

**Form 62-103F3**  
**REQUIRED DISCLOSURE BY AN ELIGIBLE INSTITUTIONAL INVESTOR**  
**UNDER PART 4 OF NATIONAL INSTRUMENT 62-103**

**State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.**

Not applicable.

**Item 1 – Security and Reporting Issuer**

**1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

Common shares (the “**Common Shares**”), common share purchase warrants (“**Common Share Warrants**”) and convertible debentures (“**Convertible Debentures**” and, together with the Common Shares and the Common Share Warrants, the “**Securities**”) of Pediapharm Inc. (“**Pediapharm**”), 225 – 1 Place du Commerce, Verdun, Quebec H3E 1A2.

**1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

The Common Shares are listed on the TSX Venture Exchange. See Item 2.2 below for a description of the transaction giving rise to the filing of this report.

**Item 2 – Identity of the Eligible Institutional Investor**

**2.1 State the name and address of the eligible institutional investor.**

Goodwood Inc. (“**Goodwood**”)  
212 King Street West, Suite 200  
Toronto, Ontario M5H 1K5 Canada

**2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On October 16, 2018, Pediapharm announced the completion of the acquisition (the “**Medexus Acquisition**”) of all of the issued and outstanding shares of Medexus Inc. (“**Medexus**”) and the completion of the acquisition of all of the issued and outstanding shares of Medac Pharma, Inc. (collectively, the “**Acquisitions**”).

The total consideration paid by Pediapharm for the Medexus Acquisition was approximately Cdn. \$23 million, which was satisfied through the issuance of 67,646,009 Common Shares at a deemed issue price of Cdn. \$0.34 per Common Share to the shareholders of Medexus. Certain investment funds and accounts (the “**Goodwood Funds**”) of which Goodwood acts as investment manager were shareholders of Medexus at the time of the completion of the Medexus Acquisition, as was Peter Puccetti, the Chairman and Chief Investment Officer of Goodwood, and Curt Cumming, the President of Goodwood. In connection with the completion of the Medexus Acquisition, an aggregate of 17,777,509 Common

Shares were issued to the Goodwood Funds, Mr. Puccetti and Mr. Cumming as consideration for their common shares of Medexus.

In connection with the Acquisitions, Pediapharm completed on October 11, 2018 a private placement offering of subscription receipts (the “**Subscription Receipts**”) raising gross proceeds of approximately Cdn. \$62 million (the “**Offering**”), all as more fully described in Pediapharm’s press releases dated September 6, 2018 and October 11, 2018. Contemporaneously with the completion of the Acquisitions on October 16, 2018, Pediapharm satisfied all of the conditions necessary for the Subscription Receipts to automatically convert into an aggregate of: (i) 58,676,397 units (“**Units**”), consisting of one Common Share and one half of one Common Share Warrant (each such full Common Share Warrant being exercisable into one Common Share for a period of five years at an exercise price of Cdn. \$0.63 per share); and (ii) Cdn. \$42 million principal amount of Convertible Debentures, which Convertible Debentures are convertible into units (“**Conversion Units**”) consisting of one Common Share and one half of one Common Share Warrant (each such full Common Share Warrant being exercisable into one Common Share for a period of five years at an exercise price of Cdn. \$0.63 per share) at a conversion price of Cdn. \$0.42 per Conversion Unit.

The Goodwood Funds, Kate Sherkey, a director of Goodwood, and Chris Currie, a portfolio manager of certain Goodwood Funds, purchased Subscription Receipts under the Offering that, on October 16, 2018, were automatically converted into an aggregate of: (i) \$3,518,000 principal amount of Convertible Debentures, which Convertible Debentures are convertible into Conversion Units at a price of Cdn. \$0.42 per Conversion Unit (representing an aggregate of 8,376,188 Common Shares and 4,188,092 Common Share Warrants assuming the conversion of all of the Convertible Debentures into Conversion Units); and (ii) 938,235 Common Shares and 469,117 Common Share Warrants.

### **2.3 State the name of any joint actors.**

As noted under Item 5 below, Goodwood exercises control and direction over Securities held by the Goodwood Funds, which include Goodwood SPValue Fund LP, Goodwood Capital Fund, Goodwood Fund, Goodwood Milford LP and Goodwood Milford Fund Trust. As at October 31, 2018, Goodwood also exercised control and direction over the Common Shares held by Messrs. Puccetti and Cumming in their personal capacities and the Convertible Debentures held by Ms. Sherkey and Mr. Currie in their personal capacities. Goodwood is wholly owned by 1354037 Ontario Inc., an entity that is controlled and indirectly majority owned by Peter Puccetti through Puccetti Funds Management Inc.

### **2.4 State that the eligible institutional investor is eligible to file reports under Part 4 in respect of the reporting issuer.**

The eligible institutional investor, Goodwood, is an investment dealer and acts as investment manager to the Goodwood Funds. Goodwood is an eligible institutional investor and is eligible to file reports under Part 4 of National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.

## **Item 3 – Interest in Securities of the Reporting Issuer**

### **3.1 State the designation and the net increase or decrease in the number or principal amount of securities, and in the eligible institutional investor’s securityholding percentage in the class of**

**securities, since the last report filed by the eligible institutional investor under Part 4 or the early warning requirements.**

Goodwood has not previously filed a report in respect of any securities of Pediapharm.

**3.2 State the designation and number or principal amount of securities and the eligible institutional investor's securityholding percentage in the class of securities at the end of the month for which the report is made.**

As at October 31, 2018, Goodwood had beneficial ownership of, or exercised control and direction over, (i) 18,715,744 Common Shares; (ii) 469,117 Common Share Warrants; and (iii) \$3,518,000 principal amount of Convertible Debentures. Assuming conversion of all of the \$3,518,000 principal amount of Convertible Debentures into Conversion Units (resulting in the issuance of an aggregate of 8,376,188 Common Shares and 4,188,092 Common Share Warrants) and the exercise of the 469,117 Common Share Warrants together with the 4,188,092 Common Share Warrants received upon conversion of the Convertible Debentures into Conversion Units, Goodwood would have had, as of October 31, 2018, beneficial ownership of, or control and direction over, 31,749,141 Common Shares, representing approximately 13.55% of the issued and outstanding Common Shares on a partially diluted basis.

**3.3 If the transaction involved a securities lending arrangement, state that fact.**

Not applicable.

**3.4 State the designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities to which this report relates and over which**

**(a) the eligible institutional investor, either alone or together with any joint actors, has ownership and control,**

As at October 31, 2018, Goodwood did not have ownership and control over any of the Securities to which this report relates.

**(b) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the eligible institutional investor or any joint actor, and**

Not applicable.

**(c) the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

As at October 31, 2018, Goodwood had control and direction over, but not ownership of, all of the Securities listed in Item 3.2 above. Of these Securities, (i) 8,508,487 Common Shares, 469,117 Common Share Warrants and \$3,433,000 principal amount of Convertible Debentures were beneficially owned by the Goodwood Funds, and (ii) 10,207,257 Common Shares and \$85,000 principal amount of Convertible Debentures were beneficially owned personally by certain directors of Goodwood (Messrs. Puccetti, Mr. Cumming and Ms. Sherkey) and by Mr. Currie. Assuming conversion of all such \$3,518,000 principal amount of Convertible Debentures into Conversion Units (resulting in the issuance of an aggregate of

8,376,188 Common Shares and 4,188,092 Common Share Warrants) and the exercise of the 469,117 Common Share Warrants together with the 4,188,092 Common Share Warrants received upon conversion of the Convertible Debentures into Conversion Units, Goodwood would have had, as of October 31, 2018, control and direction over, but not ownership of, 31,749,141 Common Shares, representing approximately 13.55% of the issued and outstanding Common Shares on a partially diluted basis.

**3.5 If the eligible institutional investor or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the eligible institutional investor's securityholdings.**

Not applicable.

**3.6 If the eligible institutional investor or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

**State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.**

Not applicable.

**3.7 If the eligible institutional investor or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the eligible institutional investor's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

#### **Item 4 – Purpose of the Transaction**

**State the purpose or purposes of the eligible institutional investor and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the eligible institutional investor and any joint actors may have which relate to or would result in any of the following:**

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the issuer;**

The Securities were either: (i) acquired for investment purposes under the Offering; or (ii) issued as consideration by Pediapharm for the acquisition of all the shares of Medexus in connection with the Medexus Acquisition. Depending on market and other conditions, Goodwood may, from time to time, increase or decrease its ownership, control and direction over securities of Pediapharm.

- (b) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**

Not applicable.

- (c) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**

Not applicable.

- (d) a material change in the present capitalization or dividend policy of the reporting issuer;**

Not applicable.

- (e) a material change in the reporting issuer's business or corporate structure;**

Not applicable.

- (f) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person;**

Not applicable.

- (g) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**

Not applicable.

- (h) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**

Not applicable.

- (i) a solicitation of proxies from securityholders;**

Not applicable.

- (j) an action similar to any of those enumerated above.**

Not applicable.

**Item 5 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer**

**Describe the material terms of any agreements, arrangements, commitments or understandings between the eligible institutional investor and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or**

**otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities except that disclosure of standard default and similar provisions contained in loan agreements need not be included.**

See Item 2.4 above. As investment manager to the Goodwood Funds, Goodwood has discretionary trading authority in respect of, and the right to vote, the Securities held by the Goodwood Funds. In addition, through arrangements with the directors of Goodwood and Mr. Currie, Goodwood had, as at October 31, 2018, discretionary trading authority in respect of, and the right to vote, the Securities held personally by such directors and Mr. Currie.

On October 16, 2018, each of Messrs. Puccetti and Cumming entered into lock-up agreements (the “**Lock-Up Agreements**”) pursuant to which Messrs. Puccetti and Cumming agreed not to sell the Common Shares (the “**Locked-Up Shares**”) issued to them personally upon completion of the Medexus Acquisition as consideration for their common shares of Medexus for a period of two years, without the prior consent of Pediapharm. For greater certainty, the Locked-Up Shares subject to the Lock-Up Agreements include only the 10,207,257 Common Shares of Pediapharm that were issued to Messrs. Puccetti and Cumming personally upon completion of the Medexus Acquisition as consideration for their common shares of Medexus, and do not include any of the other Securities referenced herein.

#### **Item 6 – Change in Material Fact**

**If applicable, describe any change in a material fact set out in a previous report filed by the eligible institutional investor under the early warning requirements or Part 4 in respect of the reporting issuer’s securities.**

Not applicable.

#### **Item 7 – Certification**

**I, as the eligible institutional investor, certify, or I, as the agent filing the report on behalf of the eligible institutional investor, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.**

November 9, 2018

Date

“Peter Puccetti” (signed)

Signature

Peter Puccetti, Chairman and Chief Investment Officer

Name/Title