



Annual Information Form

Financial Year Ended March 31, 2022

Date: June 22, 2022

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PRELIMINARY NOTES

This annual information form (**AIF**) of Medexus Pharmaceuticals Inc. and its subsidiaries (collectively **Medexus** or **Company**) relates to the financial year ended March 31, 2022. It was approved by Medexus's board of directors (**Board**) on June 22, 2022.

Forward-looking statements

Certain statements in this AIF contain forward-looking information within the meaning of applicable securities laws (**forward-looking statements**). Such forward-looking statements include statements that express or involve discussions as to expectations, beliefs, plans, objectives, assumptions, or future events or performance, and which are not historical facts. Forward-looking statements are often, but not always, indicated by 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". All forward-looking statements in this AIF are expressly qualified by the cautionary statements in this section.

Specific forward-looking statements in this AIF include, but are not limited to, information contained in statements regarding any of the following: Medexus's business strategy, outlook, and other expectations regarding financial or operational performance; anticipated trends and challenges in Medexus's business and the markets in which it operates, including the company's competitive position in and demographics of those markets; Medexus's expectations and plans regarding future growth and revenues and ability to pay dividends and distributions; Medexus's expectations regarding the business strategies of its competitors; Medexus's expectations regarding availability of funds from operations, cash flow generation, and capital allocation, and anticipated cash needs, capital requirements, and needs for additional financing; Medexus's ability to secure and fund commercialization rights to promising products and the performance of those products against expectations; the ability of Medexus and its business partners to secure regulatory approvals from the U.S. Food and Drug Administration (**FDA**), Health Canada, and other agencies when required; and the potential ongoing impact of the Covid-19 pandemic (including any variants) and Medexus's response, including any balance-sheet and cost management strategies and any benefits from those strategies. In addition, forward-looking statements in this AIF also include statements regarding the potential benefits of treosulfan and the timing and expected outcome of the FDA approval process for treosulfan, including submission of information to the FDA and the FDA's acceptance and review of that information, and a related launch of the product in the United States and expectations regarding the product's prospects if approved by the FDA.

The forward-looking statements and information included in this AIF are based on Medexus's current expectations and assumptions. Although Medexus believes that such expectations and assumptions are reasonable, readers of this AIF should not place undue reliance on the forward-looking statements and information in this AIF because Medexus can give no assurance that they will prove to be correct. Forward-looking statements and information involve inherent risks and uncertainties because they address future events and conditions. Actual results could differ materially from those currently anticipated by Medexus as a result of a number of factors, risks and uncertainties. Relevant risks and uncertainties include, among other things, the uncertainties inherent in research and development conducted by Medexus or, more frequently, its business

partners, including the ability to meet anticipated clinical endpoints, commencement and/or completion dates for clinical trials, regulatory submission dates, regulatory approval dates and/or launch dates, as well as the possibility of unfavorable new clinical data and further analyses of existing clinical data; the risk that clinical trial data relating to product candidates are subject to differing interpretations and assessments by regulatory authorities; whether regulatory authorities will be satisfied with the design of and results from clinical studies of a given product candidate; whether and when drug applications may be filed in a given market for the relevant product; whether and when any such applications may be approved by regulatory authorities, which will depend on many factors, including making a determination as to whether the product candidate's benefits outweigh its known risks and determination of the product candidate's efficacy; decisions by regulatory authorities impacting labeling, manufacturing processes, safety, and/or other matters that could affect the availability or commercial potential of the product; and, if approved, whether the product will be commercially successful, including as a result of competitive developments. A further description of material risk factors that could cause actual results or events to differ materially from those expressed in Medexus's forward-looking statements can be found under the heading "Risk Factors". In addition, new factors and risks that affect Medexus can emerge from time to time. It is not possible for management to predict all such factors and risks and to assess in advance the impact of each such factor or risk on Medexus's business, or the extent to which any factor or risk, or combination of factors or risks, may cause actual results to differ materially from those contained in any of Medexus's forward-looking statements.

Unless otherwise noted, any forward-looking statement speaks only as of the date of this AIF. Except as expressly required by applicable law, Medexus does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which that forward-looking statement is made or to reflect the occurrence of unanticipated subsequent events.

Trademarks and trade names

This AIF contains references to trademarks and service marks, including those belonging to other companies, persons, or entities. Solely for convenience, trademarks and trade names referred to in this document may appear without the "®" or "™" symbols. Each such reference should be read as though it appears with the relevant symbol. Any such references are not intended to indicate, in any way, that the holder or holders of the relevant intellectual property rights will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names.

Website addresses

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

COMPANY OVERVIEW

Corporate structure

Name, address, and incorporation

Medexus Pharmaceuticals Inc. is a corporation formed under the Canada Business Corporations Act. Medexus's principal and registered office is currently located at 35 Nixon Road, Unit 1, Bolton, Ontario. On March 31, 2021, Medexus amended its articles to allow its registered office to be located in Ontario.

Medexus, then known as Pediapharm Inc., was formed on December 10, 2013 through the amalgamation of Pediapharm Inc. and Chelsea Acquisition Corporation. On October 16, 2018, Medexus acquired Medexus Inc. and Medac Pharma, Inc. (now known as Medexus Pharma, Inc.). On December 12, 2018, Medexus changed its name to "Medexus Pharmaceuticals Inc." and, on April 1, 2021, Medexus amalgamated with Medexus Inc., its wholly-owned subsidiary.

Intercorporate relationships

Medexus Pharmaceuticals Inc., a Canada corporation, operates Medexus's business operations in Canada. It also owns 100% of the issued and outstanding shares of MI Acquisitions, Inc., a Delaware corporation.

MI Acquisitions, Inc. is an intermediate holding company that does not engage in any operating activities. MI Acquisitions, Inc. owns 100% of the issued and outstanding shares of Medexus Pharma, Inc., a Delaware corporation (**Medexus US**).

Medexus US operates Medexus's business operations in the United States. It is also the sole member (owning 100% of the membership interests) of Aptevo BioTherapeutics LLC, a Delaware limited liability company.

Aptevo BioTherapeutics LLC owns Medexus's rights to IXINITY. It otherwise does not engage in significant operating activities.

Company strategy

Medexus is a leader in innovative rare-disease treatment solutions with a strong North American commercial platform and a portfolio of proven best-in-class products. Medexus's experienced management team has a long and proven track record of successfully sourcing, developing, and commercializing pharmaceutical products in a variety of therapeutic areas at all stages of their life cycle throughout the United States and Canada.

Medexus's current focus is on the therapeutic areas of oncology, hematology, rheumatology, auto-immune diseases, and allergy. Medexus continues to build a highly differentiated company with a growing portfolio of innovative high-value orphan drug and rare disease products that will underpin the company's future growth.

Medexus's current leading products are –

- IXINITY, an 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;
- Rasuvo (U.S.) and Metoject (Canada), a unique formulation of methotrexate (auto-pen and pre-filled syringe) designed to treat rheumatoid arthritis and other auto-immune diseases; and
- Rupall, an innovative prescription allergy medication with a unique mode of action.

These existing products have primarily driven Medexus's performance to date. Medexus also actively pursues opportunities to complement its existing product portfolio by licensing and acquiring new products. For example –

- Medexus recently acquired exclusive U.S. and Canadian rights to commercialize Gleolan (aminolevulinic acid hydrochloride or ALA HCl). Gleolan is an optical imaging agent currently indicated in patients with glioma (suspected World Health Organization Grades III or IV on preoperative imaging) as an adjunct for the visualization of malignant tissue during surgery. Gleolan is approved by Health Canada and the U.S. Food and Drug Administration (**FDA**), and is orphan drug designated in the United States.
- Medexus previously acquired exclusive U.S. and Canadian rights to commercialize treosulfan. Treosulfan is part of a preparative regimen for allogeneic hematopoietic stem cell transplantation (**allo-HSCT**) to be used in combination with fludarabine, used in treating eligible patients with acute myeloid leukemia (**AML**) and myelodysplastic syndromes (**MDS**). Final study results and analysis of the pivotal phase 3 clinical trial of treosulfan conducted by medac, a strategic partner of Medexus, demonstrated clinically relevant superiority of treosulfan over a widely applied “reduced-intensity conditioning” busulfan regimen with regard to its primary endpoint, event-free survival and favorable conclusions on two key secondary endpoints, overall survival and non-relapse mortality. (Source: Beelen et al, “Treosulfan compared with reduced-intensity busulfan improves allogeneic hematopoietic cell transplantation outcomes of older acute myeloid leukemia and myelodysplastic syndrome patients: Final analysis of a prospective randomized trial”, American Journal of Hematology (May 2022).) Treosulfan is approved by Health Canada, is currently the subject of an ongoing regulatory review process with the FDA, and is orphan drug designated in the United States.

Medexus believes that its existing commercialization infrastructure will benefit from leverage effects as Medexus continues optimizing the company's product portfolio. Medexus therefore regularly explores additional complementary product opportunities in both current and planned therapeutic areas in both the United States and Canada, and regularly evaluates various transaction opportunities based on the company's strategic plan. The company's current objective is to execute near-term accretive transactions to achieve its growth targets over the coming years to deliver strong financial results for the company and its investors.

Medexus believes that the company offers a scalable commercial platform that can provide significant revenue and earnings potential. To achieve this objective, Medexus continues striving to increase revenue, develop and leverage the company's commercialization infrastructure across products, realize synergies across the company's predecessor companies, and maintain strict financial discipline.

GENERAL DEVELOPMENT OF MEDEXUS'S BUSINESS

The following describes the general development of Medexus's business operations since the beginning of the financial year ended March 31, 2020. Medexus completed no significant acquisitions during its most recently completed financial year for which disclosure was required under Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations.

Recent developments since March 31, 2022

Product developments

Treosulfan (United States)

In April 2022, medac GmbH (**medac**), a strategic partner of Medexus, resubmitted its New Drug Application (**NDA**) for treosulfan with the FDA. The resubmission included additional clinical data and statistical analysis relating to the previously-completed phase 3 clinical trial of treosulfan as well as an update of the integrated summary of safety, which the FDA had requested in their July 2021 Complete Response Letter to medac (discussed below).

In May 2022, the FDA indicated that they required additional information related to medac's NDA resubmission in order to render it complete and initiate FDA review. The FDA requested certain updates to data files submitted by medac and certain supporting information relating to data provided by medac.

Based on Medexus's discussions with medac, Medexus understands that the data collection process is progressing well, and medac continues to expect to respond to the FDA's information requests within the 12-month timeline required by the Complete Response Letter. The review clock for the NDA resubmission will start after the response is considered complete by the FDA.

During the extended registration period, Medexus has continued to work diligently with medac to further prepare for the launch of treosulfan in the United States. Assuming medac satisfies the FDA's recent requests and formal FDA review commences within the timeline required by the Complete Response Letter, an FDA approval would allow a commercial launch of treosulfan in the United States in the first half of calendar year 2023. If approved by the FDA, Medexus expects that commercialization of treosulfan would have a materially positive impact on the company's total revenue, as management estimate that the current market-leading product in the United States generated approximately \$126 million in peak annual revenue before genericization.

Other developments

Changes in senior management

In May 2022, Medexus appointed Richard Labelle as General Manager, Canadian Operations. Mr. Labelle previously served as Vice President, Allergy/Pediatric/OTC Portfolios, Canadian Operations. His expanded role builds on his long tenure with the company and his extensive experience in the pharmaceutical sector.

Amendment to Revolving Loan Agreement

In April 2022, Medexus amended its May 2020 revolving loan credit agreement with a syndicate of lenders represented by MidCap Funding IV Trust as agent (**Revolving Loan Agreement**) (discussed below). This technical amendment adjusted the method of calculating the borrowing base for the Revolving Loan (defined below).

Financial year ended March 31, 2022

Product developments

Gleolan (United States)

In March 2022, Medexus entered into a license, supply, and distribution agreement (**U.S. Gleolan Agreement**) with NX Development Corp. (**NXDC**), the U.S. subsidiary of photonamic GmbH & Co. (**Photonamic**). Under the U.S. Gleolan Agreement, Medexus acquired the exclusive right to commercialize Gleolan in the United States. This transaction extended Medexus's strong relationship with Photonamic and complements Medexus's existing commercialization rights to Gleolan in Canada, where Medexus executed a full commercial launch of Gleolan in February 2021. See “—Financial year ended March 31, 2021—Product developments—Gleolan (Canada)”.

Under the U.S. Gleolan Agreement, Medexus will commercialize Gleolan in the United States and will pay NXDC annual mid double-digit-percentage royalty payments on net sales of Gleolan (tiered based on net sales relative to an annual minimum baseline and net of supply price paid) and periodic low- to mid-single-digit-million dollar milestone payments (including a payment made at signing, two payments triggered by passage of time, and three payments triggered by achievement of net sales thresholds). NXDC will supply Gleolan to Medexus and will remain the sponsor of the NDA for Gleolan on file with the FDA. NXDC, as sponsor, will continue research and development activities, including pursuit of additional indications for Gleolan. Medexus's exclusive commercialization rights extend to one additional indication, meningioma, with the opportunity to negotiate commercialization rights to future indications. The initial term of the U.S. Gleolan Agreement extends through and including March 2028 with successive two-year extension terms thereafter.

The transition period contemplated by the transaction is progressing well. Since signing the U.S. Gleolan Agreement and during the transition period contemplated by the transaction, Medexus has worked diligently with NXDC to assume responsibility for commercialization and prepare for the full commercial relaunch of Gleolan in the United States. Medexus currently expects to assume full responsibility for commercialization of Gleolan during second fiscal quarter 2023.

Treondyv (Treosulfan) (Canada)

In September 2021, Medexus commercially launched treosulfan in Canada under the brand name Treondyv. Commercial launch followed Health Canada's Notice of Compliance in June 2021 and Medexus's entry into an exclusive license agreement with medac in July 2021 (**Canada Treosulfan**

Agreement). Previously, beginning in March 2019, Medexus had distributed treosulfan in Canada under Canada's Special Access Program.

Under the Canada Treosulfan Agreement, Medexus holds the exclusive right to commercialize treosulfan in Canada. Medexus will commercialize Trecondyv in Canada and will pay medac quarterly royalty payments (single- or low double-digit percentage of annual net sales determined based on net unit sale price) and periodic low- to mid-hundred-thousand dollar milestone payments (including payments triggered by ongoing absence of generic product entry and by achievement of net sales thresholds). medac will supply Trecondyv to Medexus. Medexus has the opportunity to negotiate commercialization rights to future indications. The initial term of the Canada Treosulfan Agreement extends through and including June 2031 with successive one-year extension terms thereafter.

Amendment to Relaxa License Agreement

In September 2021, Medexus signed an amendment to its September 2016 license agreement with 9346-4626 Quebec Inc. (operating as **Transican**) relating to Relaxa, an osmotic laxative used to treat occasional constipation (**Relaxa License Agreement**). Among other things, the amendment extended Medexus's right to acquire product rights outright through September 2026 and deferred Transican's option to sell product rights to Medexus until the period beginning September 2024 and ending September 2026. For more information about the Relaxa License Agreement, see "Material Contracts".

Treosulfan (United States)

In August 2021, Medexus was notified by medac that medac had received a Complete Response Letter from the FDA stating that the FDA would not approve medac's NDA for treosulfan in its then-current form. In November 2021, Medexus participated in medac's Type A Meeting with the FDA to review medac's NDA resubmission plan. medac expects to respond to the FDA's remaining information requests regarding medac's April 2022 resubmission (discussed above), which the FDA has not yet considered complete, within the 12-month timeline required by the Complete Response Letter.

Other developments

2022 NCIB

In February 2022, Medexus initiated a normal course issuer bid for its Convertible Debentures (**2022 NCIB**). Under the 2022 NCIB, Medexus may purchase for cancellation up to C\$3,530,000 principal amount of its Convertible Debentures. The 2022 NCIB is expected to continue until February 2023, unless terminated earlier in accordance with its terms.

Changes in senior management

In July 2021, Medexus appointed Marcel Konrad as Chief Financial Officer, succeeding Roland Boivin in that position. Mr. Konrad brought to this role over 20 years of experience in accounting, finance, and business operations in the pharmaceutical sector. Mr. Boivin provided advisory

services to help ensure an orderly transition of responsibilities to Mr. Konrad. Mr. Boivin's advisory services concluded in October 2021.

In November 2021, Medexus appointed Ian C Wildgoose Brown as General Counsel and Corporate Secretary. Mr. Wildgoose Brown brought to this role over a decade of experience with complex business transactions and general corporate governance.

Graduation to TSX

In June 2021, Medexus listed its common shares (**Common Shares**), Convertible Debentures, and 2021 Warrants (defined below) (collectively **Listed Securities**) for trading on the Toronto Stock Exchange (**TSX**). Upon listing on the TSX, the Listed Securities were delisted from the TSX Venture Exchange (**TSXV**) and continued to trade on the TSX under the symbols "MDP", "MDP.DB", and "MDP.WT".

Financial year ended March 31, 2021

Product developments

U.S. Treosulfan Agreement

In February 2021, Medexus entered into an exclusive license with medac relating to treosulfan (**U.S. Treosulfan Agreement**). Under the U.S. Treosulfan Agreement, Medexus holds the exclusive right to commercialize treosulfan in the United States.

Under the terms of the U.S. Treosulfan Agreement, and subject to FDA approval of treosulfan, Medexus will commercialize treosulfan in the United States and will pay medac quarterly low single-digit-percentage royalty payments on net sales of treosulfan, two previously-paid mid-single-digit-million dollar milestone payments, low- to mid-double-digit-million dollar milestone payments triggered by the outcome of the FDA's review process if treosulfan is approved, and periodic mid-single-digit- to low-double-digit-million dollar milestone payments triggered by achievement of net sales thresholds. medac will supply treosulfan to Medexus and will remain the sponsor of the NDA for treosulfan on file with the FDA. Medexus has the opportunity to negotiate commercialization rights to future indications. The initial term of the U.S. Treosulfan Agreement extends through and including the date that is ten years from the FDA's approval of treosulfan (if received) with successive two-year extension terms thereafter.

U.S. TH Agreement

In December 2020, Medexus entered into an exclusive license, distribution, and supply agreement (**U.S. TH Agreement**) with Laboratoires Ethypharm to register and commercialize Triamcinolone Hexacetonide Injectable Suspension 20 mg/mL (**TH**) in the United States. Under the U.S. TH Agreement, Medexus will commercialize TH in the United States upon FDA approval of TH and will pay Laboratoires Ethypharm quarterly low-double-digit-percent royalty payments on net sales of TH, an upfront payment, and periodic low hundred-thousand-dollar milestone payments (event-based payments triggered by FDA approval and commercial launch of the product and two payments triggered by achievement of net sales thresholds). The initial term of

the U.S. TH Agreement extends through and including the seven-year anniversary of the first commercial sale of TH in the United States with successive three-year extension terms thereafter.

Gleolan (Canada)

In September 2020, Health Canada issued a Notice of Compliance with respect to commercialization of Gleolan in Canada. Approval of Gleolan followed Medexus's February 2019 entry into a license and supply agreement (**Canada Gleolan Agreement**) with Photonamic. Under the Canada Gleolan Agreement, Medexus acquired the exclusive right to commercialize Gleolan in Canada and will pay Photonamic royalty payments on net sales of Gleolan in Canada (net of supply price paid and subject to a per-unit floor price). Photonamic supplies Gleolan to Medexus. The initial term of the Canada Gleolan Agreement extends through and including September 2030.

Other developments

2021 Offering

In February 2021, Medexus completed a public offering of units at a price of C\$7.10 per unit (**2021 Offering**) through a syndicate of underwriters represented by Raymond James Ltd. and Stifel GMP, as co-lead underwriters and joint bookrunners. Medexus received aggregate gross proceeds of approximately C\$32.5 million, including the full exercise by the underwriters of their overallotment option. In connection with the 2021 Offering, Medexus also issued, to the underwriters of the 2021 Offering, an aggregate of 232,647 2021 Underwriter Warrants (defined below). See "Description of Capital Structure—Description of securities—2021 Warrants and 2021 Underwriter Warrants".

Metoject litigation

In August 2020, Medexus and medac commenced a patent litigation in Canada's Federal Court against Accord Healthcare Inc. (including its affiliates named in the litigation, **Accord**) relating to two generic versions of Metoject in Canada (**Metoject Litigation**). In their statement of claim, Medexus and medac allege that Accord's products infringe medac's Canadian patent rights relating to concentrated methotrexate solutions, which Medexus licenses from medac to market and sell Metoject in Canada. Accord subsequently filed a counterclaim against Medexus and medac alleging invalidity of medac's patent rights relating to Metoject. Medexus and medac intend to take all appropriate steps to enforce their intellectual property rights. A trial date has been set for early calendar year 2023.

See "Risk Factors—Risks Relating to Legal and Regulatory Matters—Litigation May Negatively Impact Medexus' Business, Financial Condition and/or Results of Operations" and "Risk Factors—Risks Relating to the Business—Competition from Manufacturers of Generic Products".

Revolving Loan Agreement

In May 2020, Medexus and its subsidiaries, as borrowers, entered into the Revolving Loan Agreement with a syndicate of lenders represented by MidCap Funding IV Trust as agent.

The Revolving Loan Agreement provides for an asset-based revolving credit facility with a \$20.0 million commitment and an uncommitted \$10.0 million accordion. Under the Revolving Loan Agreement, Medexus may borrow up to the committed amount at any time, subject to a borrowing base as set out in the Revolving Loan Agreement (**Revolving Loan**). Borrowings under the Revolving Loan Agreement bear interest at an annual rate equal to one-month LIBOR (or successor index) plus 3.95%, subject to a LIBOR floor of 1.50%. Interest on the outstanding balance of the Revolving Loan is payable monthly in arrears.

Any amounts that remain outstanding under the Revolving Loan will mature on June 30, 2023. The Revolving Loan is secured by a first-priority security interest in all existing and after-acquired personal property of Medexus (including its subsidiaries) and is subject to an intercreditor agreement with MidCap Financial Trust in its capacity as agent under Medexus's February 2020 term loan credit agreement with a syndicate of lenders represented by MidCap Financial Trust as agent (**Term Loan Agreement**) and, together with the Revolving Loan Agreement, **Credit Agreements**) (discussed below).

Medexus used the initial advance under the Revolving Loan Agreement to pay transaction fees and expenses related to the Revolving Loan Agreement and to repay \$10.0 million of the principal amount outstanding under the Term Loan Agreement (plus accrued and unpaid interest and related fees and expenses). Following the repayment described in the previous sentence, approximately \$10.0 million principal amount remained outstanding under the Term Loan Agreement.

Changes in senior management

In May 2020, Medexus appointed Michael Adelman as General Manager, U.S. Operations, succeeding Terri Shoemaker, who resigned as President, U.S. Operations. Mr. Adelman brought to this role over 25 years of experience in commercial experience in the pharmaceutical sector.

Change in presentation currency

During Medexus's financial year 2021, Medexus changed its presentation currency from Canadian dollars to United States dollars. Medexus determined that this change in presentation currency better reflects the company's current business operations and activities, increases comparability to peer companies, and enhances the relevance of the financial statements to users.

Medexus applied this change retrospectively and restated the comparative financial information in its audited consolidated financial statements for the year ended March 31, 2021 as if the presentation currency had always been in United States dollars.

Financial year ended March 31, 2020

Product developments

Health Canada approval of Metoject for self-administration

In October 2020, Medexus secured Health Canada approval of Metoject for self-administration. The self-administration indication allows patients to manage their injection without having to rely on a healthcare professional.

IXINITY Acquisition

In February 2020, Medexus acquired Aptevo Biotherapeutics LLC from Aptevo Therapeutics Inc. (**IXINITY Acquisition**). The purchase price consisted of cash consideration of approximately \$30.0 million paid at closing plus the deferred payments described below.

In connection with the IXINITY Acquisition, Medexus is obligated to pay to Aptevo Therapeutics Inc. a royalty on net sales of IXINITY equal to 2.0% of net sales of IXINITY until June 2022, and, thereafter, 5.0% of net sales of IXINITY until March 2035.

Medexus is also obligated to pay periodic milestone payments of –

- a low-single-digit million-dollar payment triggered by regulatory approval of IXINITY in each of Canada, Germany, Italy, Spain, and the United Kingdom, and
- a mid-single-digit million-dollar payment the event IXINITY achieves worldwide annual net sales of \$120.0 million before March 1, 2035.

For more information about IXINITY, see “Narrative Description of Medexus’s Business—Core products and programs—Current leading products—IXINITY”.

Other developments

Term Loan Agreement

In February 2020, in connection with the closing of the IXINITY Acquisition, Medexus and its subsidiaries, as borrowers, entered into the Term Loan Agreement with a syndicate of lenders represented by MidCap Financial Trust as agent. In connection with the Term Loan Agreement, Medexus also issued, to an affiliate of MidCap Financial Trust, 134,290 MidCap Warrants (defined below). See “Description of Capital Structure—Description of securities—MidCap Warrants”.

Under the Term Loan Agreement, Medexus borrowed a principal amount of \$20.0 million (**Term Loan**). Borrowings under the Term Loan Agreement bear interest at an annual rate equal to one-month 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 matures on July 17, 2023 and is secured by a first-priority security interest in all existing and after-acquired assets of Medexus (including its subsidiaries) and is subject to an intercreditor agreement with MidCap Funding IV Trust in its capacity as agent under the Revolving Loan Agreement.

Medexus used the proceeds from the Term Loan to fund a portion of the purchase price of the IXINITY Acquisition and related transaction fees and expenses.

Changes in senior management and the Board

In October 2019, Sylvain Chrétien resigned as President, Canadian Operations and as a Medexus director, and Benoit Hebert resigned as Vice President, Business Development & Licensing.

DTC eligibility

In August 2019, the Common Shares became DTC eligible in the United States. Common Shares had previously traded on the OTCQB in the United States under the symbol “PDDPF”. DTC services provide simplification, convenience, and cost benefits for investors and brokers trading Canadian securities in the United States.

2019 NCIB

From May 2019 through February 2020, Medexus conducted a normal course issuer bid for its Common Shares (**2019 NCIB**). Under the 2019 NCIB, Medexus purchased and cancelled 919,000 Common Shares for an aggregate purchase price of C\$3,738,860. Medexus terminated the 2019 NCIB upon entering into the Term Loan Agreement.

NARRATIVE DESCRIPTION OF MEDEXUS'S BUSINESS

Medexus is a leader in innovative rare-disease treatment solutions with a strong North American commercial platform and a portfolio of proven best-in-class products. Medexus's experienced management team has a long and proven track record of successfully sourcing, developing, and commercializing pharmaceutical products in a variety of therapeutic areas at all stages of their life cycle throughout the United States and Canada.

Medexus's current focus is on the therapeutic areas of oncology, hematology, rheumatology, auto-immune diseases, and allergy. Medexus continues to build a highly differentiated company with a growing portfolio of innovative high-value orphan drug and rare disease products that will underpin the company's future growth.

Business strategy (production and services; components; foreign operations)

Healthcare innovators can generally be categorized into groups according to their core strategy. Companies like Medexus typically focus on commercialization of pharmaceutical products in one or a select few therapeutic areas. These companies generally commercialize products whose rights are acquired through licensing or acquisition transactions and therefore do not make significant investments in research and development. By contrast, large pharmaceutical companies typically develop new products through significant investments in research and development and often commercialize their products globally, and midsized and smaller pharmaceutical companies typically focus on research and early-stage development of pharmaceutical products and compounds.

Medexus focuses on commercialization of an existing portfolio of pharmaceutical products previously licensed or acquired from third parties. These existing products have primarily driven Medexus's performance to date. Medexus also focuses on opportunities to complement its existing product portfolio by licensing and acquiring new products. Medexus therefore does not make significant investments in research and development. Medexus generally purchases finished products manufactured by third-party licensors located outside North America and distributes them in the United States or Canada. Medexus uses third-party contract manufacturers generally located within North America for products that Medexus owns outright.

Core products and programs

Each of the following products is associated with important contractual relationships with third-party licensors, suppliers, or others, on which in the aggregate Medexus's business depends. See "Material Contracts". For the financial year ended March 31, 2022, approximately 68% of Medexus's total revenue was generated by the company's operations in the United States.

Current leading products by revenue

IXINITY

IXINITY is a third-generation recombinant human coagulation factor IX indicated in the United States for the control and prevention of bleeding episodes and for perioperative management in adults and children 12 years of age or older with Hemophilia B. People with Hemophilia B require factor IX injections to temporarily restore normal blood coagulation. Many patients use regular

prophylactic treatment to prevent bleeding episodes. Others use treatment to control bleeding episodes after they occur. Treatment selection and approach is individualized based on factors including the patient's condition and age, factor level, disease severity, bleeding pattern, activity level, and individual pharmacokinetic parameters.

In September 2020, the FDA approved Medexus's application to supplement the IXINITY Biologics License Application to add the indication for routine prophylaxis. This label expansion provides additional flexibility in the prescribed dosing regimen for IXINITY. It may appeal to healthcare professionals who prefer this dosing regimen and expands the clinical efficacy data set that Medexus can address in its commercialization activities. Medexus believes this label expansion benefits its efforts to further penetrate the market and enhances its ability to retain its existing base of business.

Medexus is also investing in a phase 4 clinical trial of IXINITY's safety and efficacy in previously-treated patients under 12 years of age with hemophilia B. Medexus completed enrollment in this study in August 2021. Medexus expects in first calendar quarter 2023 to complete the analysis and clinical study report of this study. Once completed, this study could support an expansion of IXINITY's indicated patient population to include the pediatric population in the United States. Medexus is exploring approaches to addressing this potentially expanded market. Successfully expanding the indicated patient population, together with further reductions in associated manufacturing costs, could also render the product suitable for commercialization in other markets under out-licensing or other arrangements.

Rasuvo

Rasuvo is a weekly subcutaneous single-dose injector of methotrexate that is indicated in the United States for the treatment of rheumatoid arthritis, psoriasis, and juvenile idiopathic arthritis (**JIA**). Methotrexate is a foundational first-line treatment for rheumatoid arthritis. Autoinjectors like Rasuvo improve treatment by accurately delivering a single dose of methotrexate (simplifying dose administration), with superior pharmacokinetics to oral tablets of methotrexate (because pharmacokinetics of oral tablets plateaus at 15 mg), with half the volume of injection (reducing pain at the injection site).

Rasuvo has excellent payor, prescriber, and patient acceptance, which has helped position Rasuvo as a leader in the methotrexate autoinjector market.

Rupall

Rupall is a 10 mg tablet or 1 mg/mL oral solution that is indicated in Canada for the relief of symptoms associated with Seasonal Allergic Rhinitis (**SAR**), Perennial Allergic Rhinitis (**PAR**), and Chronic Spontaneous Urticaria (**CSU**) in patients 2 years of age and older. Allergic rhinitis (SAR and PAR) is an inflammatory disease of the nasal mucous membranes and is one of the most common chronic health conditions, affecting an estimated 20% to 25% of Canadians. CSU is a severe skin condition associated with discomfort that can create long-term hardship and distress for patients and pose treatment challenges to healthcare professionals.

In January 2017, Medexus launched Rupall in Canada, and has since built Rupall into a leader in the SAR, PAR, and CSU treatment market. Rupall will continue to benefit from market exclusivity

granted by Health Canada through January 2025. Rupall typically experiences seasonality in its sales.

Metoject

Metoject is a pre-filled syringe of methotrexate with a pre-attached subcutaneous needle that is indicated in Canada for the treatment of rheumatoid arthritis, psoriasis, and psoriatic arthritis. Like Rasuvo, Metoject improves and simplifies the delivery of subcutaneous methotrexate.

Medexus has achieved for Metoject both public reimbursement for all federal, provincial, and territorial public drug plans except British Columbia and private reimbursement across Canada. Reimbursement eligibility provides access to Metoject for large groups of patients who previously could not obtain Metoject.

Recently added products (last two financial years)

Gleolan

Gleolan (aminolevulinic acid hydrochloride or ALA HCl) is an FDA- and Health Canada–approved optical imaging agent indicated in patients with glioma (suspected World Health Organization Grades III or IV on preoperative imaging) as an adjunct for the visualization of malignant tissue during surgery. The FDA has granted Gleolan orphan drug designation through June 2024.

Gleolan makes high-grade gliomas (malignant, rapidly progressive brain tumors) fluoresce under a particular form of fluorescent blue light. Gleolan is a powder and is administered to patients as an oral solution. After administration, when the brain is exposed to blue light during surgery, areas within the tumor glow pink or red in contrast to healthy brain tissue which appears blue. This assists neurosurgeons in better visualizing these gliomas to facilitate more complete removal. Surgeons using fluorescence-guided surgery with Gleolan demonstrated significant improvement in extent of resection when compared to procedures using white light.

The American Society of Clinical Oncology estimated that in calendar year 2021 approximately 24,500 adults in the United States would be diagnosed with primary cancerous tumors of the brain and spinal cord. According to the American Association of Neurological Surgeons, glioblastoma is the most common malignant central nervous system tumor, accounting for 47.7% of all diagnosed cases, and has an incidence of 3.21 per 100,000 population.

In the United States, Medexus anticipates strong revenue growth, because per-capita penetration of Gleolan in that market is only around 50% compared to much higher per-capita penetration in other developed countries.

Treosulfan

Treosulfan is an innovative bifunctional alkylating agent developed for use as part of a conditioning treatment for patients undergoing allo-HSCT. Clinical data for treosulfan demonstrates a significant increase in overall survival at 24 months when compared to busulfan, a drug commonly used for this indication. Final study results and analysis of the pivotal phase 3 clinical trial of treosulfan conducted by medac, a strategic partner of Medexus, demonstrated clinically relevant superiority of treosulfan over a widely applied “reduced-intensity conditioning” busulfan regimen

with regard to its primary endpoint, event-free survival and favorable conclusions on two key secondary endpoints, overall survival and non-relapse mortality. (Source: Beelen et al, “Treosulfan compared with reduced-intensity busulfan improves allogeneic hematopoietic cell transplantation outcomes of older acute myeloid leukemia and myelodysplastic syndrome patients: Final analysis of a prospective randomized trial”, American Journal of Hematology (May 2022).) Medexus expects that a treosulfan-based regimen may be the first in a new conditioning treatment class, Reduced Toxicity Conditioning, resulting in a unique combination of improved survival outcomes compared to reduced-intensity regimens and decreased toxicity compared to standard myeloablative regimens.

In September 2021, Medexus commercially launched treosulfan in Canada under the brand name Trecondyv. Commercial launch followed Health Canada’s Notice of Compliance in June 2021 and Medexus’s entry into the Canada Treosulfan Agreement in July 2021. Previously, starting in March 2019, Medexus had distributed treosulfan in Canada under Canada’s Special Access Program.

Treosulfan, which is orphan drug designated in the United States, is currently the subject of an ongoing regulatory review process with the FDA.

Future developments

Medexus actively pursues opportunities to complement the company’s existing product portfolio by licensing and acquiring new products. Medexus opportunistically evaluates new product opportunities that the company becomes aware of and engages in disciplined assessment of product and market characteristics.

Medexus believes that its existing commercialization infrastructure will benefit from leverage effects as Medexus continues optimizing the company’s product portfolio. Medexus therefore regularly explores additional complementary product opportunities in both current and planned therapeutic areas in both the United States and Canada, and regularly evaluates various transaction opportunities based on the company’s strategic plan. The company’s current objective is to execute near-term accretive transactions to achieve its growth targets over the coming years to deliver strong financial results for the company and its investors.

Competitive conditions

The pharmaceutical sector is highly competitive and subject to rapid and significant technological change. Medexus’s competitors in this sector are numerous and range from large multinational pharmaceutical companies to small single-product companies. These competitors may develop and distribute a broad product portfolio globally or may limit their activities to a particular pharmaceutical product, therapeutic area, or geographic market.

In executing its licensing and acquisition strategy, Medexus expects to primarily compete with other peer pharmaceutical companies that seek to acquire commercial-stage assets as part of their growth strategy. Many of these competitors have greater financial resources and commercialization infrastructure than Medexus.

Once included in Medexus’s product portfolio, Medexus’s products are generally subject to competition from existing competitive products or new products launched by other companies. If

these new products have therapeutic or cost advantages over Medexus's products, then Medexus's products may experience price reductions, decreased sales volumes, or both. This is also the case where other companies introduce new delivery systems or processes that create commercially meaningful cost advantages.

Medexus primarily focuses on commercial-stage assets. Distributors of generic pharmaceutical products are therefore among Medexus's primary competitors. The risk of generic entry is heightened when a branded product loses its market exclusivity and enters its established brand stage. Generic entry frequently results in intense price competition for branded products. Generic versions of branded products are generally significantly less expensive than branded versions, in part because manufacturers of generic pharmaceutical products typically invest far less in research and development than research-based pharmaceutical development companies. Generic versions may also be required in preference to branded versions under third-party reimbursement programs and may be substituted for the branded versions by pharmacies, generally because of cost considerations.

Competitive strengths

Medexus believes that its key competitive strengths include the following, which include certain specialized skills and knowledge available to the company.

Existing commercial infrastructure

Medexus has existing commercial infrastructure in both the United States and Canada with an established product portfolio in both countries. Medexus has demonstrated commercial success with its existing products. In particular, where the company holds commercialization rights in both the United States and Canada, Medexus can generate economies of scale across marketing and promotion initiatives. For example, Medexus has a history of launching products under Canada's Special Access Program, allowing the company to gain valuable market knowledge in advance of full commercial launch. Medexus's North American infrastructure affords the company flexibility to license or acquire products in either or both markets where Medexus operates. The company's credible track record helps attract licensing and acquisition opportunities.

Extensive experience

Medexus's Board, management team, and personnel have significant experience in the pharmaceutical sector. This experience with pharmaceutical-sector operations improves the company's capabilities in product development, clinical research, technology transfer, manufacturing, intellectual property, sales and marketing, strategic planning, and regulatory affairs. Medexus's Board and management team have experience in various aspects of corporate governance and corporate finance, which enhances the company's management capabilities.

Professional network

Medexus's Board, management team, and personnel have developed deep professional relationships with key stakeholders across the United States and Canada. Medexus's execution of its business plan benefits from this combination of sector-specific knowledge and relationships. The company's professional network also helps attract licensing and acquisition opportunities.

Board- and management-level experience with product acquisitions and other corporate development transactions enhance Medexus's ability to execute near-term accretive transactions to achieve the company's growth targets.

Predictable cost structure

Medexus intends to continue maintaining a small but experienced employee base in core management functions and appropriately outsourcing lower value-add operational functions to suitable service providers. Medexus currently works with commercial partners to meet its warehousing, distribution logistics, customer service, invoicing, and collections needs, and to supplement the company's in-house regulatory affairs, medical information, and information technology capabilities. Medexus believes that contracting with experienced service providers allows the company to achieve a desirable level of predictability, scalability, and flexibility, with corresponding benefits for the company's financial performance and growth, while retaining strategic direction and tactical oversight.

Pricing

Medexus does not rely on price increases to generate financial performance. Medexus expects to make appropriate and typically modest pricing adjustments over time to maintain product competitiveness and financial viability.

Market

Overview

The global pharmaceutical industry is a highly diverse and complex industry comprising a variety of sectors, including large branded pharmaceutical companies, small to mid-sized specialty and niche market pharmaceutical manufacturers and marketers, biotechnology firms, research and development organizations, and generic drug manufacturers. These participants compete for market share based on advantages including clinical efficacy and safety, technological innovation or novelty, convenience or ease of administration, and cost effectiveness.

Most pharmaceutical products in the North American marketplace follow very similar paths of development from the drug discovery stage through the established brand stage. The key stages are set out in the paragraphs below.

Drug discovery

In the drug discovery stage, researchers study the molecular mechanisms of a particular disease and attempt, through a variety of methods, to find or create a molecule that affects the way the disease functions. Typically, when a new molecule is identified that offers the potential to proceed further in development, a patent application is filed claiming the chemical formula that defines the new molecule and/or the process by which the new molecule is formulated and/or used. If issued, the patent permits the patent holder to exclude others from making, using, or selling the discovery claimed in the patent during the patent's lifespan.

Preclinical and clinical development

Following the drug discovery stage, candidate drugs typically undergo between one and three years of extensive preclinical laboratory and animal testing to assess safety and demonstrate biological activity against a disease. This is followed by clinical (human) trials, which can take from two to ten years or more, during which safety and efficacy of the new molecule in humans is determined.

Regulatory approval, product launch, and growth

The drug developer submits all data and information generated during the discovery and development stages to the appropriate regulatory body, such as the FDA in the United States and Health Canada in Canada. Then the regulatory body, including scientists, and, if applicable, advisory committees review and decide whether the data justifies approval for widespread patient use and marketing. If approved, the new drug is introduced into the marketplace. Sales of a branded drug, often driven by sizeable promotional investment, may rise sharply after introduction if the drug becomes widely prescribed by physicians.

Maturity

After years of growth, sales of a new drug typically slow or reach a plateau, a stage of the product's lifecycle referred to as maturity. The duration of the maturity stage often depends on the type of exclusivity the drug enjoys (for example, patent exclusivity or regulatory exclusivity) or on other barriers to competition.

Loss of market exclusivity

When market exclusivity is lost and competing generic versions of the product enter the market, the brand may lose market share very rapidly. Competition comes principally from generic drugs – drugs that regulatory bodies such as the FDA or Health Canada approve as substitutable products that are bio-equivalent to the brand based on abbreviated clinical development. Generic drugs are typically priced at substantial discounts to branded drugs, and, in many states, provinces, and territories, can be dispensed – and in some cases are required to be dispensed – in place of the brand by a pharmacist without consent from the prescribing physician or patient.

Established brand stage

Once a drug loses market exclusivity to a substitutable product and market share erodes, the drug enters the final stage of the product lifecycle, the established brand stage. Although market share continues to decline in this late stage, it rarely erodes to zero, due to a number of factors. The most common factors are brand recognition, physicians/patients preferring to prescribe/receive branded drugs, and top-tier drug plans that may continue to reimburse branded drugs regardless of the cost difference and availability of generics. As a result, demand for these drugs, while substantially reduced, often remains predictable year after year. It is often at this stage when brand companies may consider divesting the drug. See “– Industry Trends”.

Industry trends

Medexus believes that a number of trends in the pharmaceutical industry create a favorable environment for the licensing or acquisition and distribution of commercial-stage assets.

Demographics

Growth of the population in general and aging of the population in particular will continue to drive demand for pharmaceutical therapies. Favorable perception of branded products will result in sustained opportunities for select established brand assets and promotional stage products, including those within Medexus's product portfolio.

Healthcare reform: U.S. Patient Protection and Affordable Care Act

The U.S. Patient Protection and Affordable Care Act has resulted in an increase of access to healthcare services and treatments in the United States. This trend may continue but will be attenuated by changes in the legal and political environment, including changes in formulary management practices.

Commercial pricing pressures

Pricing and access pressures in the commercial sector continue to be significant. Overall, there is increasing pressure on U.S. providers to deliver healthcare at a lower cost and to ensure that those expenditures deliver demonstrated value in terms of health outcomes. Many employers have adopted high deductible health plans, which can increase out-of-pocket costs for medicines. This trend is likely to continue. Private third-party payers, such as health plans, increasingly challenge pharmaceutical product pricing, which could result in lower prices, lower reimbursement rates, and a reduction in demand for Medexus's products. Pricing pressures also may occur as a result of highly competitive insurance markets. Healthcare provider purchasers, directly or through group purchasing organizations, are seeking enhanced discounts or implementing more rigorous bidding or purchasing review processes.

Managed care organizations (MCOs)

The evolution of managed care in the United States has been a major factor in the competitiveness of the healthcare marketplace. A significant percentage of the U.S. population now has some form of health insurance coverage, and the marketing of prescription drugs to both consumers and the entities that manage coverage in the United States continues to grow in importance. In particular, the influence of MCOs has increased in recent years due to the growing number of patients receiving coverage through MCOs. At the same time, consolidation in the MCO industry has resulted in fewer, even larger MCOs, which enhances those MCOs' ability to negotiate pricing and increases their importance to Medexus's business. Since MCOs seek to contain and reduce healthcare expenditures, their growing influence has increased pressure on drug prices as well as revenues.

Medicare coverage

Often, established brand pharmaceutical products subject to Medicare or Medicaid or falling under the Federal Supply Schedule may still be competitive in price to alternatives due to mandatory rebates and average manufacturer price calculation rules prescribed by U.S. law. The Federal Supply Schedule is a list of contractors that have been awarded a contract by the U.S. General Services Administration, an independent agency of the U.S. government, and those contractors can be used by all U.S. federal agencies.

Product opportunities

Medexus expects that drug development companies without commercial infrastructure in the United States and Canada will continue seeking commercialization partners to promote their products in those markets.

Medexus also believes that large pharmaceutical companies will continue to focus on their core therapeutic areas, meaning that these companies will divest non-core or non-strategic products, many of which could fall into the product lifecycle stages on which Medexus focuses its business development activities.

Sales and marketing

Medexus's sales force in the United States consists of 25 sales professionals who promote the company's products to healthcare professionals, institutions, and payers, such as MCOs, pharmacy benefit managers (**PBMs**), and government organizations. Medexus also maintains a product marketing group of five marketing professionals who oversee the company's product marketing initiatives.

Medexus's sales force in Canada consists of 24 sales professionals and one marketing professional who promote the company's products to a variety of physicians, hospitals, payers, and buying groups.

Medexus also pursues a number of market access strategies and has established a strong network of marketing and promotional arrangements in the United States and Canada. In the United States, Medexus has entered into agreements with payers and buying groups with the goal of increasing product knowledge and usage.

Customers

Medexus has a limited number of direct customers, and the majority of Medexus's sales are to large national wholesalers, specialty pharmacies, and healthcare institutions. For financial year 2022, two customers individually accounted for more than 10% of Medexus's total revenue, together accounting for approximately 59% of Medexus's total revenue. See "Risk Factors—Risks Relating to the Business—Dependence on a Small Number of Customers".

Manufacturing, supply, and distribution

Medexus focuses on managing the production and distribution of pharmaceutical products that the company commercializes. Medexus generally purchases finished products manufactured by

third-party licensors and distributes them in the United States or Canada. Medexus uses third-party contract manufacturers for products that Medexus owns outright. Medexus relies on third-party logistics providers to administer distribution logistics processes in both the United States and Canada. This includes warehousing, order processing, shipping, and invoicing and collections.

Medexus and its third-party partners are, and will continue to be, subject to extensive government regulation in connection with the manufacture, supply, and distribution of pharmaceutical products. Products that Medexus commercializes must be manufactured in facilities and using processes, methods, and equipment that comply with the requirements of the FDA (for products commercialized in the United States) or Health Canada (for products commercialized in Canada). See “Risk Factors—Risks Relating to the Business—Reliance on Third Parties for the Manufacture and Supply of Products”.

Intangible properties (intellectual property rights)

Overview

In general, the pharmaceutical industry is highly dependent on protection of intellectual property rights for branded pharmaceutical products. Patents are among the most important of these rights. Patent protection can include patents on drug products, patents on formulations of drug products, and/or patents on the processes for manufacture and use (method of treatment) of drug products. In both the United States and Canada, patents have a finite lifespan of 20 years from the date of filing on the discovery claimed in the patent. Patents are more important to a company during the drug discovery phase through launch and growth phases of a product’s lifecycle. Patents have little to no importance once patent exclusivity is lost and a product reaches the established brand phase.

Medexus focuses on commercialization of an existing portfolio of pharmaceutical products previously licensed or acquired from third parties. The importance of patent protection in Medexus’s evaluation of a product licensing or acquisition opportunity will depend on the market dynamics relevant to that product. Medexus expects to evaluate intellectual property protection as part of the company’s review process in the context of an overall evaluation of the product opportunity and to carry out due diligence on any intellectual property rights to ensure that new products are appropriately protected in light of the overall value of the transaction.

Other intellectual property rights are also important in protecting a branded drug, such as brand names and trademarks in order to distinguish the drug from other branded drugs and generic versions. Brand names are important in marketing the drug to healthcare professionals and patients and in identifying the drug in formularies. In the United States, once a trademark is registered, the trademark owner must file for renewal, together with a statement that the trademark is being used, every 10 years to prevent its cancellation or expiration of the registration.

Registered trademarks, copyrights, and domain names

Medexus owns and, more typically, licenses a number of patents and trademarks covering the company’s leading products and their uses, formulations, and product manufacturing processes. Medexus also owns or licenses domain names for websites relating to Medexus and its products.

Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. For example, Medexus holds patents relating to IXINITY in a number of countries around the world. The scope of protection afforded by a patent can vary from country to country and depends on the patent type, the scope of its patent claims, and the availability of legal remedies.

In the United States and Canada, a period of regulatory exclusivity may also be available for drugs upon approval. The scope and term of such exclusivity will vary but, in general, the period will run concurrently with the term of any existing patent rights associated with the drug at the time of approval.

Unregistered trademarks and copyrights

Medexus owns all business and trade names, brand names, trade dress, logos, slogans, and unregistered trademarks, including all associated goodwill, used in carrying on the company's business that are not licensed from third-party licensors in connection with specific products that Medexus commercializes (collectively **Unregistered Trademarks**).

Medexus owns all designs and copyrights used in carrying on the company's business, including all copyrights associated with advertising or marketing materials, website design and content, and other business-related documents that are not licensed from third-party licensors in connection with specific products that Medexus commercializes (collectively **Unregistered Copyrights**).

Medexus does not intend to register the Unregistered Trademarks or Unregistered Copyrights, but nevertheless expects to take all commercially reasonable measures to protect the Unregistered Trademarks from infringing use.

Trade secrets and confidential information

Medexus owns trade secrets (including know-how) and confidential information which are protected through confidentiality provisions and other similarly restrictive covenants contained in agreements entered into by Medexus and those parties who have access to the relevant trade secrets and confidential information. The trade secrets and confidential information owned by Medexus include all trade secrets and confidential information used in carrying on the company's business, including, without limitation, concept know-how, advertising materials and strategies, marketing plans and materials, clients lists, telephone numbers, and operational procedures that are not licensed from third-party licensors in connection with specific products that Medexus commercializes.

Regulatory environment, including environmental protection requirements

Government authorities in the United States, Canada, and other countries extensively regulate, among other things, the research, development, testing, approval, manufacturing, labeling, post-approval monitoring and reporting, packaging, promotion, storage, advertising, distribution, marketing, and export and import of pharmaceutical products at the federal, state, provincial, and local level. The process of obtaining and maintaining approvals and the subsequent compliance with all applicable federal, state, provincial, local, and foreign laws and regulations requires the expenditure of substantial time and financial resources and are subject to regulatory risks. FDA approvals must be obtained in the United States and Health Canada approvals must be obtained

in Canada before marketing or manufacturing new pharmaceutical products for human use. Regulation by other agencies, such as the Drug Enforcement Administration, and state and local authorities in the United States, and by comparable agencies in other countries, may also be relevant.

In the United States, the U.S. Federal Food, Drug and Cosmetic Act and related regulations, and other federal and state statutes and regulations, govern, among other things, the testing, manufacture, safety, effectiveness, labeling, storage, record-keeping, approval, sale, distribution, advertising, and promotion of Medexus's products. In Canada, the Canadian Food and Drugs Act and related regulations, and other federal and provincial statutes and regulations, govern, among other things, the testing, manufacture, safety, effectiveness, labeling, packaging, storage, record keeping, approval, import, sale, distribution, advertising, promotion, and post-approval monitoring of Medexus's products.

In addition to drug product approvals, applicable laws require that most companies involved in pharmaceutical production and sale hold licenses in respect of their activities and establishments. For example, the Canadian Food and Drugs Act and related regulations require that, subject to limited exceptions, all Canadian establishments must hold an establishment license to fabricate, package, label, distribute, import, wholesale, and/or test a pharmaceutical product. To the extent that these activities are conducted outside of Canada, foreign sites must be included on an importer's license. Companies involved in the manufacture of pharmaceutical products must comply with manufacturing regulations, including current good manufacturing practice requirements enforced by the FDA and Health Canada and similar regulations enforced by regulatory agencies outside the United States and Canada. Medexus and its suppliers are and will continue to be subject to these regulatory requirements and subject to regular inspections from regulatory authorities. See "Risk Factors—Risks Relating to the Business—Limitations Imposed by Government Regulation".

Medexus is subject to price control restrictions on its pharmaceutical products in some contexts, which limit the amount Medexus can charge for its products. The potential volume of sales of Medexus's products may also depend on whether those products are and continue to be listed on public and private formularies. See "Risk Factors—Risks Relating to the Business—Limitations Imposed by Government Regulation".

In the United States, the U.S. Federal Trade Commission, the FDA, and state and local authorities regulate the advertising of pharmaceuticals. In Canada, Health Canada, the Canadian Competition Bureau, and a number of self-regulatory authorities and other bodies regulate the advertising of pharmaceuticals. In each case, advertising is strictly regulated and can be very limited, and compliance with these regulations can require the expenditure of substantial time and financial resources and are in any event subject to regulatory risks.

For example, the FDA can require a boxed warning (sometimes referred to as a "black box" warning) for products that have shown a significant risk of severe or life-threatening adverse events, and similar warnings are also required to be displayed on such product in certain other jurisdictions, which can impair the market potential for a product. Medexus is also subject to extensive federal and state health care marketing and fraud and abuse regulations in the United States and federal, provincial, and territorial marketing regulation in Canada. For example, the U.S. False Claims Act imposes civil and criminal liability on individuals or organizations who submit

(or cause the submission of) false or fraudulent claims for payment to the government. See “Risk Factors—Risks Relating to the Business—Limitations Imposed by Government Regulation”.

Complying with all applicable federal, state, provincial, local, and foreign laws and regulations requires the expenditure of substantial time and financial resources. If Medexus or its operations are found to be in violation of any of these laws, regulations, rules, or policies or any other law or regulation, or if interpretations of any of the foregoing change, then Medexus may become subject to loss of product approvals or necessary licenses to conduct its business, recalls, stop sales, public warnings, adverse publicity, civil and criminal penalties, damages, fines, exclusion from government programs such as Medicare and Medicaid, and the curtailment or restructuring of its operations. See “Risk Factors—Risks Relating to the Business—Limitations Imposed by Government Regulation”.

Employees

As of March 31, 2022, Medexus had 100 employees. None of Medexus’s employees are unionized.

Foreign operations

A significant portion of Medexus’s assets, employees, revenue, and customers are located in the United States. Medexus expects to continue developing its U.S.-based business operations.

A significant number of Medexus’s third-party licensors and suppliers are located in Western Europe. Medexus expects to continue collaborating with these and additional similarly situated third parties.

Social or environmental policies

In June 2021, Medexus adopted an environmental social governance (**ESG**) policy and a diversity policy. Medexus and the Board are developing appropriate approaches to monitoring social and environmental matters relating to the company and its business, including under Medexus’s ESG and diversity policies.

The ESG policy establishes six “pillars” intended to guide Medexus in meeting its objective of good corporate citizenship. Medexus expects to evaluate opportunities to improve the environmental impact of the company’s business, likely related to the company’s reliance on the international logistics sector, and to leverage the company’s involvement in the healthcare sector and patient communities, potentially including access-to-treatment initiatives.

The diversity policy provides a framework and process for incorporating diversity considerations into decisions with respect to the Board and senior management, including as part of the mandate of the Board’s compensation, corporate governance, and nominating committee under that committee’s charter. Medexus expects to increase its focus on Board and management diversity as well as diversity across the company’s employee base, likely leveraging Medexus US’s employee engagement initiatives and diversity reporting initiatives.

As the company continues to evolve, Medexus expects to increase its focus on these matters and develop more detailed targets and metrics.



RISK FACTORS

An investment in Medexus involves significant risks that must be considered speculative because of the nature of Medexus's business. Medexus's operations involve a variety of risks including many that are customary to the pharmaceutical industry and many of which are beyond Medexus's control. Readers should carefully consider the risk factors set out below (including those risks set out under each of the headings "Risks Relating to the Business", "Risks Relating to Legal and Regulatory Matters", "Risks Relating to Financial Matters", and "Risks Relating to Ownership of Common Shares"), the other information described elsewhere in this AIF, and those risks set out in Medexus's most recently filed MD&A before making a decision to buy Medexus's securities. Medexus's business, prospects, financial condition, financial performance, and cash flows could be materially adversely impacted by the occurrence of any of the following or other risks. In that event, the trading price of Medexus's securities could decline and investors could lose some or all of their investment in those securities. There can be no assurance that risk management steps taken by Medexus can or will avoid future loss attributable to the occurrence of any of the below or other risks.

The risks described in this section are not the only risks facing Medexus, its business, and the pharmaceutical industry as a whole. Additional risks not currently known to Medexus, or that the company currently deems immaterial, may also adversely affect Medexus's operations.

Risks Relating to the Business

Business Plan Execution

Medexus's business plan is based on the licensing or acquisition of product rights for the North American pharmaceutical market, obtaining marketing authorization from regulatory authorities, and leveraging its commercial operations to increase the sales of its products. Medexus largely depends on third-parties to develop and supply the products Medexus commercializes. For any such third-party collaboration to be successful, Medexus must identify, validate, and secure partners whose capabilities complement those of the company. Balancing current growth, investment for future growth, and the delivery of shareholder return is a significant challenge for all pharmaceutical companies, including Medexus. The costs of product development continue to be high, as are regulatory requirements in many therapeutic areas, which may affect the number of product candidates Medexus is able to fund (whether directly or indirectly as part of a licensing arrangement) as well as the sustainability of Medexus's current portfolio and future pipeline.

Competitors with substantially greater financial resources also compete for the rights to those products. This competition means that Medexus may not be able to acquire rights on terms it deems financially acceptable or at all. Inability to obtain further product rights may impede Medexus's long-term growth and value creation objectives. In addition, licensing or acquiring each of these product rights represents an investment, and it is not certain that Medexus will be able to fully recoup its investment made on any such product or product candidate.

In the course of any proposed licensing or acquisition transaction, Medexus will undertake a commercial, legal, and financial due diligence investigation with the goal of identifying and evaluating material risks associated with the product and transaction. Despite these efforts, Medexus may not be successful in identifying and evaluating all such risks and may not realize

the anticipated advantages of any given investment. Any such failure could adversely affect the Company's business, results of operations or financial condition.

Licensing and acquisition transactions in connection with new products are complex, time-consuming, and expensive.

Pursuing these opportunities may require Medexus to obtain additional equity or debt financing, which could result in increased leverage and/or a downgrade of Medexus's credit ratings (if any), and the value of any additional equity or debt securities will fluctuate and may decline. In addition, Medexus may fail to consummate a given transaction despite considerable investment of time and resources. If a transaction is not completed, Medexus nevertheless will generally bear the costs undertaken in connection with the relevant transaction, and, if financial markets have included the assumption that one or more such transactions would or could be undertaken, the company may suffer negative market perception and the market price of the Common Shares may decline.

Integrating any newly licensed or acquired product or business is similarly complex, time-consuming, and expensive. If Medexus is unable to successfully integrate a product or business, the company may not be able to achieve the anticipated benefits, cost savings, or growth opportunities originally contemplated by the transaction.

Any given acquisition or licensing transaction may not further Medexus's strategy as originally contemplated or anticipated. New products and businesses can expose Medexus to increased risks, liabilities, and competition. In addition, Medexus's product candidates can fail at any stage of the development and regulatory process and may not receive regulatory approval even after significant investment of time and resources in drug development. Even if Medexus identifies areas with great commercial potential, the scientific approach may not succeed despite the significant investment required for drug development, and the product may not be as competitive as expected because of the highly dynamic market environment and the hurdles in terms of access and reimbursement.

Any of these occurrences could impact Medexus's ability to realize any benefit from a given transaction, product candidate, or product, which would adversely impact the company's business, financial condition, and operating results.

Dependence on Revenue from Sales of Certain Products

Medexus currently derives a significant portion of its revenue from sales of its current leading products. See "Narrative Description of Medexus's Business—Core products and programs—Current leading products". Sales of Medexus's leading products are expected to continue to account for a significant portion of the company's revenue in the near term. Accordingly, if demand for or revenue from any of these products declines significantly, Medexus's business, financial condition, and operating results would be adversely affected.

This adverse impact on Medexus's revenues could occur if, for example, any of these leading products were to experience loss of patent protection (if applicable), changes in prescription rates (including due to changes in eligible patient numbers and patient populations), material product liability litigation, unexpected side effects or safety concerns, regulatory proceedings, negative publicity affecting doctor or patient confidence, pressure from existing competitive products, changes in labeling (or other similar or related changes affecting Medexus's ability to promote the

relevant product), pricing and access pressures, or supply shortages, or if a new, more effective product were to be introduced.

In particular, Medexus focuses on innovative rare-disease treatment solutions. There is a growing availability and use of innovative specialty pharmaceutical medicines that treat rare or life-threatening conditions, including those that certain of Medexus's leading specialty products are intended to treat. These conditions typically have smaller patient populations, select hospital and institutional focus, and relatively higher cost as compared to other types of pharmaceutical products. The targeted patient populations for Medexus's specialty products means that limited changes in a product's patient base can affect product sales. These factors also mean that changes in the selling environment affecting Medexus's access to customers, hospitals and other institutions, and healthcare professionals, or general changes affecting patient access to hospitals and other institutions and healthcare professionals such as pandemic-related closures and budget constraints, can also significantly affect product sales.

Possible Failure to Realize Benefits of the U.S. Treosulfan Agreement

Medexus believes that the U.S. Treosulfan Agreement will provide benefits to the company. Achieving the benefits of the U.S. Treosulfan Agreement will depend in part on Medexus successfully being able to market, promote, import, use, offer for sale, distribute, and have distributed treosulfan in the United States in line with current expectations. A variety of factors may also adversely affect the likelihood of the anticipated benefits of the U.S. Treosulfan Agreement materializing or from occurring within the time periods anticipated by Medexus, including the results of the ongoing review by the FDA. Further, as Medexus anticipates that certain milestone and royalty payments will need to be made to medac from time to time under the U.S. Treosulfan Agreement, the precise amount and timing of which are difficult to estimate accurately, Medexus's financial and operational assumptions with respect to the U.S. Treosulfan Agreement may be inaccurate. There can be no assurance that Medexus will be able to effectively finance these milestone payments if and when they become due. Under the terms of the U.S. Treosulfan Agreement, medac may terminate the U.S. Treosulfan Agreement if, among other things, Medexus fails to pay certain milestone payments when due or cannot demonstrate its ability to pay the remaining milestone payments as and when required by the U.S. Treosulfan Agreement. The consideration paid and payable by Medexus under the U.S. Treosulfan Agreement, including the milestone payments, is nonrefundable except in very limited circumstances, in which case a portion of the regulatory milestone payments may be refunded. If medac were to terminate the U.S. Treosulfan Agreement, Medexus would no longer have exclusive rights to market, promote, import, use, offer for sale, distribute, and have distributed treosulfan in the United States, which may have a material adverse effect on the company's business, financial condition, and results of operations.

Reliance on Third Parties

Medexus depends on third-party collaborators, service providers, and others in the research, development, manufacturing, and commercialization of Medexus's products and product candidates and also enter into licensing arrangements and other business development transactions. To achieve expected longer-term benefits, Medexus may make substantial upfront or other periodic milestone payments as part of these transactions, which can negatively impact Medexus's reported earnings or cash flows. Medexus relies heavily on these parties for multiple

aspects of drug development, manufacturing, and commercialization activities, but Medexus does not control many aspects of those activities. Medexus also outsources a number of ancillary services, including activities related to transaction processing, accounting, information technology, manufacturing, clinical trial recruitment and execution, clinical lab services, non-clinical research, safety services, integrated facilities management, and other areas. Failure by one or more of the third-party collaborators, service providers, or others to complete activities on schedule or in accordance with Medexus's expectations or to meet their contractual or other obligations to Medexus; failure of one or more of these parties to comply with applicable laws or regulations; or any disruption in the relationships between Medexus and any of these parties could, in each case, delay or prevent the development, approval, manufacturing, or commercialization of Medexus's products and product candidates, expose Medexus to suboptimal quality of service delivery or deliverables, result in repercussions such as missed deadlines or other timeliness issues, erroneous data, and supply disruptions, and could also result in noncompliance with legal or regulatory requirements or industry standards or subject Medexus to reputational harm, all with potential negative implications for Medexus's product pipeline and business.

See “—Reliance on Third Parties for the Manufacture and Supply of Products” and “—Reliance on Third Party Service Providers”.

Product Reimbursement from Third Party Payers

Medexus depends on securing and maintaining reimbursement status for many of its products to maximize the commercial potential of, and to successfully market, its products. This reimbursement status is granted by third parties such as governments, health insurers, health maintenance organizations, and MCOs, whose policies and practices are diverse, complicated, constantly changing, and entirely outside Medexus's control. The reimbursement status of Medexus's products depends on the company's continued ability to engage in business relationships with these third-party organizations and successfully navigate these policies and practices. However, Medexus may not be able to secure or maintain reimbursement status for some or all of its products, particularly if the policies and/or practices of these third-party organizations change and could change drastically.

This reimbursement and the associated healthcare reimbursement systems (both public and private payers) 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 MCOs, and legislative proposals to reform health care and government insurance programs in the markets in which Medexus sells its products could significantly influence the demand and sales of pharmaceutical products in those markets. These trends, and Medexus's response, could result in adverse price changes and/or a reduction in demand for one or more of Medexus's products. These cost containment measures and health care reforms could affect Medexus's ability to sell its products, which could have a material adverse effect on the company's business, financial condition, and operating results.

Managed Care Trends

Private payers, such as health plans, and other managed care entities, such as PBMs, continue to take action to manage the utilization and costs of drugs. The negotiating power of MCOs and other private third-party payers has increased due to consolidation, and they, along with governments, increasingly employ formularies to control costs and encourage utilization of certain drugs, including through the use of formulary inclusion or favorable formulary placement. The breadth of the products covered by formularies used by MCOs can vary considerably from one MCO to another, and many formularies include alternative and competitive products for treatment of particular medical problems.

These initiatives have increased consumer interest and input in medication choices, as they pay for a larger portion of their prescription costs, and may cause them to favor lower-cost generic alternatives. Medexus may fail to obtain or maintain timely or adequate pricing or formulary placement of Medexus's products, or may fail to obtain such formulary placement at favorable pricing. The growing availability and use of innovative specialty pharmaceutical medicines that treat rare or life-threatening conditions, which typically have smaller patient populations, combined with their relative higher cost as compared to other types of pharmaceutical products, also has generated increased payer interest in developing cost-containment strategies targeted to this sector. In addition, MCOs also emphasize primary and preventive care, out-patient treatment, and procedures performed at doctors' offices and clinics as ways to manage costs. Hospitalization and surgery, typically the most expensive forms of treatment, are carefully managed, and drugs that can reduce the need for hospitalization, professional therapy, or surgery may become favored first-line treatments for certain diseases.

Third-party payers also use additional measures such as new-to-market blocks, exclusion lists, indication-based pricing, and value-based pricing/contracting to improve their cost containment efforts. These payers are also increasingly imposing utilization management tools, such as clinical protocols, requiring prior authorization for a branded product if a generic product is available, or requiring the patient to first fail on one or more generic or other products before permitting access to a branded medicine. As the U.S. private third-party payer market consolidates further and as more drugs become available in generic form, Medexus may face greater pricing pressure from private third-party payers as they continue to drive more of their patients to use lower cost generic alternatives.

Also, business arrangements in this area are subject to a high degree of government scrutiny, and available safe harbors under applicable federal and state fraud and abuse laws are subject to change through legislative and regulatory action, as well as evolving judicial interpretations. Medexus's approach to these arrangements may also be informed by such government and industry guidance.

Removal from or Failure to be Included in Public and Private Formularies

MCOs, PBMs, group purchasing organizations, and other third-party public and private payers try to negotiate the pricing of medical services and drug products to control their costs. MCOs and PBMs typically develop public and commercial formularies to reduce their cost for medications such as those Medexus commercializes. Formularies can be based on the prices and therapeutic benefits of the available products. Formularies therefore often favor generic products, which often have lower costs. The breadth of the products covered by formularies varies considerably from

one 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 favorable formulary status may negatively impact demand for Medexus's products. If Medexus's products are not included within an adequate number of formularies or Medexus cannot secure adequate reimbursement arrangements for its products, or if the policies and practices of these third-party organizations continue to increasingly favor generic products, then Medexus's market share and revenues could be harmed, as could Medexus's business, financial condition, and operating results.

Reliance on Third Parties for the Manufacture and Supply of Products

Medexus depends on its third-party licensors and manufacturers to supply the company's products. Medexus has contractual relationships with these third-party licensors and manufacturers and seeks to provide contractual remedies in the event supply failures occur. However, there can be no assurance that these third-party licensors and manufacturers will be able to maintain an adequate supply of products to fulfill Medexus's orders on a timely basis, or that Medexus will be successful in enforcing its contractual remedies in any such instance. Failure to obtain adequate product supplies or to do so at acceptable quality levels or prices could have an adverse effect on Medexus's business, financial condition, and operating results.

Many factors can cause interruptions in the supply of Medexus's products. These factors include –

- potential inability to timely identify, validate, and secure replacement manufacturing, supply-chain, or other essential capabilities if and when needed;
- shortages in raw material, packaging, and other components required by third-party suppliers and manufacturers, which may impact the cost and availability of those materials and components;
- changes in legal, regulatory, or quality-assurance compliance requirements for products, suppliers, or manufacturers;
- changes in sources for manufacturing or packaging, whether required for legal, regulatory, or quality-assurance reasons or for commercial reasons;
- defects and damage to products, raw materials, or other components during shipping or transportation, including temperature or other excursions from specifications;
- errors in the manufacturing process that impact the availability of the product; and
- product recalls for legal, regulatory, or quality-assurance reasons that impact the integrity of the product.

An interruption caused by any of these factors or other factors may have an adverse effect on Medexus's business, financial results, and operating results. In particular, any adverse developments affecting commercial manufacturing of Medexus's products may result in inventory shortages and/or delays in delivering product to customers; lot failures or product withdrawals or recalls; enforcement actions, import alerts, or import detentions; or other interruptions in the supply of the company's products or product candidates.

Medexus could become unable to timely increase production capacity commensurate with demand for the company's products, experience challenges related to component materials to maintain supply and/or appropriate quality standards throughout the company's supply network and/or comply with applicable regulations, or experience supply chain disruptions at the company's facilities or at those of a third-party supplier or other vendor. In particular, Medexus engages contract manufacturers, and, from time to time, those contract manufacturers may face difficulties or be unable to manufacture Medexus's products at the necessary quantity or quality levels, including to the extent Medexus employs "just-in-time" manufacturing practices. The occurrence of any of the foregoing or other similar risks could have a material effect on Medexus's business, financial condition, and operating results.

Medexus may also be required to take inventory write-offs and incur other charges and expenses relating to 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 Medexus's supply chain could materially adversely affect the company's business and could 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 operating results. See "—Expiration of Inventory".

Dependence on a Small Number of Customers

Medexus sells certain of its products in Canada and the United States to a limited number of distributors, wholesalers, pharmacy chains, and other large customers. For the financial year ended March 31, 2022, two customers individually accounted for more than 10% of Medexus's total revenue, together accounting for approximately 59% of Medexus's total revenue.

Under Medexus's primary distribution model, the company's third-party distributors generally take physical delivery of the product and sell the product directly to pharmacies or patients. Medexus expects to continue using this distribution model, with its associated significant customer concentration, for the foreseeable future. Medexus also expects that consolidation and integration of distributors, wholesalers, pharmacy chains, and other similar organizations will increase competitive and pricing pressures on pharmaceutical manufacturers, including Medexus.

These distributors are responsible for a significant portion of Medexus's net trade accounts receivable balances. The loss of any such distributor as a customer, or a significant reduction in sales to any of them (including cancellation of orders), or any failure to pay for the products Medexus has shipped to any of them could materially adversely impact Medexus's business, financial condition, and operating results. This adverse impact could occur if, for example, one of Medexus's distributors were to encounter financial or other difficulties, which might decrease the amount of business that distributor conducts with Medexus and/or Medexus might be unable to timely collect some or all of the amounts that the distributor owes to Medexus.

Medexus's ability to generate and increase sales of its products depends, in part, on the extent to which these distributors are able to distribute the company's products adequately and effectively, and on favorable pricing terms. Medexus believes that, if necessary, it will be able to find additional or replacement distributors. However, Medexus may not be able to identify, validate, and secure new distributors in a timely manner or at all, and the pricing terms that any such new distributor offers to Medexus may not be as favorable as those the company currently has in place. During any period of disruption, Medexus's revenue could decline, either temporarily or permanently, and

Medexus may incur additional costs. Any of these occurrences could have a material adverse impact on Medexus's business, financial condition, or operating results.

In addition, Medexus focuses on innovative rare-disease treatment solutions. There is typically a select number of hospitals and other institutions, and within those institutions a select number of healthcare practitioners, that focus on treatment of rare or life-threatening conditions, including those that certain of Medexus's leading specialty products are intended to treat. This targeted institutional base for Medexus's specialty products means that limited changes in a product's institutional usage can affect product sales.

General Competition

The pharmaceutical industry is intensely competitive in all aspects and stages, and Medexus competes with many companies that have substantially greater financial and technical resources and selling and marketing capabilities. Competitive product launches may erode future sales of our products, including Medexus's existing products and those Medexus may license or acquire in future, or result in unanticipated product obsolescence. These competitive product launches occur periodically, and potentially competitive products are in various stages of development. Medexus cannot predict with accuracy the timing or impact of the introduction of competitive products that treat diseases and conditions like those treated by Medexus's current and future products and product candidates. Medexus may also become subject to competition from biosimilars referencing Medexus's biologic products if competitors are able to obtain marketing approval for such biosimilars.

Medexus also faces significant competition from drug development companies that focus their efforts on developing, acquiring, and marketing products that are similar in nature to Medexus's products, but that in some instances offer improvements over its products and novel approaches to improve existing products. Medexus'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 Medexus may license or acquire. These developments could render Medexus's products obsolete or uncompetitive, which would have a material adverse effect on the company's business, financial condition, and operating results.

See "Narrative Description of Medexus's Business—Competitive conditions".

Competition from Manufacturers of Generic Products

Generic competitors may attempt to market, sell, or use generic versions of products that Medexus licenses or has acquired. Competition from manufacturers of generic drugs, including from generic versions of branded products that lose their market exclusivity, is a significant challenge for Medexus's branded products. Medexus's patented products may also face generic competition before patent exclusivity expires, including upon the "at-risk" launch (despite pending patent infringement litigation against the generic product) by a manufacturer of a generic version of a Medexus patented product. In particular, if Medexus experiences a substantial increase in sales of products that no longer enjoy market exclusivity or are determined to be not sufficiently protected by associated intellectual property rights, competitors may be more likely to develop generic formulations that compete directly with those successful products.

Generic versions of pharmaceutical products are generally 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. For this and related reasons, increased generic competition would have a material adverse effect on Medexus's business and financial results. See "Narrative Description of Medexus's Business—Competitive conditions".

Certain of Medexus's products have experienced significant generic competition over the last few years, and Medexus's third-party licensing and collaboration partners also face challenges by generic drug manufacturers to patents covering products for which Medexus has license rights. In particular, in Canada, Medexus expects to continue to face intense competition by certain generic manufacturers, which may result in price cuts and volume loss of Metoject. See "—Risks Relating to Legal and Regulatory Matters—Litigation May Negatively Impact Medexus' Business, Financial Condition and/or Results of Operations". Where such generic competition emerges, such as the generic version of Metoject launched by Accord, Medexus will take all appropriate legal steps to enforce its rights and/or commercial steps to protect its market share, but there can be no guarantee that Medexus's market share for its products that are impacted by generic competition will not be negatively affected. See "General Development of Medexus's Business—Financial year ended March 31, 2021—Other developments—Metoject litigation" and "—Risks Relating to Legal and Regulatory Matters—Litigation May Negatively Impact Medexus' Business, Financial Condition and/or Results of Operations".

Marketing and Distribution Risk

Medexus's business plan is based on the licensing or acquisition of product rights for the North American pharmaceutical market, obtaining marketing authorization from regulatory authorities, and leveraging its commercial operations to increase the sales of its products. Medexus also collaborates with third parties in order to enhance its ability to commercialize the company's products. To the extent that these collaborations are structured as co-promotion or other arrangements that share responsibility for commercial distribution, Medexus's share of product revenue is likely to be lower than if Medexus marketed or sold its products directly. In addition, any revenue received will depend in whole or in part upon the efforts and decisions of Medexus's third-party partners, which may not be successful and generally will not be within Medexus's direct control. Furthermore, any commercial agreements may be subject to termination by a partner of Medexus, and any such termination may make it difficult for the company to attract new partners or adversely affect how the company is perceived in the business and financial communities it operates in.

If Medexus is not successful in commercializing its existing products and future product candidates, either on its own or through collaborations with one or more parties, and for the above or any other reason, future product revenue will suffer and the company may incur significant losses.

Reliance on Third Party Service Providers

Medexus relies on third party service providers for a number of essential services. Medexus currently works with commercial partners to meet its warehousing, distribution logistics, customer service, invoicing, and collections needs, and to supplement the company's in-house regulatory affairs, medical information, and information technology capabilities. If these third parties cease

to provide Medexus with these services, or do not provide these services in a timely, adequate, or professional manner, Medexus may not be able to effectively manage its operations or integrate new products into its business, which may result in decreases in sales.

For example, any delay or interruption in the process or in payment could result in a delay delivering product to Medexus's customers. Medexus could also encounter difficulties or delays throughout its supply chain, including its logistics and distribution networks. For example, Medexus could become unable to timely maintain access to logistics or supply channels commensurate with demand for the company's products or could experience supply chain disruptions at the company's facilities, at those of a third-party supplier or other vendor, or in respect of a shipping, transportation, or other logistics service provider. The occurrence of any of the foregoing or other similar risks could have a material effect on Medexus's business, financial condition, and operating results.

Reliance on Key Personnel

Medexus depends on a small group of qualified management personnel. These individuals have an in-depth understanding of the company's business objectives and the markets within which the company operates. The loss of the services of one or more of Medexus's directors or officers could adversely impact the company, its operations, and its ability to execute its strategy successfully, which could materially and adversely affect the company's business.

In addition, Medexus'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, Medexus may not be able to attract and retain the qualified personnel necessary to develop and grow the company's business. Inability to recruit additional key management personnel in a timely manner would harm Medexus's business development programs and its ability to manage day-to-day operations, attract and retain other employees, and generate revenues.

Inability to Achieve Drug Development Goals within Expected Time Frames

From time to time, Medexus sets targets and makes public statements regarding its expected timing for achieving drug development and commercialization goals. These include targets for the commencement and completion of preclinical and clinical trials, studies and tests, anticipated regulatory filing and approval dates, and commercial launch timelines. Medexus sets these targets based on a number of assumptions that may not prove to be accurate. The actual timing of these forward-looking events can vary dramatically from Medexus's estimates and may not be achieved at all. These delays and failures can be caused by factors such as delays or failures in clinical trials or preclinical work, scheduling changes at contract research organizations, the need to develop additional data required by regulators as a condition of approval, the uncertainties inherent in the regulatory approval process, delays in achieving manufacturing or marketing arrangements necessary to commercialize product candidates, and limitations on the funds available to Medexus. If Medexus does not meet these targets, including those which are publicly announced, the ultimate commercialization of its products may be delayed and, as a result, its business could be harmed. In addition, if financial markets have included the assumption that one or more such transactions would or could be undertaken, the company may suffer negative market perception and the market price of the Common Shares may decline.

Clinical Trials

Medexus and its drug development partners must demonstrate, through preclinical studies and clinical trials, that any product candidate is safe and effective before the relevant regulatory authority grants approval for commercial sale of the product. Results of preclinical studies and previous clinical trials are not necessarily predictive of future results and Medexus's product candidates may not yield favorable results in later testing or trials. Preclinical tests and Phase 1 and Phase 2 clinical trials are primarily designed to test safety, study pharmacokinetics and pharmacodynamics, test efficacy, and understand the side effects of products at various doses and schedules. Success in preclinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful and such success is not necessarily predictive of final results. Favorable results in early trials may not be repeated in later trials and positive interim results do not ensure success in final results. Even after the completion of Phase 3 clinical trials, which are designed to test efficacy and monitor adverse reactions, the FDA and Health Canada or other regulatory authorities may disagree with the clinical trial design and interpretation of data and may require additional clinical trials to demonstrate the efficacy of product candidates. See "General Development of Medexus's Business—Recent developments since March 31, 2022—Treo sulfan (United States)".

A number of companies in the biotechnology and pharmaceutical industry have suffered significant setbacks in advanced clinical trials, even after achieving promising results in earlier trials and preclinical studies. Failure to successfully complete clinical trials of Medexus's product candidates and to obtain successful results on a timely basis could materially adversely impact Medexus's business, financial condition, and operating results and could cause the market value of its Common Shares to decline.

Cybersecurity and Protection of Data

Medexus relies on information technology systems to manage and operate its business. Medexus maintains significant amounts of data electronically in locations throughout Canada and the United States. This data relates to all aspects of Medexus's business and also contains certain patient or customer data. Medexus maintains systems and processes designed to protect this data, but, notwithstanding such protective measures, there is a risk of intrusion or tampering that could compromise the integrity and privacy of this data. In addition, Medexus provides confidential and proprietary information to its third-party business partners in certain cases where doing so is necessary to conduct business. While Medexus obtains assurances from those parties that they have systems and processes in place to protect such data, and, where applicable, that they will take steps to assure the protections of such data by third parties, Medexus's partners may also nevertheless be subject to data intrusion or otherwise compromise the protection of such data.

Medexus's reliance on its information technology systems has increased since the beginning of the Covid-19 pandemic, placing strain on existing resources and increasing the risk of business interruptions as a result of senior management and other employees more frequently working remotely. While Medexus takes information security measures it deems commercially reasonable and appropriate to the company's business and stage of development, no information security measures can eliminate the risk of information security breaches such as cyberattacks or unauthorized access. Medexus and its third-party partners may be unaware that a breach has occurred and may be unable to detect an ongoing breach. Medexus has exposure to similar

security risks faced by other companies that have data stored in their information technology systems.

If Medexus's or any third-party service provider's systems fail to operate effectively or are damaged, destroyed, or shut down, or there are problems with transitioning to upgraded or replacement systems, or there are security breaches in these systems, Medexus could experience delays or decreases in product sales and reduced efficiency of its operations. This could occur as a result of natural disasters, software or equipment failures, telecommunications failures, loss or theft of equipment, acts of terrorism, circumvention of security systems, or other cyberattacks.

Any compromise of the confidential data of Medexus or its business partners, customers, or others, or failure to prevent or mitigate the loss of any such confidential data, could disrupt Medexus's operations, damage its reputation, violate applicable laws and regulations, and subject the company to additional costs and liabilities and have a material and adverse impact on its business, financial condition, and operating results.

Occurrence of Catastrophic Events

Medexus's business may be negatively impacted to varying degrees by a number of events which are beyond its control. While Medexus 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 Medexus's operations and ability to carry on business will not be disrupted. The occurrence of such events may not release Medexus from 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 Medexus's business. For example, such an event could cause supply chain or other operational delays and disruptions (including the manufacturing, supplying, licensing, and/or distributing of its products by third parties on which Medexus relies) and could impair the company's sales personnel from engaging in effective promotional activities with the company's customers and other business partners. In addition, such an event could disrupt healthcare delivery and could affect regulatory review processes of the FDA and/or Health Canada. Any of these occurrences could have a negative impact on Medexus's ability to conduct its business and could increase the company's costs.

Liquidity and volatility, credit availability, and market and financial conditions generally could change at any time as a result of a catastrophic event. Specifically, third parties on which Medexus 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 Medexus's control, including but not limited to those related to Covid-19.

Climate change presents risks to Medexus's operations, including the potential for additional regulatory requirements and associated costs, the potential for more frequent and severe weather events, and water availability challenges that may impact Medexus's facilities and those of its third-party suppliers and manufacturers. Medexus cannot provide assurance that physical risks to the company's facilities or supply chain due to climate change will not occur in the future. Medexus intends to periodically review the company's vulnerability to potential weather-related

risks and other natural disasters and update its assessments accordingly. Based on the company's initial reviews to date, Medexus does not believe that these potential risks are material to the company's operations at this time.

Any of these events or other similar events, in isolation or in combination, could have a material negative impact on Medexus's business, financial condition, and operating results.

Expiration of Inventory

Medexus values its inventory of finished products for sale at the lower of cost (determined on a first-in, first-out basis) and net realizable value. Medexus may establish accounting reserves for inventory from time to time to reflect situations in which the costs of the inventory is not expected to be recovered. The reserve for inventory is expected to equal to all or a portion of the inventory that has reached its expiration or is close to expiration and not expected to be sold, based on specific facts and circumstances as determined by Medexus. Any write-down of inventory may have an adverse impact on Medexus's business, financial condition, or operating results.

Rapid Technological Change; New Products and Standards

The pharmaceutical industry is characterized by rapid technological change, frequent new product and services introductions embodying new technologies, and emergence of new industry standards and practices that could render Medexus's existing products and system obsolete. Medexus's products and services embody complex technology and may not always be compatible with current and evolving technical standards and products developed by others. Failure or delays by Medexus to meet or comply with the requisite evolving industry or user standards could have a material adverse effect on the company's business, financial condition, and operating results.

Reliance on Data Obtained from Third Party Sources

Medexus relies on certain operational data obtained from third parties that are industry accepted data sources. This data may not accurately reflect or capture actual conditions in the markets the company operates in. If this data turns out to be inaccurate or unreliable, Medexus's ability to operate its business, including management of inventory and interpretation of industry trends, may be impaired, which could have an adverse effect on Medexus's business, financial position, and operating results.

Geopolitical Risks

In February 2022, Russia invaded Ukraine. Medexus does not have any business operations in Russia or Ukraine and the Russia-Ukraine conflict has not resulted in disruption of Medexus's supply of raw materials or other components. However, as the situation is changing rapidly, it is not possible to predict how the Russia-Ukraine conflict will affect global supply chains, commodity prices, the overall economic environment, or financial markets. Medexus is actively monitoring for any potential impacts.

Risks Relating to Legal and Regulatory Matters

Inability to Obtain or Maintain Regulatory Approvals

The development, manufacture, and sale of pharmaceutical products in Canada, the United States, and other countries are all 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 involve significant delays despite Medexus's best efforts, and can be unsuccessful despite investment of significant time and resources by Medexus and its third-party business partners. Product candidates can and do fail at any stage of these regulatory approval processes, including as the result of unfavorable preclinical and clinical trial results, or unfavorable new preclinical or clinical data and further analyses of existing preclinical or clinical data, including results that may not support further clinical development of the product candidate or indication. Relevant risks and uncertainties relating to Medexus's regulatory affairs include, among other things –

- the uncertainties inherent in research and development, including the ability of Medexus or, more frequently, its third-party licensors, to meet anticipated clinical endpoints, commencement and/or completion dates for clinical trials, regulatory submission dates, regulatory approval dates and/or launch dates, as well as the possibility of unfavorable new clinical data and further analyses of existing clinical data;
- the risk that clinical trial data are subject to differing interpretations and assessments by regulatory authorities;
- whether regulatory authorities will be satisfied with the design of and results from clinical studies;
- whether and when drug applications may be filed in a given market for the relevant product candidate;
- whether and when any such applications may be approved by regulatory authorities, which will depend on many factors, including making a determination as to whether the product candidate's benefits outweigh its known risks and determination of the product candidate's efficacy and, if approved, whether the product will be commercially successful;
- decisions by regulatory authorities impacting labeling, manufacturing processes, safety, and/or other matters that could affect the availability or commercial potential of the product; and
- competitive developments in the product markets relevant to a given product candidate.

Even if Medexus'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 Medexus may make, which may impede the successful commercialization of the 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 Medexus's business and could have a material adverse effect on the company and its financial results.

Following any approval for commercial sale of Medexus'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 Medexus cannot predict the extent to which the company may be affected by changes in regulatory developments and its ability to meet those regulations. There is a risk that Medexus's current or future products may be withdrawn from the market and the required approvals suspended because of noncompliance with regulatory requirements. If there is delay or failure to obtain or maintain regulatory approvals for any of Medexus's product candidates in the United States, Canada, or other markets, or if any approval contains significant unexpected limitations, Medexus's ability to market to the product's full target market will be reduced and the company's ability to realize the full market potential of its products and product candidates will be hampered. This could materially and adversely affect Medexus's business and could have a material adverse effect on the company and its financial results.

FDA Approval Process

The FDA has substantial discretion in the drug approval process, including with respect to the approval of treosulfan. Despite the ongoing time and effort exerted by medac and Medexus to obtain FDA approval for treosulfan, failure can occur at any stage. The FDA can choose to delay, limit, or deny approval for many reasons, including –

- treosulfan may not be deemed safe or effective;
- the FDA may not find the data from preclinical studies and clinical trials sufficient;
- the FDA may change its approval policies or adopt new regulations; or
- third-party products may enter the market and change approval requirements.

See "General Development of Medexus's Business—Recent developments since March 31, 2022—Treosulfan (United States)".

In addition, approvals may be withdrawn if compliance with regulatory standards is not maintained. The restriction, suspension, or revocation of regulatory approvals, Medexus's inability to obtain FDA approval for treosulfan, and any other failure to comply with regulatory requirements could enable medac to terminate the U.S. Treosulfan Agreement and Medexus's rights under that agreement, each of which may have a material adverse effect on our business, financial condition, and results of operations.

Product Safety and Product Liability Claims

Unexpected safety or efficacy concerns may arise with respect to Medexus's products, whether or not scientifically justified. Any such occurrence may lead to product recalls, withdrawals, post-approval requirements, required labeling revisions or changes, withdrawals of regulatory approval for the affected products, issuance of safety alerts or other safety notices, or declining sales, as well as product liability, consumer fraud, or other claims against Medexus. If product safety issues present a public health risk, products in the field may be subject to seizure or injunctive action preventing their distribution or sale. Any such occurrence could have a material adverse effect on Medexus' business, financial condition, and operating results.

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 and difficult to defend and may result in large judgments or settlements against Medexus. In addition, Medexus's contractual arrangements with third-party licensors and other collaborators may not adequately protect Medexus from product liability claims.

Medexus maintains product liability insurance in connection with the marketing of its products in amounts the company has determined are commercially reasonable and appropriate. However, Medexus's insurance coverage may not ultimately be adequate, and Medexus may not be able to maintain adequate insurance coverage against potential liabilities arising from product sales.

If Medexus is unable to obtain or maintain sufficient levels of insurance at acceptable cost or otherwise protect against potential product liability claims, the company will be exposed to losses from product liability claims. A successful product liability claim in excess of Medexus's insurance coverage would harm the company's financial condition and operating results and could also prevent or interfere with its product commercialization efforts.

A successful claim may also prevent Medexus from obtaining product liability insurance coverage in future on commercially desirable terms or at all. Even if a claim is not successful, defending such a claim would be time-consuming and expensive and would divert significant management time and other company resources that would otherwise be used in operating and developing Medexus's business.

Product Pricing Regulations

Drug pricing by pharmaceutical companies is currently under increased scrutiny in the United States and Canada and is expected to continue to be the subject of intense political and public debate. In particular, U.S. and Canadian governmental regulations that mandate price controls or limitations on patient access to Medexus's products or establish prices paid by government entities or programs for Medexus's products impact Medexus's business, and the company's future results could be adversely affected by changes in these regulations or policies. Adoption of new more-restrictive price controls or failure to obtain or maintain timely or adequate pricing status could also adversely impact Medexus's revenue. Medexus expects these pricing pressures to continue for the foreseeable future.

In the United States, pharmaceutical product pricing is subject to government and public scrutiny and calls for reform, and many of Medexus's products are subject to increasing pricing pressures as a result. There have been a number of U.S. congressional inquiries and hearings with respect to pharmaceutical drug pricing practices, including in connection with the investigation of specific

price increases by several pharmaceutical companies, and the 2021 Build Back Better Act, which was passed by the U.S. House of Representatives, included provisions relating to regulation of drug prices. Medexus expects to see continued focus by the U.S. federal government on regulating pricing which could result in legislative and regulatory changes designed to control costs. In addition, some U.S. states have implemented, and others are considering, patient access constraints or cost cutting under the Medicaid program, and some are considering measures that would apply to broader segments of their populations that are not Medicaid-eligible. State legislatures also have continued to focus on addressing drug costs, generally by increasing price transparency or limiting drug price increases. Several U.S. states have passed laws designed to, among other things, bring more transparency to drug pricing, and other U.S. states may pursue similar initiatives in the future. Measures to regulate prices or payment for pharmaceutical products, including legislation on drug importation, could adversely affect Medexus's business.

In Canada, patented pharmaceutical products are subject to the post-approval product pricing regulation of the Patented Medicine Prices Review Board (**PMPRB**). Under the PMPRB's regulations, 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 (1) the cost of the same or similar drugs or drugs in the same therapeutic class sold in Canada or (2) 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. Significant amendments to the Patented Medicines Regulations, which provide the framework under which the PMPRB regulates the prices of patented medicines, are expected to take effect on July 1, 2022 along with new guidelines interpreting the regulations. Medexus continues to evaluate the impact of these new regulations on product pricing in Canada.

Of Medexus's leading products, only Metoject is currently subject to regulation by the PMPRB, although other patented products subject to PMPRB regulation may become part of the company's product portfolio from time to time. Metoject pricing is currently in compliance with the PMPRB's requirements and Medexus does not anticipate any non-compliance of its current pricing strategy with the PMPRB guidelines.

If the PMPRB's guidelines provide a ceiling price for a patented product that is lower than Medexus'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 Medexus's ability to profitably commercialize a PMPRB-regulated product to its full market potential or at all. If the sales generated by such a product were material to Medexus, this could materially and adversely affect the company's business, financial condition, and operating results. Furthermore, future changes to the methodology or policies of PMPRB or other relevant regulatory bodies may result in less favorable product pricing directives and requirements. Medexus's ability to predict and/or adapt to changing directives or requirements may be limited.

Medexus cannot predict the extent to which its business may be affected by these or other potential future legislative or regulatory developments in the United States, Canada, or both countries. However, increased scrutiny on drug pricing, negative publicity related to the pricing of pharmaceutical drugs generally, or changes in pricing regulations could, in each case, restrict the

amount that Medexus is able to charge for its products, which could have a material adverse effect on the company's business, financial condition, and operating 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 Medexus's products are affected by extensive laws, governmental regulations, administrative determinations, court decisions, and similar constraints which are beyond the company's control. These laws, regulations, and other constraints may exist at all levels of government. There can be no assurance that Medexus will be able to comply with all of these laws, regulations, and other constraints at all times. Failure to comply with any of these laws, regulations, or other constraints, or new laws, regulations, or constraints, could lead to the imposition of significant penalties or claims and could negatively impact Medexus's business. In addition, adoption of new laws, regulations, or other constraints, or changes in the interpretations of those requirements, may result in significant compliance costs or lead Medexus to discontinue product sales and may have an adverse effect on the commercialization of the company's products, which would result in significant loss of sales.

In addition, the marketing, promotional and pricing, discount, rebate, or co-pay practices of pharmaceutical companies, and the manner in which companies and their in-house or third-party sales forces interact with purchasers, prescribers, and patients, are subject to extensive regulation. For example, companies may not promote drugs for "off-label" uses, meaning uses that are not described in the product's label, package insert, or product monograph and that differ from those approved by the FDA, Health Canada, or other relevant regulatory agencies. Enforcement of these regulations may result in the imposition of civil, administrative, and/or criminal penalties, injunctions, other remedies, and/or limitations on marketing practices for Medexus'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. If Medexus were to be found to have improperly promoted its products, including by promoting off-label uses, the company would be subject to significant legal or regulatory consequences which would likely have a significant adverse financial impact. In addition, company management's attention would be diverted from business operations and Medexus's reputation would be damaged.

Other government legislative or regulatory action and/or policy efforts could adversely affect Medexus's business, including, among others, general budget control actions, changes in patent laws, the importation of prescription drugs to the United States or Canada at prices that are regulated by foreign governments, revisions to reimbursement of pharmaceutical products under government programs that could reference international prices or require new discounts, limitations on interactions with healthcare professionals and other industry stakeholders, or the use of comparative effectiveness methodologies that could be implemented in a manner that focuses primarily on cost differences and minimizes the therapeutic differences among pharmaceutical products and restricts access to innovative medicines. In addition, a reduction of government spending on entitlement programs, including Medicare and Medicaid in the United States, may affect payment for Medexus's products or services provided using Medexus's products. Any other significant spending reductions or cost controls affecting these publicly funded or subsidized health programs that may be implemented could have an adverse impact on our results of operations.

Expiration of Core Patent Protection

Medexus 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, Medexus will rely on product manufacturing trade secrets, know-how, and related non-patent intellectual property. The effect of this patent expiration for any product depends, among other things, upon the nature of the market and the position of the relevant product in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product, and regulatory approval requirements under generic drug laws. Market entry of a generic pharmaceutical product that competes with a Medexus branded product may erode the branded product's market share, which may have a material adverse effect on Medexus's business, financial condition, and operating results. If competition develops from generic products, this competition could have a material adverse effect on Medexus's business, financial condition, and operating results.

Inability to Protect, Maintain and Enforce Intellectual Property

Medexus's success will depend in part on its ability or on the ability of Medexus's third-party licensors to maintain, defend, and enforce intellectual property rights and licensing arrangements for Medexus's products. No assurance can be given that Medexus's licenses or rights will not be challenged, invalidated, infringed, or circumvented, or that the rights Medexus holds will provide competitive advantages to the company. Any loss of intellectual property protection is likely to adversely affect Medexus's operating results. Medexus's commercial success will also depend in part on the company and its third-party licensors not infringing the patents or other proprietary rights of others. There can be no assurance that Medexus or its third-party licensors will be able to obtain a license to any third-party technology or rights that may be or become required to conduct Medexus's business as currently conducted or that such technology can be licensed at a reasonable cost. There is also no certainty that Medexus will not be challenged by its third-party licensors and others for noncompliance with Medexus's existing or future licensing or other contractual arrangements. Consequently, there is a risk that these licensing and other contractual arrangements may be withdrawn with no compensation to or remedies for Medexus.

Medexus relies on trade secrets, know-how, and other proprietary information and requires the company's employees, suppliers, and other third-party service providers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and Medexus may not have adequate remedies for any such breach. Others may independently develop substantially equivalent proprietary information without infringing any proprietary technology of Medexus. Third parties may also independently gain access to Medexus's proprietary information and adopt it for competitive purposes. Any such occurrence may have a material adverse impact on Medexus's business, financial condition, and operating results.

Litigation May Negatively Impact Medexus' Business, Financial Condition and Operating Results

From time to time in the ordinary course of its business, Medexus may become involved in various legal proceedings, including commercial, employment, class action, and other litigations and claims, and may become the subject of governmental or other regulatory inquiries, investigations, or proceedings.

Medexus relies and expects to continue to rely on a combination of intellectual property, including patent, trademark, trade dress, copyright, trade secret and domain name protection laws, as well as confidentiality and license agreements, to protect the company's intellectual property and proprietary rights. Medexus may not be successful in enforcing these intellectual property and proprietary rights. Claims against Medexus's patent rights include challenges to the coverage and/or validity of patents on various products or processes. There can be no assurance as to the outcome of these matters, and a loss in any of these cases could result in a loss of patent protection for the product at issue, which could lead to a significant loss of sales of that product and could materially affect future results of operations. The scope of patent claims varies between countries, as individual countries have distinct patent laws, and Medexus's ability to enforce its intellectual property rights depends on the laws of each country, its enforcement practices, and the extent to which certain countries engage in policies or practices that weaken a country's intellectual property framework (for example, laws or regulations that promote or provide broad discretion to issue a compulsory license). In countries that provide some form of regulatory exclusivity, mechanisms exist that permit some form of challenge to Medexus's intellectual property rights by competitors or generic drug marketers prior to or immediately following the expiration of such regulatory exclusivity. In addition, generic companies can employ aggressive strategies, such as "at risk" launches that challenge Medexus's intellectual property rights. For example, Medexus and medac are party to the Metoject Litigation. Medexus and medac intend to take all appropriate steps in the Metoject Litigation to enforce their intellectual property rights. A trial date for the Metoject Litigation has been set for early calendar year 2023.

Any such matter can be time-consuming, divert management's attention and resources, and cause Medexus to incur significant expenses. Further, litigation is inherently unpredictable, and so the outcome of any such matter, including the Metoject Litigation, may have a material adverse effect on Medexus's business, financial condition, and operating results.

Reliance on Third Parties to Conduct Clinical and Preclinical Studies

Medexus relies on its drug development partners and other third parties such as contract research organizations, medical institutions, and clinical investigators to enroll qualified patients; conduct, supervise, and monitor clinical trials; conduct preclinical studies; and complete chemistry, manufacturing, and controls work. Medexus's drug development partners often similarly rely on third parties for these purposes.

Reliance on these third parties for clinical development activities reduces Medexus's control over these activities. Further, Medexus's reliance on these third parties does not relieve Medexus or its drug development partners of their regulatory responsibilities, including ensuring that its clinical trials are conducted in accordance with Good Clinical Practices and that its preclinical studies are conducted in accordance with Good Laboratory Practices. Furthermore, these third parties may have relationships with other entities, some of which may be Medexus's competitors. In addition, they may not complete activities on schedule or may not conduct preclinical studies or clinical trials in accordance with regulatory requirements or the relevant trial design or other regulatory requirements.

If any of these third parties do not successfully carry out their contractual duties or meet expected deadlines or other requirements, Medexus's ability to obtain regulatory approvals for product candidates may be delayed or prevented, which in turn could materially adversely impact the

company's business, financial condition, or operating results and could cause the market value of its Common Shares to decline.

Publication of Clinical Trial Results

From time to time, studies or clinical trials on various aspects of pharmaceutical products, including a product's active ingredient, are conducted by academic researchers, government agencies or other third parties. The results of these studies or trials, when published, may have a significant effect on the market for the pharmaceutical product or products that are the subject of the study or trial. Publication of negative results or studies or clinical trials related to Medexus's products, an active ingredient in Medexus's products, or the therapeutic areas in which Medexus's products compete (or are anticipated to compete) could have an adverse impact on the company's current or future sales, prescribing trends for the company's products, or the reputation of the company and its products. Such an impact could have a material adverse effect on Medexus's business, financial position, and operating results.

Risks Relating to Financial Matters

Need for Additional Financing

Medexus will, from time to time, require additional capital to secure new business opportunities and product registrations, as well as clinical development programs that Medexus may decide to pursue. Growth in costs and expenses, changes in product and geographic mix, and the impact of corporate strategic initiatives (including licensing and acquisition transactions, divestitures, restructurings, internal reorganizations, or unusual product-related events that could result from evolving business strategies or otherwise), as well as potential disruption of Medexus's ongoing business, could, in each case, adversely affect future results depending on Medexus's ability to realize the projected benefits of these cost management, product management, and other corporate strategic initiatives. In addition, Medexus had negative operating cash flow in certain quarters during the financial year ended March 31, 2022 and cannot guarantee that it will attain or maintain positive operating cash flow in future periods. To the extent that Medexus has negative operating cash flow in any future period, Medexus may require additional capital to fund its activities in these periods.

However, there can be no assurance that Medexus will be able to raise the additional funding that it will need to carry out its business objectives and to complete acquisitions in a timely and satisfactory manner or at all. Medexus's success in these efforts will depend on prevailing capital market conditions, Medexus's business performance, and its ability to attract and retain investor interest in the company and its business plan. There can be no assurance that Medexus will be successful in securing the capital it requires as and when needed or at all. If Medexus raises additional equity capital by issuing Common Shares, existing holders of Common Shares may suffer additional dilution.

In addition, increases in interest rates, both domestically and internationally, could negatively affect Medexus's cost of financing its operations and investments. Adverse credit market conditions could limit Medexus's ability to raise debt financing that the company may need to fund its operations. Medexus's ability to maintain its current debt arrangements and its ability to issue or borrow long-term debt or raise other forms of financing will be critical to Medexus's long-term

prospects. Medexus's ability to conduct operations could be materially and adversely impacted if these or other adverse conditions affect the company's sources of capital.

Risks Associated with Debt Financing

Medexus entered into the Term Loan Agreement in February 2020 and the Revolving Loan Agreement in May 2020. Medexus has incurred significant debt liabilities under the Credit Agreements. (For more information about the terms of the Credit Agreements, see "General Development of Medexus's Business".) Medexus has also issued the Convertible Debentures, although, subject to TSX approval as required, Medexus may satisfy amounts due under the Convertible Debentures in cash, Common Shares, or a combination of the two. (For more information about the terms of the Convertible Debentures, see "Description of Capital Structure—Description of securities—Convertible Debentures and 2018 Warrants".)

Medexus and its subsidiaries are the borrowers under the Credit Agreements. The Term Loan is secured by a first-priority security interest in all existing and after-acquired assets of Medexus and each other borrower. The Revolving Loan is secured by a first-priority security interest in all existing and after-acquired personal property of Medexus and each other borrower. If Medexus defaults in payment under either Credit Agreement, if payment is otherwise accelerated, or if the lenders under the Credit Agreements otherwise exercise their available remedies, Medexus would suffer a material adverse effect on its business, financial condition, operating results, and prospects.

Medexus's ability to satisfy its debt liabilities, including under the Credit Agreements, and otherwise to make payments when due, largely depends on the company's ability to achieve significant revenues from commercializing its products. This is because there can be no assurance that Medexus will be able to secure additional financing to satisfy its liabilities under the Credit Agreements. In any such event, Medexus may be compelled to adopt alternative liquidity management strategies including actions such as reducing or delaying capital expenditures or selling assets, any of which may harm the company's long-term prospects. There can be no assurance that Medexus will be able to repay the outstanding amount of any indebtedness at maturity. Medexus's inability to repay outstanding debt when due would have a material adverse impact on the company's business.

Minimum Payment Obligations

Medexus is or may become subject to contractual arrangements that require Medexus to pay minimum annual amounts to the relevant counterparty regardless of actual performance. These arrangements can relate to purchase of raw materials (which may be more than are necessary to sustain annual production requirements), finished goods (which may be more than are necessary to meet actual demand for the relevant product), or payments under licensing arrangements (which may be more than sales of the relevant product would otherwise merit). These payments, without a corresponding revenue inflow, can have an adverse effect on Medexus's financial position and operating results.

Inability to Maintain Effective Internal Controls Over Financial Reporting

Medexus's management, with the participation of its Chief Executive Officer and its Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Medexus's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS, or International Financial Reporting Standards.

Internal control over financial reporting is a process that involves human diligence and compliance and is therefore inevitably subject to error or, in some circumstances, improper override, collusion, or other misconduct. These inherent limitations mean that there is inevitably some risk that Medexus will be unable to prevent or detect material misstatements on a timely basis. Although it is possible to incorporate into the financial reporting process safeguards to reduce these risks, these controls cannot guarantee that these risks will be eliminated entirely and therefore cannot provide absolute assurance of achieving financial reporting objectives.

If Medexus fails to maintain effective internal control over financial reporting, then there is an increased risk of an error in its financial statements that could result in Medexus being required to restate previously issued financial statements at a later date. If financial markets have included the previously misstated financial information, the company may suffer negative market perception and the market price of the Common Shares may decline.

Public Company Requirements May Strain Resources

As a public company, Medexus is subject to the reporting requirements of the *Securities Act* (Ontario), related rules and regulations (including the national and multilateral instruments adopted as rules), decisions, rulings, and orders under the *Securities Act* (Ontario), the published policy statements issued by the Ontario Securities Commission, and the stock exchange requirements issued by the Toronto Stock Exchange. Complying with these requirements is time-consuming and expensive and involves significant management time and other company resources that could otherwise be used in operating and developing Medexus's business. Medexus may need to hire additional accounting, financial, and legal staff with appropriate public company experience and technical knowledge, which could further increase the company's operating costs.

In addition, actions that may be taken by significant shareholders may divert the time and attention of the Board and management from its business operations. Campaigns by significant investors to effect changes at publicly traded companies have increased in recent years. Such activist campaigns could result in substantial expense to Medexus and consume significant time and attention of the Board and management. In addition, there can be no assurance that any shareholder will not pursue actions to effect changes in Medexus's management and strategic direction, including through the solicitation of proxies from the company's shareholders, which could, if any such action is successful, change the nature of an investment in Medexus or its Common Shares.

Foreign Exchange and Market Rate Fluctuations

Currency exchange rate fluctuations can affect Medexus's results of operations to the extent that the company's revenues and expenses may be in different currencies. Medexus'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 U.S. dollars, Euros, or other foreign currencies. All Medexus US's revenues, representing a significant portion of gross revenues earned by Medexus overall, are in U.S. dollars, and many of Medexus's payments to third-party suppliers are denominated in Euros. As a result, Medexus's competitiveness could be impacted by unfavorable fluctuations in currency exchange rates.

Financial Conditions

Global financial conditions have always been subject to volatility. This volatility may impact Medexus's ability to obtain equity or debt financing in the future and, if obtained, on terms favorable to Medexus. Increase levels of volatility and market turmoil can adversely affect Medexus's operations and the value and the price of the Common Shares could be adversely affected. Medexus 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.

Estimates, Judgments and Assumptions

The preparation of Medexus's consolidated financial statements requires management to make estimates, judgments, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and the accompanying notes and other disclosures. Medexus cannot provide assurance that its estimates, judgments, and assumptions are accurate or adequate, which could have a material adverse effect on the Company's results of operations, financial condition, and cash flows. In any such event, the company may suffer negative market perception and the market price of the Common Shares may decline.

Fair Value of Convertible Debentures

The Convertible Debentures are a compound financial instrument under IAS 32, *Financial Instruments: Presentation*, and have both a liability and an embedded derivative component. The fair value of the consideration for the compound instrument must be split into its liability and derivative components. The derivative is measured at fair value through profit or loss, and its fair value must be measured at each reporting period with subsequent changes in fair value recorded in the consolidated statement of loss. Medexus uses a derivative valuation model to estimate the fair value of the derivative at the inception date and again at subsequent reporting dates. The most significant assumption used in this model is the discount rate to fair value for the liability component of the Convertible Debentures. Several other assumptions affect the results of this calculation, including estimated share price volatility. If different assumptions are used, the values derived could be significantly different than those determined by Medexus, which could have a material impact on Medexus's financial statements.

Impairment of Intangible Assets

Medexus recognizes product licenses as intangible assets and amortizes those licenses over their useful lives when they meet the criteria for capitalization. Forecasted revenue and profitability for the relevant products are used to assess compliance with the capitalization criteria and to assess the recoverable amount of the assets. The useful life is determined by identifying the period in which substantially all of the cash flows are expected to be generated. Amortization generally starts either from the date of the product approval for commercialization or from the date of the license agreement, depending on the contract terms. Whenever Medexus tests these licenses for impairment, the determination of the asset's recoverable amount involves the use of estimates by management and can have a material impact on the relevant values and ultimately the amount of any impairment. If different assumptions are used, the values derived could be significantly different than those determined by Medexus, which could have a material impact on Medexus's financial statements.

Impairment of Goodwill

Medexus tests the carrying value of goodwill for impairment annually or when events or changes in circumstances indicate to Medexus that the carrying value may be impaired. In order to determine if a goodwill impairment test is required, management reviews different factors on a quarterly basis, such as changes in market environment and actual financial performance compared to planned performance. Medexus recognizes any impairment loss for goodwill directly in profit or loss in the company's consolidated statement of loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Risks Relating to Ownership of Common Shares

Dilution

Medexus may require additional funding for future development programs and potential acquisitions. Medexus may issue additional Common Shares in the future if further capital is required, on the exercise of outstanding Convertible Debentures, warrants, or stock options, or if Medexus elects to pay some or all of the principal or interest on the Convertible Debentures in Common Shares in accordance with their terms. Issuances of additional securities will result in a dilution of the equity interests of any person who is or may become a holder of Common Shares. This dilution may also constitute economic dilution for a holder of Common Shares if the issuance price of those additional securities is lower than the price at which that holder acquired the Common Shares.

Sales or issuances of substantial amounts of Common Shares, or the inability to find purchasers of Common Shares, could adversely affect the market prices for the Common Shares. A decline in the market prices of Common Shares could impair Medexus's ability to raise additional capital through the sale of new Common Shares, should it desire to do so, at a price or at prices that minimize dilution to existing holders of Common Shares. If additional Common Shares or securities convertible into Common Shares are sold or issued, such sales or issuances may substantially dilute the interests of holders of Common Shares.

Absence of Dividends

Medexus has not paid dividends on its Common Shares and does not anticipate declaring any dividends in the foreseeable future. Thus, the return on an investment in Common Shares will depend upon any future appreciation in value. There is no guarantee that Medexus will declare dividends in the future or that the Common Shares will appreciate in value or even maintain the price at which they were purchased.

Unpredictability and Volatility of Common Share Price

Publicly-traded securities such as the Common Shares do not necessarily trade at values determined by reference to the underlying value of the business and assets. The prices at which the Common Shares trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to a variety of factors, including the factors described in this “Risk Factors” section or otherwise, and other factors beyond Medexus’s control, such as fluctuations in the valuations of companies perceived by investors to be comparable.

In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Common Shares. In addition, in the past, following periods of volatility in the overall market and the market price of a company’s securities, securities class action litigation has often been instituted against these companies. If Medexus were to become the subject of such a litigation, Medexus would face substantial costs and diversion of management’s attention and resources.

Securities Industry Analyst Research Reports

The trading market for the Common Shares relies in part on the research and reports that securities analysts and other third parties choose to publish about Medexus. Medexus does not control these analysts or other third parties. The price of the Common Shares could decline if one or more securities analysts downgrade the Common Shares or if one or more securities analysts or other third parties publish unfavorable or inaccurate research about Medexus or cease publishing reports about Medexus. If one or more analysts cease coverage of Medexus or fail to regularly publish reports on Medexus, the company could lose visibility in the financial markets, which in turn could cause the Common Share price or trading volume to decline.

DIVIDENDS AND DISTRIBUTIONS

Amount of dividends or distributions

Medexus has not paid any cash dividends on the Common Shares during any of the three most recently completed financial years.

Medexus has paid interest on the Convertible Debentures, in each case in cash or Common Shares as permitted by the terms of the Convertible Debentures and otherwise as required by the terms of the Convertible Debentures. The aggregate amount of interest payments made in cash or Common Shares during each of the three most recently completed financial years was \$2.0 million during the financial year ended March 31, 2022, \$1.9 million during the financial year ended March 31, 2021, and \$1.9 million during the financial year ended March 31, 2020.

Restrictions on dividends and distributions

The agreements governing Medexus's debt facilities impose, and agreements governing any future debt facilities are expected to impose, restrictions on Medexus's ability to pay dividends and distributions in cash. Any payment of cash dividends or distributions also depends on the company's revenues and earnings, capital requirements, and general financial condition, and is further subject to the discretion of the Board.

Dividend or distribution policy

The Board is not currently contemplating and does not expect to declare any dividends or distributions in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Summary

Medexus's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares. As at June 22, 2022, Medexus had 19,952,538 Common Shares and no preferred shares issued and outstanding.

In addition, as at June 22, 2022, the following number of Common Shares were issuable in accordance with the terms of convertible securities (including equity incentive compensation awards) issued by Medexus –

- 9,891,907 Common Shares issuable upon conversion of the Convertible Debentures;
- 2,233,918 Common Shares issuable upon exercise of the 2018 Warrants;
- 2,290,844 Common Shares issuable upon exercise of the 2021 Warrants;
- 232,647 Common Shares issuable upon exercise of the 2021 Underwriter Warrants;
- 134,290 Common Shares issuable upon exercise of the MidCap Warrants;
- 695,050 Common Shares issuable upon exercise of RSUs (defined below);
- 248,613 Common Shares issuable upon exercise of PSUs (defined below) (assuming vesting at 100%); and
- 795,568 Common Shares issuable upon exercise of Options (defined below).

Description of securities

The following sections set out a description of the material characteristics of each class of security that is issued and outstanding as of the date of this AIF.

Common Shares

Each Common Share entitles the holder to one vote per share. The holders of Common Shares are entitled to receive notice of meetings of shareholders of Medexus and to vote at the meeting. Holders of Common Shares are entitled to receive, as and when declared by the Board, dividends in such amounts as may be determined by the Board. Holders of Common Shares have the right to receive any remaining residual asset value of Medexus in the event of a liquidation, dissolution, or winding-up of Medexus, whether voluntary or involuntary.

Convertible Debentures and 2018 Warrants

In October 2018, in connection with the acquisition of Medexus Inc. and Medac Pharma, Inc. (now known as Medexus Pharma, Inc.), Medexus issued C\$42.0 million aggregate principal amount of Convertible Debentures under a convertible debenture indenture with Computershare Trust Company of Canada as trustee. As of March 31, 2022, the C\$42.0 million aggregate principal amount remained issued and outstanding.

The Convertible Debentures bear interest at an annual rate equal to 6.00%. Interest on the issued and outstanding Convertible Debentures is payable semiannually in arrears on March 31 and September 30, and may be paid in cash, Common Shares, or a combination of the two. The Convertible Debentures mature on October 16, 2023. At maturity, Medexus will be obligated to repay 125% of the aggregate principal amount of the then issued and outstanding Convertible Debentures plus any accrued and unpaid interest. Subject to TSX approval as required, Medexus may satisfy these amounts in cash, Common Shares, or a combination of the two. The Convertible Debentures are senior to Medexus's equity securities, including the Common Shares, and subordinate to Medexus's senior secured debt facilities, including the Credit Agreements.

The Convertible Debentures are convertible into units (**Conversion Units**) at a conversion price of C\$6.30, subject to adjustment as provided under the terms of the Convertible Debentures. Each Conversion Unit consists of one Common Share and one half of one warrant to purchase one Common Share (each whole warrant a **2018 Warrant**) exercisable at a price of C\$9.45 per whole 2018 Warrant until October 16, 2023.

Medexus issued a further 2,233,918 2018 Warrants under a warrant indenture dated October 2018 (**2018 Warrant Indenture**) with Computershare Trust Company of Canada as warrant agent.

As of March 31, 2022, holders of Convertible Debentures had received 72,062 Conversion Units upon conversion of Convertible Debentures, comprising 72,062 Common Shares and 2018 Warrants to purchase an additional 36,030 Common Shares. If all remaining Convertible Debentures were converted in full (without giving effect to accrued interest, which Medexus may elect to pay in cash, Common Shares, or a combination of the two), then holders would receive 6,594,604 Conversion Units, comprising 6,594,604 Common Shares and 2018 Warrants to purchase an additional 3,297,303 Common Shares.

2021 Warrants and 2021 Underwriter Warrants

In February 2021, in the 2021 Offering, Medexus issued units each consisting of one Common Share and one half of one warrant to purchase one Common Share (each whole warrant a **2021 Warrant**) exercisable at a price of C\$10.00 per whole 2021 Warrant until February 23, 2023. Medexus issued a total of 2,290,844 2021 Warrants in the 2021 Offering.

Medexus also issued, to the underwriters of the 2021 Offering, an aggregate of 232,647 warrants to purchase one Common Share (**2021 Underwriter Warrants**) exercisable at a price of C\$7.10 per 2021 Underwriter Warrant until February 23, 2023.

Medexus issued the 2021 Warrants and the 2021 Underwriter Warrants under a warrant indenture dated February 23, 2021 (**2021 Warrant Indenture**) with Computershare Trust Company of Canada as warrant agent.

MidCap Warrants

In February 2020, in connection with the Term Loan Agreement, Medexus issued, to an affiliate of MidCap Financial Trust, 134,290 warrants to purchase one Common Share (**MidCap Warrants**) exercisable at a price of C\$4.00 per MidCap Warrant until the maturity of the loan outstanding

under the Term Loan Agreement in June 2023 (unless otherwise extended in accordance with the terms of the Term Loan Agreement).

Securities issued under the 2018 Plan

RSUs

Since December 2018, Medexus has issued restricted stock units (**RSUs**) to participants under the company's 2018 Omnibus Equity Incentive Plan (**2018 Plan**). The RSUs generally vest in equal amounts upon the first, second, third, and fourth anniversaries of the grant date. RSUs issued annually to directors generally vest on the date of the following annual general meeting of shareholders. Each vested RSU entitles the holder to receive one Common Share in accordance with the 2018 Plan and the terms of the holder's RSU award agreement.

PSUs

Since October 2020, Medexus has issued performance share units (**PSUs**) to participants under the 2018 Plan. The PSUs will vest if Medexus achieves a number of predetermined objectives during performance periods that generally extend over multiple financial years. Each vested PSU will represent an obligation of Medexus to issue one Common Share in accordance with the 2018 Plan and the terms of the holder's PSU award agreement.

Options

Since October 2020, Medexus has issued options to purchase Common Shares (**Options**) to participants under the 2018 Plan. The Options generally vest in equal amounts upon the grant date and the first, second, third, and fourth anniversaries of the grant date. Options issued annually to directors generally vest on the date of the following annual general meeting of shareholders. Each vested Option entitles the holder to receive one Common Share by delivering an exercise notice and payment of the exercise price in accordance with the 2018 Plan and the terms of the holder's Option award agreement.

MARKET FOR SECURITIES

Trading price and volume

The following tables set out the closing price ranges and volume of trading of the Listed Securities on the TSX and, for periods before June 17, 2021, the TSXV. In June 2021, Medexus listed the Listed Securities for trading on the TSX. Upon listing on the TSX, the Listed Securities were delisted from the TSXV and continued to trade on the TSX under the same ticker symbols. The Common Shares trade under the symbol “MDP”, the Convertible Debentures trade under the symbol “MDP.DB”, and the 2021 Warrants trade under the symbol “MDP.WT”.

Common Shares

| | Price Range (C\$) | | Trading Volume |
|-------------|-------------------|------|----------------|
| | High | Low | |
| 2021 | | | |
| April | 8.09 | 6.97 | 1,210,000 |
| May | 7.71 | 6.72 | 787,718 |
| June | 8.15 | 6.79 | 806,708 |
| July | 7.90 | 7.06 | 326,909 |
| August | 5.80 | 2.60 | 2,590,989 |
| September | 4.18 | 2.90 | 993,978 |
| October | 3.65 | 2.95 | 601,171 |
| November | 3.86 | 2.67 | 756,217 |
| December | 3.15 | 2.40 | 646,140 |
| 2022 | | | |
| January | 2.92 | 2.50 | 409,569 |
| February | 3.43 | 2.81 | 382,836 |
| March | 3.45 | 2.95 | 392,956 |

Source: Bloomberg.

Convertible Debentures

| | Price Range (C\$) | | Trading Volume |
|-------------|-------------------|--------|----------------|
| | High | Low | |
| 2021 | | | |
| April | 135.00 | 132.00 | 47,000 |
| May | 134.00 | 131.85 | 162,000 |
| June | 140.00 | 131.50 | 299,000 |
| July | 136.00 | 136.00 | 22,000 |
| August | 135.00 | 99.00 | 482,000 |
| September | 104.00 | 99.25 | 281,000 |
| October | 100.00 | 99.50 | 63,000 |
| November | 100.00 | 99.00 | 76,000 |
| December | 98.00 | 97.01 | 15,000 |
| 2022 | | | |
| January | 98.50 | 97.95 | 32,000 |
| February | 100.00 | 98.00 | 40,000 |
| March | 100.00 | 100.00 | 410,000 |

Source: TMX Datalinx.

2021 Warrants

| | Price Range (C\$) | | Trading Volume |
|-------------|-------------------|------|----------------|
| | High | Low | |
| 2021 | | | |
| April | 1.45 | 1.00 | 40,200 |
| May | 1.35 | 1.25 | 16,600 |
| June | 1.20 | 0.85 | 3,500 |
| July | 1.25 | 1.24 | 1,100 |
| August | 1.2 | 0.55 | 35,100 |
| September | 0.60 | 0.60 | 250 |
| October | 0.60 | 0.30 | 6,800 |
| November | 0.27 | 0.22 | 20,080 |
| December | – | – | – |
| 2022 | | | |
| January | 0.33 | 0.21 | 3,000 |
| February | 0.21 | 0.10 | 8,800 |
| March | 0.10 | 0.02 | 90,500 |

Source: Bloomberg.

DIRECTORS AND OFFICERS

The following sections set out information about each individual who is currently a director or executive officer of Medexus, including province/state and country of residence and principal occupation during the five years preceding the date of this AIF. Each director was elected at the annual general meeting of shareholders of Medexus held on September 16, 2021 and will hold office until the close of the next annual meeting of shareholders or until their successor is elected or appointed, unless such office is earlier vacated in accordance with Medexus's by-laws. Each officer was appointed as of the date set out below and will hold office until the earlier of the appointment and qualification of their successor or their earlier resignation or removal.

As of the date of this AIF, the directors and executive officers of Medexus as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 2,311,412 Common Shares, representing approximately 11.6% of the issued and outstanding Common Shares.

Directors

Peter van der Velden

Province/state and country of residence: Ontario, Canada.

Position(s) with Medexus: Director and Chair of the Board since October 16, 2018; member of the Audit Committee; member of the Business Strategy Committee.

Principal occupation for previous five years: Chair of the Board of Medexus since October 2018; Managing General Partner of Lumira Capital Investment Management Inc. since March 2007; Director of Exact Imaging Inc. since January 2015; Director of Edesa Biotech Inc. from September 2017 to February 2022; previously a Director of AmacaThera; Director of the Venture Capital and Private Equity Association for ten years and President and/or Chair from May 2012 to May 2015.

Ken d'Entremont

Province/state and country of residence: Ontario, Canada.

Position(s) with Medexus: Chief Executive Officer and Director since October 16, 2018.

Principal occupation for previous five years: Chief Executive Officer of Medexus since December 2018; Founder, Chief Executive Officer, and Director of Medexus Inc. from inception in 2000 through its amalgamation with Medexus in 2018.

Benoit Gravel

Province/state and country of residence: Québec, Canada.

Position(s) with Medexus: Director since September 22, 2017; Chair of the Compensation, Corporate Governance, and Nominating Committee; Chair of the Business Strategy Committee; member of the Audit Committee.

Principal occupation for previous five years: Healthcare Council Member, Gerson Lehman Group (GLP) since April 2016; Vice President, Global Portfolio Management & Strategic Development, Sanofi Generics – Zentiva Group Czech Republic from February 2014 to February 2016; Vice President, Diabetes & Specialized Care Unit, Sanofi Canada Inc. from March 2012 to January 2014.

Adele M. Gulfo

Province/state and country of residence: New Jersey, USA.

Position(s) with Medexus: Director since June 25, 2019; member of the Compensation, Corporate Governance, and Nominating Committee; member of the Business Strategy Committee.

Principal occupation for previous five years: Chief Commercial and Business Development Officer, Sumitovant Biopharma since December 2019; Chief of Commercial Development, Roivant Sciences Ltd. from May 2018 to December 2019; Director of EnPro Industries, Inc. since October 2018; Director of Bemis Company, Inc. from June 2015 to June 2018; Executive Vice President, Head of Global Commercial Development, and Chief Strategy Officer, Mylan N.V. from January 2014 to January 2018; President and General Manager, Pfizer U.S. Primary Care Business from 2009 to 2012 and President, General Manager Latin America from 2012 to 2014; Director of Volunteers of America – Greater New York from 2012 to 2018; Director of Committee of 200 from 2012 to 2015.

Michael Mueller

Province/state and country of residence: Ontario, Canada.

Position(s) with Medexus: Director since May 31, 2014; Chair of the Audit Committee; member of the Compensation, Corporate Governance, and Nominating Committee; member of the Business Strategy Committee.

Principal occupation for previous five years: Chair of the Board of Laurentian Bank of Canada since April 2019 (Director since December 2018); Director of Gensource Potash Corporation since July 2018; Chair of the Board of Revera, Inc. since February 2018; Director of PSP Investments (Public Sector Pension Investment Board) from 2006 to January 2018; Chair of the Board of PSP Investments from January 2015 to January 2018.

Stephen Nelson

Province/state and country of residence: Ontario, Canada.

Position(s) with Medexus: Director since October 16, 2018; member of the Compensation, Corporate Governance, and Nominating Committee; member of the Business Strategy Committee.

Principal occupation for previous five years: Senior Vice President, Portfolio Manager and Investment Advisor with TD Wealth Private Investment Advice; Director of Medexus Inc. from April 2013 to October 2018; Director of AMP Solar Group Inc. from January 2011 to April 2020 (Chair of Compensation Committee of the AMP Solar Group Inc. Board until February 2020, member of Compensation Committee of the AMP Solar Group Inc. Board until April 2020).

Officers

Mike Adelman

Province/state and country of residence: Pennsylvania, USA.

Position(s) with Medexus: General Manager, U.S. Operations since May 7, 2020.

Principal occupation for previous five years: General Manager, U.S. Operations at Medexus since May 2020; Senior Vice President, Commercial at Aptevo Therapeutics Inc. from September 2018 to February 2020; Vice President, Commercial at Aptevo Therapeutics Inc. from inception in 2016 to September 2018; Vice President, Commercial at Emergent BioSolutions from 2014 to 2016.

Marcel Konrad

Province/state and country of residence: California, USA.

Position(s) with Medexus: Chief Financial Officer since July 19, 2021.

Principal occupation for previous five years: Senior Vice President, Finance & Accounting and Vice President, Corporate Controller at CareDx, Inc. from August 2018 to July 2021; Chief Financial Officer, Senior Director, Finance & Accounting, and Controller at Santen Inc. from May 2013 to August 2018.

Richard Labelle

Province/state and country of residence: Québec, Canada.

Position(s) with Medexus: General Manager, Canadian Operations since May 1, 2022.

Principal occupation for previous five years: General Manager, Canadian Operations since May 2022; Vice President, Allergy/Pediatric/OTC Portfolios, Canadian Operations from February 2014 to April 2022; previously Vice President and General Manager, Sanofi Consumer Health Canada.

Ian C Wildgoose Brown

Province/state and country of residence: New York, USA.

Position(s) with Medexus: General Counsel and Corporate Secretary since November 8, 2021.

Principal occupation for previous five years: General Counsel and Corporate Secretary at Medexus since November 2021; Special Counsel at WeWork Capital Advisors from January 2018 to July 2021; Associate General Counsel (previously Senior Counsel and Counsel) at WeWork from May 2015 to December 2017; previously corporate associate at Debevoise & Plimpton and at WilmerHale.

Cease trade orders, bankruptcies, penalties, and sanctions

Cease trade orders

To Medexus's knowledge, other than as set out below, no director or executive officer of Medexus is, as of the date of this AIF, or was, within the 10 years ending on the date of this AIF, a director, chief executive officer, or chief financial officer of any company (including Medexus) that was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied that company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued either (1) while that person was acting in that capacity or (2) after that person had ceased acting in that capacity but which resulted from an event that occurred while that person was acting in that capacity.

Between April 2019 and August 16, 2019, Michael Mueller was a director of Eureka 93 Inc. (**Eureka 93**), a public company trading on the Canadian Securities Exchange (**CSE**). On February 14, 2020, Eureka 93 filed a Notice of Intention to Make a Proposal under Part III of the *Bankruptcy and Insolvency Act* (Canada) (**Eureka Notice of Intention**). As a result, Eureka 93's trading on the CSE was suspended and a cease trader order put in place. Pursuant to the Eureka Notice of Intention, Deloitte Restructuring Inc. was appointed as the trustee in Eureka 93's proposal proceedings. Eureka 93's proposal proceedings remain ongoing.

Bankruptcies

To Medexus's knowledge, other than as set out below, no director or executive officer of Medexus, or shareholder holding a sufficient number of securities to materially affect the control of Medexus, is, as of the date of this AIF, or was, within 10 years ending on the date of this AIF, a director or executive officer of any company (including Medexus) that, while that person was acting in that capacity, or within a year after that person had ceased to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, was subject to or instituted any proceeding, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets.

Between March 2013 and November 18, 2016, Michael Mueller was a director of Magor Corporation (**Magor**), a company listed on the TSXV. On November 30, 2016, Magor announced it had proactively filed a Notice of Intention to Make a Proposal (**Magor Notice of Intention**) under Part III of the *Bankruptcy and Insolvency Act* (Canada). As a result, Magor was transferred to NEX, a separate board of the TSXV. Under the Magor Notice of Intention, Ernst & Young Inc. was appointed as the trustee in Magor's proposal proceedings. Magor completed its restructuring transaction on July 11, 2017.

See the second paragraph under “—Cease Trade Orders” above which is incorporated by reference at this paragraph.

To Medexus's knowledge, no director or executive officer of Medexus, or shareholder holding a sufficient number of securities to materially affect the control of Medexus, has, within the 10 years ending on the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceeding, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of that director, executive officer, or shareholder.

Penalties or sanctions

To Medexus's knowledge, no director or executive officer of Medexus, or shareholder holding a sufficient number of securities to materially affect the control of Medexus, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has had any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of interest

To Medexus's knowledge, other than as disclosed below, there are no known existing, or potential, material conflicts of interest among Medexus and a director or officer of Medexus as of the date hereof.

Medexus pays interest on Convertible Debentures that are owned or controlled, directly or indirectly, by three of the company's directors. All interest payments are made in accordance with the terms of the Convertible Debentures. These interest payments to these three individuals totaled an aggregate of \$148,000 in cash and 58,193 Common Shares during financial year 2022.

Medexus pays warehouse fees to a company in which an executive officer holds a 50% equity interest for storage and distribution services in respect of certain of Medexus's products in Canada. These warehouse fees totaled \$257,000 for financial year 2022.

AUDIT COMMITTEE

Charter

The Audit Committee's charter, adopted effective June 9, 2021, is attached to this AIF as **schedule A**. The Audit Committee held four meetings during the financial year ended March 31, 2022 and has held two meetings during the financial year ending March 31, 2023 through the date of this AIF.

The Audit Committee's main function is to oversee Medexus's accounting and financial reporting processes, internal systems of control, independent auditor relationships, and the audits of Medexus's financial statements. The Audit Committee's responsibilities include –

- reviewing Medexus's annual and quarterly financial statements and reports and discussing the statements and reports with the company's independent auditors and management;
- evaluating the performance of Medexus's independent auditors, deciding whether to retain their services, and approving the annual audit plan;
- reviewing and pre-approving the engagement of Medexus's independent auditors to perform audit services and any permitted non-audit services;
- reviewing Medexus's system of internal controls;
- overseeing Medexus's risk management and compliance with legal and regulatory requirements; and
- establishing procedures for the receipt, retention, and treatment of complaints received by Medexus regarding financial controls, accounting, or auditing matters.

Composition

The current members of the Audit Committee are, in alphabetical order by last name, Benoit Gravel, Michael P. Mueller, and Peter van der Velden. Each member is independent and financially literate, as those terms are defined in National Instrument 52-110 – Audit Committees (NI 52-110).

Education and experience

The members of the Audit Committee as a group have relevant education and a vast experience as directors and officers of public companies sufficient to perform their responsibilities. All members are financially literate, meaning that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can be reasonably expected to be raised by Medexus's financial statements.

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee are set out below.

Mr. Gravel began his career as an economist in the energy and transportation industries in Canada with Hydro-Québec and VIA Rail. He joined the pharmaceutical industry over 30 years ago at Rhône-Poulenc in Montreal as Director, Corporate Planning & Business Development. Mr. Gravel spent three years in Paris in global business development and returned to Canada as Vice President, External Affairs, Vice President, Finance, and President of Rhône-Poulenc. Upon the creation of Aventis in 2000, he was appointed Vice President, Commercial Affairs. Upon the completion of the merger between Aventis and Sanofi in 2005, Mr. Gravel held several commercial executive positions in Canada with Sanofi, his most recent Canadian position being Vice President, Diabetes & Specialized Care Patient Centered Unit. His final assignment with Sanofi prior to retirement was Vice President, Global Portfolio Management & Strategic Development based in Prague, Czech Republic in the Global Generics division. Mr. Gravel has bachelor's and master's degrees in Economics from University of Montréal.

Mr. Mueller is currently Chair of the Board of Laurentian Bank of Canada. Mr. Mueller is also Chair of the Board of Revera Inc., serves on the Board of Directors of Gensource Potash Corporation, and was the Chair of PSP Investments (Public Sector Pension Investment Board) until January 2018. Mr. Mueller also serves on the Board of Directors of Smarter Alloys Inc. and Emily's House. From 2003 to 2005, he was President and Chief Executive Officer of MDS Capital Corporation. Prior to that, Mr. Mueller held a series of senior positions at TD Bank Financial Group, including Senior Vice President and Country Head of its USA Division, Executive Vice President of Global Credit and Vice Chairman and head of Global Investment Banking.

Mr. van der Velden has over 30 years of experience in the banking, venture capital, and private equity investment industries. He is currently the Managing General Partner of Lumira Capital Investment Management Inc., a prominent North American life sciences venture capital investor. He is currently a director of Exact Imaging Inc. and was previously a director of Edesa Biotech Inc. and AmacaThera. In addition, he was previously the President and/or Chairman of the Canadian Venture Capital and Private Equity Association from May 2012 to May 2015. Prior to joining Lumira he founded a boutique merchant bank focused on public technology companies, was a partner in a buyout partnership that targeted retail and consumer-centric businesses, was vice president of business development for a venture capital-backed drug delivery company, and was an associate at a large venture capital firm. Mr. van der Velden holds degrees from the Schulich School of Business, York University (MBA Finance and Policy) and Queen's University (M.Sc. (Pathology), B.Sc. (Honours Life Sciences)).

Reliance on exemptions

At no time during Medexus's financial year ended March 31, 2022 has Medexus relied on the various exemptions provided under NI 52-110.

Oversight

At no time during Medexus's financial year ended March 31, 2022 was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently PricewaterhouseCoopers LLP) not adopted by the Board.

Preapproval policies and procedures

The Audit Committee has adopted an audit committee preapproval policy containing specific policies and procedures for the engagement of non-audit services to be provided to Medexus by its external auditor.

External auditor services and fees

The aggregate fees billed by Medexus's external auditors in each of the last two most recently completed financial years for audit fees are as set out in the table below.

| Financial Year Ended March 31 | Audit Fees (\$) | Audit-Related Fees (\$) | Tax Fees (\$) | All Other Fees (\$) |
|-------------------------------|-----------------|-------------------------|---------------|---------------------|
| 2022 | 316,000 | 87,200 | – | – |
| 2021 | 261,000 | 262,400 | 33,000 | 18,900 |

The following notes apply for purposes of the table above.

Audit Fees consist of the aggregate fees billed by Medexus's external auditors for audit services.

Audited Related Fees consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Medexus's financial statements but are not reported under "Audit Fees" above and include the provision of comfort letters and consents, consultations concerning financial accounting and reporting of specific matters, and the review of documents filed with regulatory authorities.

Tax Fees consist of the aggregate fees billed for tax compliance, tax advice, and tax planning services, including the preparation of tax returns and claims for refunds; tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from taxing authorities; tax planning services; and consultation and planning services.

All Other Fees include the aggregate fees billed for products and services provided by the auditors other than the services reported above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal proceedings

Medexus is not aware of any existing or contemplated legal proceedings that are or would reasonably be expected to be material to Medexus, to which Medexus is or during the financial year ended March 31, 2022 was a party, or of which any of its property is or during the financial year ended March 31, 2022 was subject, other than the Metoject Litigation.

Regulatory actions

During the financial year ended March 31, 2022, (1) there have been no sanctions imposed by any court against Medexus relating to securities legislation or by a securities regulatory authority, (2) there have been no other penalties or sanctions imposed by a court or regulatory body against Medexus that would likely be considered important to a reasonable investor in making an investment decision, and (3) Medexus has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Procedures for Transactions with Related Persons

The Board recognizes that transactions with related parties can present potential or actual conflicts of interest and may raise questions as to whether those transactions are consistent with Medexus's best interests and the best interests of Medexus's investors. The Board has therefore adopted procedures and practices for evaluating transactions with any related party, which is defined as any person who is a director or executive officer of Medexus, any person or company that beneficially owns, controls, or directs, directly or indirectly, more than 10% of the outstanding Common Shares of Medexus, or any associate or affiliate of any of the foregoing persons or companies.

Medexus requires related parties to promptly disclose (1) any transaction in which Medexus was, is, or will be a participant and the related party had, has, or will have a direct or indirect interest and (2) all material facts relating to that transaction. Management makes an initial assessment as to whether the transaction constitutes a related party transaction that would be reportable by Medexus under relevant securities laws or otherwise requires approval under relevant corporate laws, including the *Canada Business Corporations Act*. If so, the transaction would require approval by either a majority of the independent members of the Board who are disinterested with respect to the transaction or a majority of the members of a competent committee of the Board. Under its charter, the Compensation, Corporate Governance, and Nominating Committee is competent to evaluate and, if appropriate, approve most such transactions.

Material Transactions with Related Persons

To Medexus's knowledge, except as otherwise disclosed elsewhere in this AIF, no director or executive officer of Medexus, no person or company that beneficially owns, controls, or directs, directly or indirectly, more than 10% of the outstanding Common Shares of Medexus, and no associate or affiliate of any of the foregoing persons or companies has or has had any material

interest, direct or indirect, in any transaction within the three most recently completed financial years that has materially affected or is expected to materially affect Medexus.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada, at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the contracts that are material to Medexus and entered into within the last financial year or before the last financial year and still in effect –

- U.S. Gleolan Agreement
- U.S. Treosulfan Agreement (as amended as of September 30, 2021)
- 2021 Warrant Indenture
- Revolving Loan Agreement (as amended)
- Term Loan Agreement (as amended)
- IXINITY Purchase Agreement
- Convertible Debenture Indenture
- 2018 Warrant Indenture
- Second Amended and Restated Contract Manufacturing and Supply Agreement dated as of October 16, 2018 between Medexus, medac, and the other parties named in that agreement, relating to the manufacture and supply of Rasuvo
- Stock Purchase Agreement dated as of September 6, 2018 (as amended as of October 16, 2018) between Medexus, medac, and the other parties named in that agreement, relating to the acquisition of Medexus US
- Relaxa License Agreement (as amended as of September 28, 2021)
 - Under the Relaxa License Agreement, Medexus holds exclusive rights to manufacture and commercialize Relaxa globally and pays Transcan quarterly low double-digit-percentage royalty payments on net sales of Relaxa
 - Under the Relaxa License Agreement, Medexus has the right to acquire the rights to Relaxa at any time until September 2026 for a purchase price equal to C\$5.0 million plus a 2.0% royalty on annual net sales of Relaxa up to a maximum of C\$1.5 million, and Transcan has the right to sell (and Medexus will be obligated to purchase) the rights to Relaxa to Medexus between September 2024 and September 2026 for the same price
- License and Supply Agreement dated as of December 17, 2014 (as amended) between Medexus and J. Uriach y Compañía S.A., relating to Medexus's exclusive rights to commercialize Rupall in Canada

Copies of certain of these agreements are available on SEDAR at {www.sedar.com}.

INTERESTS OF EXPERTS

Medexus's external auditor is PricewaterhouseCoopers LLP (**PwC**). PwC has prepared an independent auditors' report dated June 22, 2022 in respect of Medexus's consolidated financial statements with accompanying notes as at and for the year ended March 31, 2022 and advised that PwC is independent with respect to Medexus within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

None of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed, or employed as a director, officer, or employee of Medexus or of any associate or affiliate of Medexus.

ADDITIONAL INFORMATION

SEDAR

Additional information relating to Medexus may be found on SEDAR at {www.sedar.com}.

See Medexus' information circular prepared in connection with the annual general meeting of shareholders that was held on September 16, 2021 for additional information about directors' and officers' remuneration and indebtedness, principal holders of Medexus' securities, and securities authorized for issuance under the 2018 Plan, among other things.

See Medexus' consolidated financial statements as of and for the year ended March 31, 2022, together with the related independent auditor's report, and management's discussion and analysis dated June 22, 2022, for additional financial information about Medexus.

Corporate website

Medexus maintains a corporate website at {https://www.medexus.com/}. Medexus uses its corporate website as a channel of distribution of information about the company. Information Medexus provides through this channel may be deemed material. Investors should monitor Medexus's corporate website, including press releases posted to the website, in addition to Medexus's public filings, conference calls, and webcasts. However, information contained on or accessible through the Medexus corporate website is not a part of this AIF and is not incorporated by reference into this AIF or any of Medexus's public filings.

SCHEDULE A | AUDIT COMMITTEE CHARTER

[Attached.]

MEDEXUS PHARMACEUTICALS INC.

AUDIT COMMITTEE CHARTER

Effective Date: June 9, 2021

1. Purpose and Scope

The Audit Committee (the “**Committee**”) of Medexus Pharmaceuticals Inc. (the “**Corporation**”) is a committee of the Board of Directors (the “**Board**”). As delegated by the Board, the Committee shall attend to the responsibilities set out in this Charter.

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

Subject to any exceptions permitted by National Instrument 52-110 – *Audit Committees*, as may be amended from time to time (“**NI 52-110**”) that are applicable to the Corporation, each member of the Committee must be independent within the meaning of the provisions of NI 52-110, and in compliance with the listing standards of any exchange on which the Corporation’s securities are listed for trading. Members may not (i) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the Corporation or any subsidiary thereof, provided that compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation (provided that such compensation is not contingent in any way on continued service; or (ii) be an affiliated person of the issuer or any subsidiary thereof.

Term of Members

The members of the Committee shall be appointed annually by the Board, provided that if the composition of the Committee is not so determined, each director who was then serving as a member of the Committee shall continue as a member of the Committee until their successor is appointed. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

Committee Chair

At the time of the annual appointment of the members of the Committee, the Board may appoint a Chair of the Committee. If a Committee Chair is not appointed by the Board, the members of the Committee shall designate a Committee Chair by majority vote of the full Committee membership, provided that if the designation of the Committee Chair is not made, then the director who was then serving as Committee Chair shall continue as Committee Chair until their successor is appointed. Notwithstanding any of the foregoing, the Committee Chair must be a member of the Committee.

In the absence of the Committee Chair at a meeting of the Committee, the members of the Committee present may appoint a chair from their number for such meeting.

Financial Literacy of Members

At the time of their appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

3. Meetings

Frequency of Meetings

The Committee shall meet as often as the Committee considers appropriate to fulfill its responsibilities.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

Calling of Meetings

The Committee Chair, any member of the Committee, the Chair of the Board, the Chief Executive Officer or, if applicable, the Lead Director may call a meeting of the Committee by notifying the Corporation's Corporate Secretary, or, if no Corporate Secretary is currently employed or appointed, the Corporation's General Counsel or Chief Legal Officer, or, if none are currently employed, the Chief Financial Officer, who will notify the members of the Committee.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Committee Chair may report orally to the Board on any matter in their view requiring the immediate attention of the Board.

Attendance of Non-Members

The external auditors are entitled to receive notice of, attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

Meetings Without Management and Executive Sessions

As part of each meeting of the Committee, the Committee shall hold a meeting with the external auditor of the Corporation without members of management present and an *in camera* session, at which management and non-independent directors of the Board are not present, and the agenda for each Committee meeting will afford an opportunity for such a session.

The Committee shall also periodically meet separately, at unscheduled or regularly scheduled meetings or portions of meetings, in executive session or otherwise with each of the Corporation's external auditors and various members of management, as the Committee deems appropriate.

Access to Management and Books and Records

The Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Corporation's management and employees and the books and records of the Corporation.

4. Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the functions and responsibilities required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "**Applicable Requirements**") or as the Board otherwise deems necessary or appropriate.

Financial Reports

(a) General

The Committee is responsible for overseeing the Corporation's accounting and financial reporting processes and audits of the Corporation's financial statements. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The external auditors are responsible for auditing the Corporation's annual financial statements and for reviewing the Corporation's unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Committee shall review the annual audited financial statements of the Corporation, the auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and financial performance ("**MD&A**"). After completing its review, if advisable, the Committee shall approve and recommend the annual financial statements and the related MD&A for Board approval.

(c) Review of Interim Financial Reports

The Committee shall review the interim financial statements of the Corporation, the auditors' review report thereon, if any, and the related MD&A. After completing its review, if advisable, the Committee shall approve and recommend the interim financial statements and the related MD&A for Board approval.

(d) **Review Considerations**

In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report, if any, prepared by the external auditors;
- (iv) discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the Corporation's financial statements;
- (v) regularly review the Corporation's critical accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) consider the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
- (vii) review management's process for formulating sensitive accounting estimates and the reasonableness of these estimates;
- (viii) review significant recorded and unrecorded audit adjustments;
- (ix) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under applicable generally accepted accounting principles ("**GAAP**");
- (x) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (xi) inquire at least annually of both the Corporation's management, accounting group and the Corporation's auditors as to whether either has any concerns relative to the quality or aggressiveness of management's accounting policies;
- (xii) review with the auditors alternative accounting treatments that have been discussed with management;
- (xiii) review with management any significant changes in GAAP, as well as emerging accounting and auditing issues, and their potential effects;

- (xiv) review with management matters that may have a material effect on the financial statements;
- (xv) review management's report on the effectiveness of internal control over financial reporting;
- (xvi) review the factors identified by management as factors that may affect future financial results;
- (xvii) review results of the Corporation's audit committee whistleblower program; and
- (xviii) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.

(e) Approval of Other Financial Disclosures

The Committee is responsible for reviewing financial disclosure in a prospectus or other securities offering document of the Corporation, as well as press releases disclosing, or based upon, financial results of the Corporation and any other publicly disseminated material financial disclosure including, in accordance with the Corporation's Disclosure Policy, material financial outlook (e.g., earnings guidance) and forward-oriented financial information (e.g., forecasted financial statements) provided to analysts, rating agencies or otherwise publicly disseminated, and material non-GAAP financial measures.

The Committee is responsible for ensuring that satisfactory procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assessing those procedures.

External Auditors

(a) General

The Committee shall be directly responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work. When a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by applicable legal requirements and the planned steps for an orderly transition.

(b) Appointment and Compensation

Subject to applicable corporate law, the Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the Corporation's external auditors. The Committee shall receive appropriate funding from the Corporation, as determined by the Committee, for payment of compensation to the external auditors engaged by the Committee.

(c) **Resolution of Disagreements**

The Committee shall assess the effectiveness of the working relationship of the Corporation's external auditors with management and resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.

The Committee shall review all reportable events, including disagreements, unresolved issues and consultations with the Corporation's auditors, whether or not there is to be a change of auditors, and receive and review all reports prepared by the auditors.

(d) **Discussions with Auditors**

The Committee shall periodically discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Committee.

(e) **Audit Plan**

At least annually, the Committee shall review and approve the auditors' annual audit plan. The Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) **Independence of Auditors**

At least annually, and before the auditors issue their report on the annual financial statements, the Committee shall obtain from the auditors a formal written statement delineating all relationships between the auditors and the Corporation; actively engage in dialogue with the auditors about any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the auditors.

(g) **Evaluation and Rotation of Lead Partner**

The Committee shall periodically review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt a policy of rotating lead partners of the Corporation's external auditors.

(h) **Requirement for Pre-Approval of Non-Audit Services**

The Committee shall approve in advance any and all audit services and permissible non-audit services to be performed by the auditors for the Corporation or its subsidiary entities that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures, and adopt and implement policies for such pre-approval. The Committee shall consider the impact of such service and fees on the independence of the auditor. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting.

(i) **Approval of Hiring Policies**

The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(j) **Financial Executives**

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) **General**

The Committee shall review the Corporation's system of internal controls.

(b) **Establishment, Review and Approval**

The Committee shall require management to implement and maintain appropriate and adequate systems of internal controls in accordance with Applicable Requirements, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. The Committee shall periodically consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, internal control over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings;
- (iii) any material issues raised by any inquiry or investigation by the Corporation's regulators;
- (iv) the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for

implementation of recommendations to correct weaknesses in internal control over financial reporting and disclosure controls.

Risk Management

The Committee shall be responsible for overseeing management's identification and assessment of the principal risks to the operations of the Corporation and the establishment and management of appropriate systems to manage such risks with a view to achieving a proper balance between risks incurred and potential return to holders of securities of the Corporation and to the long-term viability of the Corporation. In this regard, the Committee shall require management to report periodically to the Committee and the Committee shall review such reports provided by management, on the risks inherent in the business of the Corporation (including appropriate crisis preparedness, business continuity, information system controls, cybersecurity and disaster recovery plans), the appropriate degree of risk mitigation and risk control, overall compliance with and the effectiveness of the Corporation's risk management policies, and residual risks remaining after implementation of risk controls. The Committee shall report periodically to the Board, on the principal risks faced by the Corporation and the steps implemented by management to manage these risks.

Compliance with Legal and Regulatory Requirements

The Committee shall review reports from the Corporation's General Counsel or Chief Legal Officer, if applicable, and other management members on: (a) legal or compliance matters that may have a material impact on the Corporation; (b) the effectiveness of the Corporation's compliance policies; and (c) any material communications received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Whistleblower Procedures

The Committee shall establish a policy and procedure for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it will direct the Chair of the Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the Corporation's legal counsel to reach a satisfactory conclusion.

The Committee shall review the Corporation's whistleblower policy on a periodic basis to determine whether the procedures established under the policy operate effectively in respect of the receipt, retention and treatment of reports and in providing a confidential and anonymous procedure as may be required by applicable laws.

Audit Committee Disclosure

The Committee shall prepare, review and recommend to the Board for approval any audit committee disclosures required by Applicable Requirements in the Corporation's disclosure documents.

Delegation

The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Charter as the Committee deems appropriate.

5. Outside Advisors

The Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors. The Corporation shall provide appropriate funding, as determined by the Committee, for payment of compensation of these advisors and for the payment of ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

6. No Rights Created

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Committee functions. While it should be interpreted in the context of all Applicable Requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

7. Charter Review & Committee Self-Evaluation

The Committee shall annually review and update this Charter to ensure compliance with the Applicable Requirements and recommend it to the Board for approval of any applicable modifications. The Committee shall also periodically conduct a self-evaluation to evaluate its effectiveness and no less than once every two years.

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As adopted by the Board of Directors on June 9, 2021.