Management's Discussion and Analysis

For the three- and twelve-month periods ended
March 31, 2020

INTERPRETATION

This management's 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 June 22, 2020, is prepared for the three- and twelve-month periods ended March 31, 2020. The audited consolidated financial statements of the Company for the year ended March 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 October 16, 2018, the Company (under its former name, Pediapharm Inc.) completed two transformative acquisitions (the "**2018 Acquisitions**") in acquiring of all the issued and outstanding shares of Medexus Inc. ("**Medexus Canada**") and Medexus Pharma, Inc. (under its former name, Medac Pharma, Inc. ("**Medexus US**")) and, subsequently, on December 12, 2018, changed its name to "Medexus Pharmaceuticals Inc.".

On February 28, 2020, the Company announced that Medexus US completed another major acquisition (the "**2020 Acquisition**", and together with the 2018 Acquisitions, the "**Acquisitions**") 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 LLC purchase agreement dated February 28, 2020 (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®.

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-Acquisitions period to a post-Acquisitions 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 Acquisitions**. Readers are advised that the comparative information included in this MD&A for: (a) the twelve-month period ended March 31, 2019, includes certain pre-2018 Acquisitions results for Pediapharm Inc. (i.e., the comparative information for such period consists of results prior to October 16, 2018 which reflect only the results for Pediapharm Inc. pre-2018 Acquisitions and results subsequent to October 16, 2018 which reflect the consolidated results of the Company post-2018 Acquisitions, including the acquired entities; and (b) the three- and twelve-month periods ended March 31, 2020, includes certain pre-2020 Acquisitions results for the Company (i.e., the comparative information for such periods consists of results prior to February 28, 2020 which reflect only the pre-2020 Acquisition results for the Company and 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 Acquisitions (as defined herein); 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 discussed herein under the heading "Risk Factors and Risk Management"**,** and elsewhere in the Company's other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time.

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 EBITDA as a measure of the Company's performance. Both EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA are non-IFRS financial measures. The Company defines Adjusted EBITDA as earnings before financing and special transaction costs (including, for greater certainty, fees related to the transactions and financing announced on October 16, 2018 and February 28, 2020, as discussed herein), 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 EBITDA as a key metric in assessing business performance and considers Adjusted EBITDA to be an important measure of operating performance and cash flow, providing useful information to investors and analysts. See "*Reconciliation of Adjusted EBITDA to Net Income (Loss)*" in this MD&A for a reconciliation of Adjusted EBITDA to net income (loss).

NEW ACCOUNTING STANDARDS ADOPTED BY THE COMPANY

On April 1, 2019, we adopted IFRS 16, *Leases*, with modified retrospective application, with the cumulative effect of the initial application of the new standard recognized at the date of initial application, April 1, 2019. This method of application does not result in the retrospective adjustment of amounts reported for periods prior to fiscal 2020. The most significant effect of the new standard is the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use lease assets and lease liabilities, including those for most leases that would have previously been accounted for as operating leases. This results in the cost being recognized as depreciation of right-of-use lease assets and interest expense on the lease liabilities, rather than as part of selling and administrative expenses. However, the implementation of IFRS 16, *Leases* does not have any impact on economics or net cash flows.

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 our products for our patients who rely on them for their day to day health and well-being; (iii) monitoring the status of our partners in our supply and distribution process, such as the manufacturers of our products and the operators of our warehouses and distribution sites; and (iv) open and frequent communication with all of our key business partners, including our lenders and shareholders. The welfare and safety of our personnel and the individuals with which the business interacts has remained critically important to us during this time. We quickly enforced a work from home policy for our employees; something we were well-suited to do, given the modern tools we use to run our business. We have maintained, and are committed to maintaining continuity of patient care, we have implemented several preventative measures to protect the health and safety of our employees, and we continue to refine our 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 twelve-months ended March 31, 2020. In future periods, the COVID-19 pandemic could, among other things, 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, labor 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. 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. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result of the pandemic.

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 MARCH 31, 2020

Comparative results subsequent to October 16, 2018 reflect the consolidated results of the Company post-2018 Acquisitions, including the acquired entities, and comparative results prior to October 16, 2018 reflect only the pre-2018 Acquisitions results for Pediapharm Inc. Comparative results subsequent to February 28, 2020 reflect the consolidated results of the Company post-2020 Acquisition, including the acquired entity, and comparative results prior to February 28, 2020 reflect only the pre-2020 Acquisition results for the Company.

Three-month period ended March 31, 2020

The Company achieved record quarterly revenue of $25.6 million for the three-month period ended March 31, 2020, versus $12.7 million for the three-month period ended March 31, 2019. Additional financial highlights for the quarter include:

- Organic revenue growth year-over-year of 26.8%.
- Completed the integration of IXINITY® on February 28, 2020. The acquisition leverages our existing US based infrastructure; we maintained roughly the same number of employees post-acquisition.
- Revenue generated from IXINITY® was $9.5 million in March. Due to the quarterly revenue cycle of IXINITY®, this represented 85% of IXINITY® revenue for the three-months ended March 31, 2020.
- Gross profit increased to $13.3 million compared to $7.7 million for the same period last year.
- Adjusted EBITDA increased to $4.2 million compared to $0.1 million for the same period last year. See *"Reconciliation of Adjusted EBITDA to Net Income (Loss)"*.

Twelve-month period ended March 31, 2020

The Company achieved revenue of $74.4 million for the year ended March 31, 2020, versus $33.9 million for the year ended March 31, 2019. Additional financial highlights for the year include:

- Gross profit increased to $41.8 million compared to $20.2 million for the same period last year.
- Adjusted EBITDA increased to $6.0 million compared to $2.4 million for the same period last year. See *"Reconciliation of Adjusted EBITDA to Net Income (Loss)"*.

Operational Highlights

Operational highlights for the three- and twelve-month periods ended March 31, 2020, or subsequent to the year end, include:

- **Acquisition of IXINITY®:** On February 28, 2020, the Company acquired IXINITY®, a recombinant factor IX therapeutic for the treatment of hemophilia B, a rare disease affecting between 4,000 and 5,000 people in the US. Annual sales of IXINITY® were US$32 million in calendar 2019, a 40% increase from the previous year.
- **IXINITY® pediatric study:** In January 2020, the Company's recently acquired business, Aptevo, commenced dosing patients in a 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.
- **Triamcinolone Hexacetonide ("TH") approval for public reimbursement in Canada:** On March 31, 2020 the Company reached an agreement with the pan-Canadian Pharmaceutical Alliance ("pCPA") to include TH on the federal, provincial, and territorial formularies except for Quebec, where the review is ongoing, and British Columbia. Inclusion of TH on these formularies improves access to this product for a large proportion of the population who need this drug. TH has been included on the Alberta Drug Benefit List effective May 1, 2020, as restricted benefits for patients up to 17 years of age, inclusive, for the treatment of Juvenile Idiopathic Arthritis. Additional formulary listing are expected this year. TH competes in an intra-articular steroid market valued at $33 million in Canada (source: IQVIA CDH Dec. 2019).
- **Development Project:** The status of the Company's development project, aimed at reformulating an existing FDA-approved product for use in the field of rheumatology, is in line with management's expectations. If this project is successfully developed, the Company will have a product that addresses an unmet medical need, within a large market it currently serves.
- **Gleolan application to Health Canada:** On December 20, 2019, the Company filed an application for registration of Gleolan to Health Canada. The application is a priority review which means the file could be approved as soon as August 2020.
- **Gleolan Reimbursement:** On March 27, 2020 the Company was informed that The Quality Business Unit at Ontario Health, based on guidance from the Ontario Health Technology Advisory Committee, had recommended publicly funding Gleolan through the Ministry of Health upon approval of the product by Health Canada.
- **New Metoject strengths:** During the year ended March 31, 2020, 10mg/0.2ml and 12.5mg/0.25ml Metoject Subcutaneous strengths were added, providing dosing and titration flexibility.
- **Cuvposa Reimbursement:** In May 2019, public payors' submissions were completed and received for review by INESSS (Quebec) and CADTH (rest of Canada) for potential public payors reimbursement. These submissions were made with the goal of securing additional drug reimbursement for a wider population. Cuvposa is currently being reimbursed by the vast majority of private payors plans.

COMPANY OVERVIEW, STRATEGY & OUTLOOK

The Company, both directly and through its two active operating subsidiaries, Medexus US and Medexus Canada, is a North American specialty pharma company with a solid portfolio of products in auto-immune disease, hematology and specialty oncology, plus its traditional pediatrics, allergy and dermatology business in Canada. The Company has strong organic growth 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.

Medexus US, an indirect, wholly owned active subsidiary of the Company, is a specialty pharmaceutical company focusing primarily in the area of autoimmune diseases, hematology and other new market opportunities in the United States through a solid commercial infrastructure.

Medexus Canada, a direct, wholly owned active subsidiary of the Company, is a Canadian specialty pharmaceutical company focused on the licensing, registration, marketing, sales and distribution of innovative pharmaceutical products in Canada with strategic partnerships in key international markets.

As a result of its efforts to further leverage 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®.

IXINITY® is 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. The Company acquired the worldwide rights to IXINITY® on February 28, 2020 pursuant to the 2020 Acquisition. The financial results for the Company for the three- and twelve-months ended March 31, 2020 included one month of post-2020 Acquisition revenues from the sale of IXINITY® which were highly accretive to the Company and in line with the Company's expectations. The integration of IXINITY® is progressing in line with the Company's expectations, and the Company sees significant potential for further growth in sales of the product as the Company leverages its integrated and expanded sales force in the United States.

The Company is focused on strong organic growth from its key products. Rasuvo® unit market demand in the United States increased 11% in the year ended March 31, 2020, (Source: Symphony Sub National 03/31/2020 Data & Chargebacks, PAP). 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**"). Strong payor, prescriber and patient acceptance for Rasuvo® in the United States has positioned the Company as a leader in the methotrexate auto-injector market. During the year ended March 31, 2020, the Company experienced a consolidation of its payors in the United States market. As a result of the consolidation, the Company has experienced an increase in discounts given to payors and a reduction in the net selling price of Rasuvo®. The Company continues to analyze and monitor the impact of the consolidation and, at this time, does not anticipate additional significant impact on its net selling price.

Metoject® realized a 96% unit demand growth in Canada in the year ended March 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.

Rupall™, launched in Canada in January 2017, is also experiencing very strong unit demand growth in its market, with an increase of 61% in the year ended March 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 $146.3 million, including $55.6 million from the prescription market, which is growing at an annual rate of 16% (Source: IQVIA –

Drugstores and hospitals purchases, MAT March 2020). During the year ended March 31, 2020, Rupall™ was one of the fastest growing anti-histamines in the Canadian prescription market (Source: IQVIA: CDH units – FQTR March 2020).

In addition to the aforementioned core products, the Company has a broad portfolio of product lines including Cuvposa™, a prescription product that was launched in April 2018. The product is indicated for sialorrhea in patients aged 3-18 years with neurologic conditions such as cerebral palsy. Receptivity to Cuvposa from the medical community and patients has been positive, as this product addresses a significant unmet need. The Company is in the process of establishing public reimbursement for Cuvposa, which will be critical to unlocking the potential of the brand.

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 Special Access Program of Health Canada. 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 Quebec, where the review is ongoing, and British Columbia.

The Company is building its autoimmune franchise with a development project that is attempting to improve the formulation of an existing drug used in Rheumatology. To date, experimentation have revealed some promising results that support the continued development of this drug. If successful, with further development, the Company will own the worldwide rights to a drug that will be uniquely positioned to improve the treatment of Rheumatology patients.

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 medac GmbH Supply Agreement (as defined herein). 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 partners regarding other licensing agreements and believes that those products have the potential to make a material contribution within the next few 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 estimates that the upcoming expected revenue growth and stable operational expenses will continue to keep the Company in a positive Adjusted EBITDA situation in the current and future fiscal years.

SIGNIFICANT TRANSACTIONS

Acquisition of Aptevo BioTherapeutics LLC

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, inclusive of approximately US$9.0 million of working capital acquired - primarily salable inventory - and US$0.5 million in prepaid transition related services. The Company acquired Aptevo as part of its ongoing effort to gain scale and leverage its existing infrastructure.

Aptevo owns the worldwide rights to the commercial hematology asset IXINITY®. IXINITY® is 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.

Pursuant to the Aptevo Purchase Agreement, in addition to the approximately US$30 million up-front cash consideration paid on closing, Medexus US is also required to make certain deferred payments on net sales of IXINITY® in an amount equal to (i) 2% of net sales until the earlier of (x) the completion of an ongoing United States pediatric trial in respect of IXINITY®, and (y) June 30, 2022, and (ii) 5% of net sales thereafter until March 1, 2035. Medexus US is also required to make certain milestone payments upon IXINITY®'s receipt of Canadian and European regulatory approval in each of Germany, France, Spain, Italy and the United Kingdom and upon IXINITY® achieving worldwide annual net sales of US$120 million, if achieved by March 1, 2035.

MidCap Financial Trust Term Loan

Concurrently with the 2020 Acquisition, 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 term loan having a term of 40 months expiring on June 30, 2023 (the "**Term Loan**"). The Company, and its active subsidiaries, are the borrowers under the Term Loan. The Term Loan is secured by a first-priority security interest in all existing and after-acquired assets of the Company and each other borrower. Borrowings under the Term Loan bears interest at an annual rate of one-month London interbank offered rate ("**LIBOR**") plus 6.50%, subject to a LIBOR floor of 1.50%. Interest on the outstanding balance of the Term Loan is payable monthly in arrears. The Term Loan was used by the Company to fund a portion of the purchase price of the 2020 Acquisition and to pay transaction fees in connection therewith. In connection with the Term Loan, the Company also granted to an affiliate of MidCap Financial Trust warrants to purchase common shares of the Company (the "**MidCap Warrants**"). As at March 31, 2020, the full principal amount of the Term Loan of US$20 million was outstanding with a weighted average interest rate of 8.0%.

MidCap Financial Trust Revolving Credit Facility

Subsequent to March 31, 2020, 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. After such repayment, approximately US$10 million principal amount remained outstanding under the Term Loan.

SELECTED FINANCIAL INFORMATION

OPERATING RESULTS – FOURTH QUARTER

Three-Month Periods Ended March 31	**2020 $'000**	2019 $'000	Variance $'000
Revenue	**25,631**	12,745	12,886
Cost of goods sold	**12,354**	5,081	7,273
Gross Profit	**13,277**	7,664	5,613
Selling and administrative expenses	**10,616**	9,391	1,225
Research and development	**527**	-	527
Transaction fees	**2,581**	282	2,299
Termination benefits	**386**	-	386
Operating loss	**(1,920)**	(1,826)	(94)
Net loss	**(2,107)**	(681)	(1,426)
Adjusted EBITDA[(1)]	**4,226**	105	4,121
Cash used by operating activities	**(1,729)**	490	(2,219)
Cash provided (used) by investing activities	**(39,619)**	1,035	(40,654)
Cash provided (used) by financing activities	**25,541**	(1,097)	26,638

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

OPERATING RESULTS – FULL YEAR

Years Ended March 31	**2020 $'000**	2019 $'000	Variance $'000
Revenue	**74,359**	33,864	40,495
Cost of goods sold	**32,605**	13,656	18,949
Gross Profit	**41,754**	20,208	21,546
Selling and administrative expenses	**41,034**	20,850	20,184
Research and development	**1,557**	-	1,557
Transaction fees	**2,810**	4,831	(2,021)
Termination benefits	**2,471**	-	2,471
Operating loss	**(7,676)**	(5,662)	(2,014)
Net loss	**(6,236)**	(6,319)	83
Adjusted EBITDA[(1)]	**5,987**	2,406	3,581
Cash used by operating activities	**(2,301)**	(940)	(1,361)
Cash used by investing activities	**(40,519)**	(22,903)	(17,616)
Cash provided by financing activities	**20,708**	49,373	(28,665)

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

Revenue

Total revenue reached $25.6 million and $74.4 million for the three- and twelve-month periods ended March 31, 2020, respectively, compared to revenue of $12.7 million and $33.9 million for the three- and twelve-months period ended March 31, 2019. The increase was mainly due to the acquisition of IXINITY® as well as the increase reflected by the unit demand growth of the Company's key products in the market over the period: i) Metoject® has been experiencing rapid unit demand growth in the Canadian market following the initiation of public reimbursement in March of 2018, ii) Rupall™ has also experienced rapid unit demand growth in the Canadian market as the product is taking market share from generic anti-histamines, and iii) Rasuvo's® unit demand in the United States has been steady as it continues to gain share from overall methotrexate market.

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 $13.3 million and $41.8 million for the three- and twelve-month periods ended March 31, 2020, respectively, compared to gross profit of $7.7 million and $20.2 million for the three- and twelve-months period ended March 31, 2019, respectively.

The gross margin was 51.8% and 56.2% for the three- and twelve-month periods ended March 31, 2020, respectively, compared to 60.1% and 59.7% for the three- and twelve-months period ended March 31, 2019. The lower gross margin for the three- and twelve-month periods ended March 31, 2020, when compared to the periods ended March 31, 2019 is due, in part, to the 2020 Acquisition, which has a lower gross margin than the Company's other key products. Additionally, during the year ended March 31, 2020, the Company experienced a consolidation of its payors for Rasuvo® in the United States market. As a result of the consolidation, the Company has experienced an increase in discounts given to payors and a reduction in the net selling price of Rasuvo®. The Company continues to analyze and monitor the impact of the consolidation and, at this time, does not anticipate additional significant impact on its net selling price.

Amortization of product licences included in cost of sales was $1.4 million and $4.6 million for the three- and twelve-month periods ended March 31, 2020, respectively, compared to $1.3 million and $2.3 million for the three- and twelve-month periods ended March 31, 2019, respectively. Amortization expenses for the years ended March 31, 2019 and 2020 are mainly related to the 2018 Acquisitions, which was completed in October 2018. Therefore, the year ended March 31, 2019 only included two quarters of amortization expenses related to the 2018 Acquisitions.

Selling and Administrative Expenses

Selling and administrative expenses reached $10.6 million and $41.0 million for the three- and twelve-month periods ended March 31, 2020, respectively, compared to $9.4 million and $20.9 million for the three- and twelve-month periods ended March 31, 2019, respectively.

The Company's selling and administrative expenses for the three-month period ended March 31, 2020 increased 12.8% versus the comparative period, which is well below our revenue growth of over 100% over the same period, including 26.8% in organic revenue growth. The Company's selling and administrative expenses for the three-month period ended March 31, 2020 were comprised of: (a) sales and marketing expense of $6.4 million (2019 - $6.2 million); (b) business development and regulatory affairs expense of $1.7 million (2019 - $1.1 million); (c) general administrative expense of $1.8 million (2019 - $1.6 million); and (d) share-based compensation expense of $0.7 million (2018 - $0.6 million).

The Company's selling and administrative expenses for the twelve-month period ended March 31, 2020, were comprised of: (a) sales and marketing expense of $24.3 million (2019 - $13.3 million); (b) business development and regulatory affairs expense of $5.3 million (2019 - $2.2 million); (c) general administrative expense of $9.2 million (2019 - $4.6 million); and (d) share-based compensation expense of $2.2 million (2019 - $0.7 million). The year-over-year increases are due to the timing of the 2018 Acquisitions, which were completed in October 2018.

Transaction Fees

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 our product pipeline and optimize our commercial infrastructure. In instances where negotiations progress to being considered by management to be beyond the normal course of business activity, associated costs are tracked separately, and are excluded from our Adjusted EBITDA (see *"Reconciliation of Adjusted EBITDA to Net Income (Loss)"*), regardless of whether the transaction is finalized or canceled during the reporting period. Transaction fees totaled $2.8 million for the year ended March 31, 2020 (2019 – $4.8 million), due to the 2020 Acquisition.

Termination Benefits

During the year ended March 31, 2020, the Company announced changes to its senior management team, with two members of its senior management team in Canada departing**.** The Company also made some personnel changes in parallel with the 2020 Acquisition. These changes were made as part of an overall restructuring strategy aimed at flattening the organization to enhance communication and was consistent with a shift in business development efforts towards the Company's subsidiary where the Company has the greatest need for additional products. Costs associated with these changes, including any termination benefits paid to departing personnel (the "**Termination Benefits**") are considered outside of the normal course of business activity and are excluded from our Adjusted EBITDA (see *"Reconciliation of Adjusted EBITDA to Net Income (Loss)"*). During the year ended March 31, 2020, Termination Benefits totaled $2.5 million (2019 - $nil).

Operating Profit or Loss

Operating loss for the three- and twelve-month periods ended March 31, 2020, was $1.9 million and $7.7 million, respectively, compared to $1.8 million and $5.7 million for the three- and twelve-month periods ended March 31, 2019.

RECONCILIATION OF 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 year ended March 31, 2020. This supplementary disclosure is intended to more fully explain disclosures related to 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		Year	
For Periods Ended March 31	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Net Loss	**(2,107)**	(680)	**(6,236)**	(6,319)
Add Back:				
Depreciation & Amortization (property, equipment, intangible assets)	**1,538**	1,101	**5,256**	2,378
Interest expenses	**2,617**	1,816	**9,136**	3,878
Interest income	**(36)**	21	**(292)**	(216)
Income tax expense	**(1,298)**	222	**(1,121)**	222
EBITDA	**714**	2,480	**6,743**	(57)
Impairment Loss	**919**	-	**919**	125
Share-based compensation	**722**	549	**2,207**	734
Transaction fees (legal, tax IP, etc)	**2,581**	282	**2,810**	4,831
Termination benefits	**386**	-	**2,471**	-
Foreign exchange loss gain	**1,942**	531	**1,485**	510
Unrealized gain on fair value of derivative	**(4,690)**	(3,737)	**(12,300)**	(3,737)
Unrealized loss on fair value of business combination payable	**1,652**	-	**1,652**	-
ADJUSTED EBITDA	**4,226**	105	**5,987**	2,406

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 March 31, 2020, the Company had approximately $7.4 million (March 31, 2019 - $30.2 million) of available liquidity. At March 31, 2020, this was comprised entirely of cash and cash equivalents. At March 31, 2019, the Company had, as part of the available liquidity, $1.0 million available under an undrawn credit facility, which has since been canceled.

Cash Flows

Years Ended March 31	**2020 $'000**	2019 $'000	Variance $'000
Cash used by operating activities	**(2,301)**	(940)	(1,361)
Cash used by investing activities	**(40,519)**	(22,903)	(17,616)
Cash provided by financing activities	**20,708**	49,373	(28,665)
Increase (decrease) in cash position during the period	**(22,112)**	25,530	(47,642)
Impact of foreign exchange	**331**	66	265
Cash and temporary investments, beginning of period	**29,205**	3,609	25,596
Cash and temporary investments, end of period	**7,424**	29,205	(21,781)

Operating activities

Cash used by operating activities for the year ended March 31, 2020, was $2.3 million, compared to $0.9 million for the year ended March 31, 2019. This was composed of net loss, adjusted for non-cash expenditures, of $0.2 million (2019 – $2.4 million) and a change in working capital of ($2.1) million (2019 – $1.5 million). Normalized for the impact of the Termination Benefits and Transaction-related fees & expenses, which are considered to be significant one-time expenditures, cash provided by operating activities for the year ended March 31, 2020 would have been approximately $3.0 million.

Investing activities

Cash used by investing activities for the year ended March 31, 2020, was $40.5 million, compared to $22.9 million for the year ended March 31, 2019, due to the Acquisitions occurring in the respective periods.

Financing activities

Cash provided by financing activities for the year ended March 31, 2020, was $20.7 million, compared to $49.4 million for the year ended March 31, 2019, due to financing needed to facilitate the Acquisitions occurring in the respective periods. The year ended March 31, 2020 also includes $3.7 million spent on share buybacks under the NCIB (as defined herein), $1.3 million in interest paid on our Convertible Debentures, and $0.4 million spent on lease payments, which were treated as financing activities under IFRS 16, *Leases*. For more information, see "*Capital Structure – Normal Course Issuer Bid*" and "*New Accounting Standards Adopted by the Company"*.

CAPITAL STRUCTURE

Description of the Company's Securities

The Company's authorized share capital consists of an unlimited number of common shares. As of June 22, 2020, the Company has 14,452,154 common shares outstanding. There have been no dividends declared during the current period. The Company had the following securities outstanding as at June 22, 2020:

Type of Security	Number/Principal Amount Outstanding	Common Shares Issuable Upon Conversion, Exercise or Exchange (as applicable)
Common shares	14,452,154	N/A
Common share purchase warrants[(1)]	-	2,197,888
Convertible Debentures[(2)]	-	9,999,999
Stock options	-	246,351
Restricted Share Units ("**RSUs**")[(3)]	-	1,128,907
Compensation Warrants[(4)]	-	325,444

Notes:

(1) Does not include warrants issuable upon conversion of Convertible Debentures or Compensation Warrants (each, as defined below). Offering Warrants (as defined below) exercisable at a price of $9.45 until October 16, 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 ("**Offering Warrants**") exercisable at a price of $9.45 per warrant until October 16, 2023. If the 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 6,666,666 common shares and 3,333,333 Offering Warrants would be issued by the Company.

(3) RSUs were issued on December 19, 2018 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 RSU plan and the terms of the applicable award agreement.

(4) 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 Term Loan, the Company, on February 28, 2020, the Company issued 134,290 MidCap Warrants to MidCap Financial Trust. 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.

Normal Course Issuer Bid

On May 14, 2019, the Company received approval from the TSXV to implement a normal course issuer bid (the "**NCIB**"), under which the Company may purchase for cancellation up to 1,005,333 common shares, at market prices, through the facilities of the TSXV, or by other means as may be permitted by the TSXV. The NCIB commenced on May 16, 2019, and terminated on February 28, 2020, upon the Company entering into the Term Loan.

Under the NCIB, the Company purchased and canceled 919,000 common shares in the market for consideration of approximately $3.7 million during the year ended March 31, 2020.

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 $345,000 for the year ended March 31, 2020 (2019 - approximately $147,000). The year-over-year increase is due to the timing of the 2018 Acquisitions, which were completed in October 2018. Therefore, the year ended March 31, 2019 includes less than six months of warehouse fees.

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 $500,000 for the year ended March 31, 2020 (2019 - approximately $318,000).

Interest paid on Convertible Debentures which are owned or controlled, directly and indirectly, by two directors of the Company totaled approximately $368,000 for the year ended March 31, 2020 (2019 – approximately $170,000).

OFF -BALANCE SHEET ARRANGEMENTS

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

QUARTERLY FINANCIAL INFORMATION

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

Three-months ended ($'000) [1]	31-Mar-20	31-Dec-19	30-Sept-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18
Total Revenue	25,631	16,204	16,397	16,127	12,745	14,421	3,449	3,249
Gross Profit	13,277	8,970	9,603	9,904	7,664	8,951	1,855	1,738
Selling and Administrative Expenses	10,616	9,369	10,558	10,494	9,391	7,875	1,503	2,149
Transaction and Financing Expenses	2,581	229	-	-	282	928	3,671	-
Operating Loss	(1,920)	(3,316)	(1,293)	(1,147)	(1,826)	(78)	(3,321)	(413)
Net Income (Loss)	(2,107)	(2,632)	658	(2,155)	(681)	(1,329)	(3,616)	(692)
Net Income (Loss) per share - Basic	(0.14)	(0.19)	0.05	(0.15)	(0.07)	(0.10)	(0.62)	(0.12)
Net Income (Loss) per share - Diluted	(0.13)	(0.17)	0.04	(0.13)	(0.04)	(0.10)	(0.62)	(0.12)
Adjusted EBITDA[2]	4,226	731	511	519	105	2,167	466	(294)
Cash provided (used) by operations	(1,729)	(1,035)	772	(288)	490	(1,227)	(32)	(177)
Cash & cash equivalents, end of period	7,424	22,609	25,377	27,394	29,205	28,888	2,802	3,268
Assets	174,171	111,326	112,984	114,609	113,483	112,529	9,135	9,061
Long-term liabilities	91,275	58,554	60,382	63,107	61,920	39,362	4,600	4,458
Dividends	-	-	-	-	-	-	-	-

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

The main reasons explaining volatility in the Company's quarterly results are the 2018 Acquisitions and the 2020 Acquisition, respectively completed in October of 2018 and February 2020, as well as the seasonality of some of the Company's major products.

RISKS FACTORS AND RISK MANAGEMENT

The Company is subject to a number of risks and uncertainties, certain of which are described below. 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.

Readers are cautioned that the risks described below are not intended as a complete list of all exposures that the Company is encountering or may encounter, nor does it describe all risks inherent in an investment in the securities of the Company. Potential investors should carefully consider the risks described below, together with all of the other information in the Company's other disclosure documents filed with the applicable Canadian securities regulatory authorities, before making an investment decision. If any of the following or other risks materialize, the Company's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the trading price of the securities of the Company could decline and investors could lose all or part of their investment in such securities. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the risks described in this MD&A or otherwise.

Operational Risks

The operations of the Company are speculative due to the nature of its business and involve a variety of risks customary to the pharmaceutical industry, many of which are beyond the Company's control. Such operational risks include risks, but are not limited to:

- the Company's limited post-Acquisitions operating history;
- the Company's ability to implement its business plan;
- the Company's dependence on revenue from sales of certain key products;
- the Company's reliance on third parties for the manufacture and supply of products;
- product reimbursement by third party payers;
- product pricing regulations on certain patented products;
- reliance on key management personnel;
- competition (including potential for generic competition);
- competition from manufacturers of generic products;
- government regulation and regulatory approvals;
- intellectual property protection and infringement;
- potential product liability claims;
- the risk that litigation may negatively impact the Company's business, financial condition and/or results of operations;
- the risk of being removed from or failure to be included in public and private formularies;
- risks associated with debt financing;
- global financial conditions; and
- the risk of catastrophic events, natural disasters, severe weather and disease.

Certain of the Company's key operational risks are discussed in further detail below. The risks below are not the only ones facing the Company, its business and the pharmaceutical industry. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations.

Limited Operating History of the Post-Acquisition Business

The Company has a limited history of operations and earnings since the transformational 2018 Acquisitions in October of 2018. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business in the pharmaceutical markets as well as the challenges of combining previously independent businesses.

To continue to properly operate its business, the Company will need to continue to integrate and develop operational, financial and management information systems. There can be no assurance that the Company will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its current business plans.

Ability to Implement its Business Plan

The Company's business plan is based on the licensing or acquisition of product rights for the North American pharmaceutical market, to obtain marketing authorization from regulatory authorities, and to leverage its sales operations to grow the sales of its products. Since the Company is mainly dependent on third-parties for the development of innovative products, competitors with substantially greater financial resources may compete for the rights to those innovative products. As competition increases for product rights, the Company may not be capable of acquiring rights it deems financially acceptable. The inability of obtaining further product rights may impede the Company's long-term growth and value creation objectives.

Dependence on Revenue from Sales of Certain Core Products

The Company currently derives a significant portion of its revenue from sales of Rasuvo®, Metoject® Rupall™ and IXINITY®, and such sales are expected to continue to account for a significant portion of the Company's revenue in the near term. Accordingly, if demand for these core products declines significantly or the sales revenue therefrom or otherwise declines significantly, the business, financial condition and operating results of the Company would be adversely affected.

Reliance on Third Parties for the Manufacture and Supply of Products

The Company is dependent upon the supply of its products available from its partners or its third-party manufacturers. There can be no assurance that the Company's partners or manufacturers will be able to maintain an adequate supply of products to fulfill all of the Company's orders on a timely basis. Failure to obtain adequate product supplies or to do so at acceptable quality levels or prices could have an adverse effect on the Company's business.

Numerous factors could cause interruptions in the supply of the Company's products, including: (i) failure to have a third party supply chain validated in a timely manner; (ii) shortages in raw material and packaging components required by the Company's manufacturers; (iii) changes in sources for manufacturing or packaging; (iv) changes in regulatory, legal or compliance requirements for products, suppliers or manufacturers; (v) the Company's failure to timely locate and obtain replacement manufacturers as needed; (vi) conditions affecting the cost and availability of raw materials; and (vii) product recall stemming from quality or regulatory reasons impacting the integrity of the product.

An interruption may have an adverse effect on the Company's business, financial results and operations. In particular, any adverse developments affecting commercial manufacturing of the Company's products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, enforcement actions, import alerts, import detentions, or other interruptions in the supply of the Company's products or product candidates. The Company may also have to take inventory write-offs and incur other charges and expenses for products or product candidates that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Accordingly, failures or difficulties faced at any level of the Company's supply chain could materially adversely affect the Company's business and delay or impede the development and commercialization of any of the Company's products or product candidates and could have a material adverse effect on the Company's business, financial condition and results of operations.

Product Reimbursement from Third Party Payers

The Company depends on third-party reimbursement to maximize the commercial potential of its products and to successfully market its products. In the event that governmental, health insurer and other organizational (e.g. health maintenance organizations and managed care organizations) policies and/or practices drastically change, the Company's products may not obtain reimbursed status or may lose reimbursed status. This reimbursement and the associated governmental healthcare reimbursement systems are under constant review. Third-party payers increasingly challenge the pricing of pharmaceutical products. In addition, the trend toward managed health care in the United States, the growth of organizations such as health maintenance organizations and managed care organizations and legislative proposals to reform health care and government insurance programs in the jurisdictions in which the Company sells its products could significantly influence the purchase of pharmaceutical products, resulting in price changes and/or a reduction in product demand. Such cost containment measures and health care reform could affect the Company's ability to sell its products, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Product Pricing Regulations on Certain Patented Drug Products

All patented pharmaceutical products introduced in Canada are subject to the post-approval product pricing regulation of the Patented Medicine Prices Review Board (the "**PMPRB**"). Certain patented products may form part of the Company's portfolio of products from time to time and may be subject to such regulation by the PMPRB. Patentees must file information about prices and sales at introduction and then twice a year until patent expiration. For new patented products, the price in Canada is generally limited to either the cost of the same or similar drugs or drugs in the same therapeutic class sold in Canada or the median of prices for the same drug or drugs in the same therapeutic class sold in other specified industrial countries. For existing patented products, prices cannot increase by more than the Consumer Price Index.

Of the Company's core products, only Metoject® is currently subject to regulation by the PMPRB. Metoject® pricing is currently in compliance with the PMPRB's requirements and the Company does not anticipate any non-compliance of its current pricing strategy with PMPRB guidelines.

The PMPRB will monitor compliance through a requirement to file price and sales information for Metoject® (and any other patented drug product required to be reported to the PMPRB in the Company's portfolio from time to time) by the Company on an ongoing basis. The PMPRB does not approve prices for drug products in advance of their introduction to the market, rather, it provides guidelines from which companies like the Company set their prices at the time they launch their products. If the PMPRB's guidelines provide a ceiling price for a patented product that is lower than the Company's expectations, or if the PMPRB deems a patented product to be excessively priced, this can lead to the reduction of the product's price and the potential imposition of a fine. Such restriction and regulation may hamper the Company's ability to profitably commercialize such product to its full market potential or at all. If the sales generated by such product were material to the Company, this could materially and adversely affect the Company's business and could have a material adverse effect on the Company and its financial results. Furthermore, future changes to the methodology or policies of PMPRB, which are expected to come into force in January 2021, or other relevant regulatory bodies may result in less favorable product pricing directives and requirements. The Company's ability to predict and/or adapt to such directives or requirements may be limited.

Dependence on Key Personnel

The Company is highly dependent upon a relatively small group of qualified managerial personnel. These individuals have an in-depth understanding of the Company's business objectives and the markets within which the Company intends to operate. The loss of the services of one or more of the Company's directors or officers could have a detrimental effect on the Company, its operations and its ability to execute its strategy successfully, which could materially and adversely affect the Company's business.

In addition, the Company's anticipated growth may require additional expertise and the addition of new qualified personnel. There is intense competition for qualified personnel in the pharmaceutical field. Therefore, the Company

may not be able to attract and retain the qualified personnel necessary for the development and growth of its business. The failure to recruit additional key managerial personnel in a timely manner would harm the Company's business development programs, its ability to manage day-to-day operations, attract and retain other employees and generate revenues.

Competition

The pharmaceutical industry is intensely competitive in all of its phases, and the Company competes with many companies that have substantially greater financial and technical resources and selling and marketing capabilities.

The Company will face further competition from drug development companies that focus their efforts on developing, acquiring and marketing products that are similar in nature to the Company's products, but that in some instances offer improvements over its products and novel approaches to improve existing products. The Company's competitors may succeed in developing technologies and products that are more effective, have better side effect profiles, or are less expensive to use than any that it may acquire. These developments could render the Company's products obsolete or uncompetitive, which would have a material adverse effect on the Company's business, financial condition and operating results.

Competition from Manufacturers of Generic Products

Generic versions of pharmaceutical products are generally significantly less expensive than branded versions, and, where available, may be required in preference to the branded version under third party reimbursement programs, or substituted by pharmacies. If sales of any of the Company's products that no longer enjoy market exclusivity or are not sufficiently protected by associated intellectual property were to increase substantially, competitors may be more likely to develop generic formulations that compete directly with such products. Increased generic competition would have a material adverse effect on the Company's business and financial results.

Inability to Obtain or Maintain Regulatory Approvals

The manufacture and sale of pharmaceutical products in Canada, the United States and other jurisdictions are highly regulated, which significantly increases the difficulty and costs involved in obtaining and maintaining regulatory approval for marketing new and existing products.

The regulatory approval process can be long and may involve significant delays despite the Company's best efforts. Even if the Company's current or future product candidates were to successfully obtain approval from regulatory authorities, such approval may not be obtained in a timely manner, and any such approval might significantly limit the approved indications for use, including more limited patient populations, require that precautions, contraindications or warnings be included on the product labeling, including black box warnings, require expensive and time-consuming post-approval clinical studies, risk management plans or Risk Evaluation and Mitigation Strategy (as may be required by the FDA under the *Food and Drug Administration Amendments Act* and/or Health Canada under the *Food and Drugs Act* and related *Food and Drug Regulations*), or surveillance as conditions of approval, or, through the product label, the approval may limit the claims that the Company may make, which may impede the successful commercialization of the Company's product, including substantial reductions in the projected peak revenues and lifetime product potentials for the Company's products. Such limitations in the approved indication could materially and adversely affect the Company's business and could have a material adverse effect on the Company and its financial results.

Following any approval for commercial sale of the Company's product candidates, certain changes to the product, such as changes in manufacturing processes and additional labeling claims, as well as new safety information, will be subject to additional notification to, or review and approval by, regulatory authorities. Furthermore, regulations of Health Canada and the FDA are rigorous, time consuming and costly and the Company cannot predict the extent to which it may be affected by changes in regulatory developments and its ability to meet such regulations. There is a risk that the Company's current or future products may be withdrawn from the market and the required approvals suspended because of non-compliance with regulatory requirements. If there is delay or failure to obtain or maintain

regulatory approvals for the Company's product candidates in Canada or the United States or other jurisdictions, or if any approval contains significant limitations, the Company's ability to market to the Company's full target market will be reduced and the Company's ability to realize the full market potential of the Company's product candidates will be hampered. This could materially and adversely affect the Company's business and could have a material adverse effect on the Company and its financial results.

Limitations Imposed by Government Regulation

In both domestic and foreign markets, the formulation, manufacturing, packaging, labelling, testing, handling, distribution, importation, exportation, licensing, sale and storage of the Company's products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints which are beyond the Company's control. Such laws, regulations and other constraints may exist at all levels of government. There can be no assurance that the Company will be in compliance with all of these laws, regulations and other constraints. Failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact the Company's business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead the Company to discontinue product sales and may have an adverse effect on the marketing of the Company's products, resulting in significant loss of sales.

In addition, the marketing, promotional and pricing, discount, rebate or co-pay practices of pharmaceutical companies, as well as the manner in which companies, in-house or third-party sales forces interact with purchasers, prescribers and patients, are subject to extensive regulation, enforcement of which may result in the imposition of civil and/or criminal penalties, injunctions, and/or limitations on marketing practices for the Company's products. Many companies have been the subject of claims related to these practices asserted by federal authorities, which have resulted in fines and other consequences.

Companies may not promote drugs for "off-label" uses – that is, uses that are not described in the applicable product's product monograph and that differ from those approved by the FDA, Health Canada or other applicable regulatory agencies. A company that is found to have improperly promoted off-label uses may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions. In addition, the Company management's attention could be diverted from business operations and the Company's reputation could be damaged.

Expiration of Core Patent Protection

The Company has and may in the future also acquire rights to additional products that still enjoy patent protection. This patent protection will eventually expire and, in such situations, in order to continue to obtain commercial benefits from these products, the Company will rely on product manufacturing trade secrets, know-how and related non-patent intellectual property. The effect of this patent expiration depends, among other things, upon the nature of the market and the position of these products in the market from time to time, the growth of the market, the complexities and economics of manufacture of a competitive product and regulatory approval requirements of generic drug laws. In the event that competition develops from generic products, this competition could have a material adverse effect on the Company's business, financial condition and operating results. The entrance into the market of a generic pharmaceutical product may erode the branded product's market share which may have a material adverse effect on the Company's business, financial condition and results of operations.

Inability to Protect, Maintain and Enforce Intellectual Property

The Company's success will depend in part on its ability or on the ability of licensors of products to the Company to protect, maintain and enforce intellectual property rights and licensing arrangements for its products. No assurance can be given that the licenses or rights used by the Company will not be challenged, invalidated, infringed or circumvented, or that the rights granted thereunder will provide competitive advantages to the Company. Any loss of intellectual property protection is likely to adversely affect the Company's operating results. The Company's commercial success will also depend in part on it or its licensors not infringing patents or proprietary rights of others and not breaching the licenses granted to it or its licensors, as the case may be. There can be no assurance that the

Company or its licensors will be able to obtain a license to any third party technology that may be required to conduct the Company's business or that such technology can be licensed at a reasonable cost. There is no certainty that the Company will not be challenged by its partners for non-compliance with its existing or future licensing arrangements. Consequently, there may be a risk that licensing arrangements are withdrawn with no compensation or penalties to the Company.

The Company will rely on trade secrets, know-how and other proprietary information as well as requiring employees, suppliers and other third-party service providers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and the Company may not have adequate remedies for such breaches. Others may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner. If a third party obtains the Company's proprietary information and adopts it in a competitive manner, it may have a material effect on the Company's business, financial condition and operating results.

Product Liability Claims

The administration of drugs to humans, whether in clinical trials or after marketing clearance is obtained, can result in product liability claims. Product liability claims can be expensive, difficult to defend and may result in large judgments or settlements against the Company. In addition, third party collaborators and licensees may not protect the Company from product liability claims.

The Company will maintain product liability insurance in connection with the marketing of its products. The Company may not be able to obtain or maintain adequate protection against potential liabilities arising from product sales. If the Company is unable to obtain sufficient levels of insurance at acceptable cost or otherwise protect against potential product liability claims, it will be exposed to product liability claims. A successful product liability claim in excess of its insurance coverage could harm the Company's financial condition, results of operations and prevent or interfere with its product commercialization efforts. In addition, any successful claim may prevent the Company from obtaining adequate product liability insurance in the future on commercially desirable terms. Even if a claim is not successful, defending such a claim may be time-consuming and expensive and would result in the Company needing to divert resources which could otherwise be used in developing its business.

Litigation May Negatively Impact the Company's Business, Financial Condition and/or Results of Operations

From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, financial condition and/or results of operations.

Risk of Being Removed from or Failure to be Included in Public and Private Formularies

Managed care organizations, pharmacy benefit managers, group purchasing organizations and other third-party payers try to negotiate the pricing of medical services and drug products to control their costs. Managed care organizations and pharmacy benefit managers typically develop public and commercial formularies to reduce their cost for medications. Formularies can be based on the prices and therapeutic benefits of the available products. Due to their lower costs, generic products are often favoured. The breadth of the products covered by formularies varies considerably from one managed care organization to another, and many formularies include alternative and competitive products for treatment of particular medical conditions. Failure to be included in such formularies or to achieve favourable formulary status may negatively impact the utilization of the Company's products. If the Company's products are not included within an adequate number of formularies or adequate reimbursement levels are not provided, or if those policies increasingly favour generic products, the Company's market share and gross margins could be harmed, as could the Company's business, financial condition, results of operations and cash flows.

Risks Associated with Debt Financing

The Company entered into the Term Loan and the ABL Facility in February 2020 and May 2020, respectively, incurring significant debt liabilities. The Company's ability to satisfy these liabilities and make payments when due and payable will be contingent, in part, upon its success in achieving significant revenues from its products. While the Company was successful in securing financing under the Term Loan and the ABL Facility, there is no assurance that the Company will be able to secure additional financing to repay its liabilities under the Term Loan and the ABL Facility should cash flows from operations be insufficient to repay these liabilities. The Company's inability to repay outstanding debt when due would have a material adverse impact on its business.

The Company and its subsidiaries are the borrowers under each of the Term Loan and the ABL Facility. The Term Loan is secured by a first-priority security interest in all existing and after-acquired assets of the Company and each other borrower, while the ABL Facility is secured by a first-priority security interest in all existing and after-acquired personal property of the Company and each other borrower. In the event of a default in payment on or the acceleration of repayment under the financing under the Term Loan or the ABL Facility, or upon the exercise of the remedies on behalf of the applicable lenders pursuant to the terms of either or both of the Term Loan and the ABL Facility, such enforcement would have a material adverse effect on the business, operations, financial condition and prospects of the Company.

Global Financial Conditions

Global financial conditions have always been subject to volatility. This volatility may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely affect the Company's operations and the value and the price of the common shares of the Company could be adversely affected. The Company may also be negatively impacted by volatility in the equity markets as a result of a number of catastrophic events that are beyond the Company's control, including infectious diseases, pandemics or similar health threats, such as the COVID-19 pandemic, or fear of any of the foregoing.

Catastrophic Events, Natural Disasters, Severe Weather and Disease

The Company's business may be negatively impacted to varying degrees by a number of events which are beyond its control, including cyber-attacks, unauthorized access, energy blackouts, pandemics, terrorist attacks, acts of war, earthquakes, hurricanes, tornados, fires, floods, ice storms or other natural or manmade catastrophes. While the Company engages in emergency preparedness, including business continuity planning, to mitigate risks, such events can evolve very rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe that the Company's operations and ability to carry on business will not be disrupted. The occurrence of such events may not release the Company from performing its obligations to third parties.

A catastrophic event, including an outbreak of infectious disease, a pandemic or a similar health threat, such as the COVID-19 pandemic, or fear of any of the foregoing, could adversely impact the Company by causing operating or supply chain delays and 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.

The Company's business may be negatively impacted by the COVID-19 pandemic, which has created, and continues to create, significant societal and economic disruptions. The COVID-19 pandemic has had, and will continue to have, a broad impact across industries and the economy, including by affecting consumer confidence, global financial markets (with global equity markets having experienced significant volatility and weakness), regional and

international travel, supply chain distribution of various products for many industries, government and private sector operations, the price of consumer goods, countrywide lockdowns in various regions of the world, and numerous other impacts on daily life and commerce. Additionally, the COVID-19 pandemic has led, and may continue to lead, governments around the world to enact measures to combat the spread of the COVID-19 virus, including, but not limited to, the implementation of travel bans, border closings, mandated closure of non-essential services, self-imposed quarantine periods and social and physical distancing policies, which have contributed to the material disruption to businesses globally.

The rapidly-evolving effects of the COVID-19 pandemic – the duration, extent and severity of which are currently unknown – on investors, businesses, the economy, society and the financial markets could, among other things, add volatility to the global stock markets and change interest rate environments. The COVID-19 pandemic and measures to prevent its spread may negatively impact the Company, its customers, counterparties, employees, third-party service providers and other stakeholders, as applicable, in a number of ways, including, but not limited to, by: (i) adversely affecting the business operations of the Company, including access to its products and customers and the Company's planned sales and marketing processes for its approved products; (ii) disrupting the Company's supply chain, including the manufacturing, supplying, licensing and/or distributing of its products by third-parties on which the Company relies; (iii) adversely affecting local, national or international economies and employment levels; (iv) causing business interruptions as a result of the strain on existing resources, including information technology systems resulting from senior management and other employees working remotely; (v) disrupting health care delivery; and (vi) negatively impacting operations at Health Canada and the FDA, which may result in delays in reviews and approvals. Any of these events in isolation or in combination, could have a material negative impact on the Company's financial condition, operating results and cash flows.

Treasury Risks

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations exposes the Company to credit risks, liquidity risks, interest rate risks and foreign currency risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not have any hedges in place.

Liquidity risk

Liquidity risk arises when a company encounters difficulties in meeting commitments associated with liabilities and other payment obligations. Liquidity risk is managed by maintaining adequate reserves and banking facilities and by closely monitoring forecast and actual cash flows. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and Convertible Debentures.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed mainly to credit risk on its cash and cash equivalents and accounts receivable. The Company offers credit to its customers in the normal course of its operations. It continually assesses the credit risk of its customers and accounts for an allowance for doubtful accounts, if any. The credit risk on cash and cash equivalents is mitigated by the fact that they are in place with major Canadian financial institutions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments subject the Company to fair value risk, while floating rate instruments subject it to cash flow risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenue or expenses are denominated in United States or other foreign currency. All of the sales from Medexus US, representing a significant portion of gross revenues earned, are in United States dollars. As a result, the Company's competitiveness could be impacted by unfavourable fluctuations in currency exchange rates.

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.