effect on the financial condition, financial performance, or business of the Company. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, including through the use of financial instruments where appropriate.

The principal risks and uncertainties that could affect the Company are described under the heading *"Risk Factors"* in the Company's most recent AIF and under the heading *"Risk Factors and Risk Management"* in the Company's most recent annual MD&A, each available on the Company's profile on SEDAR at www.sedar.com. Management believes that the risks and uncertainties set out therein have not materially changed.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures have been established by the Company to ensure that financial information disclosed by the Company in this MD&A, the related annual consolidated financial statements and its interim filings are properly recorded, processed, summarized and reported to its audit committee, its Board and its shareholders.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

As an issuer on the TSXV, the Chief Executive Officer and the Chief Financial Officer are not required to certify that they have designed and evaluated the effectiveness of disclosure controls and procedures and internal controls over financial reporting. Instead, the Company files a Certification of Annual Filings – Venture Issuer Basic Certificate or Certification of Interim Filings – Venture Issuer Basic Certificate, as the case may be, pursuant to which the Chief Executive Officer and the Chief Financial Officer certify the performance of a review of the information, no knowledge of misrepresentations and the fair presentation of the information in the annual or interim filings, as applicable.

ADDITIONAL INFORMATION

For additional information relating the Company, readers are referred to the Company's other disclosure documents filed with the applicable Canadian securities regulatory authorities and available under the Company's issuer profile on SEDAR at www.sedar.com, including the Company's most recent AIF.