UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended: December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-31995

MEDICURE INC.

(Exact name of registrant as specified in its charter)

Canada
(Jurisdiction of incorporation or organization)

2 - 1250 Waverley Street, Winnipeg, Manitoba, Canada R3T 6C6
(Address of principal executive offices)

Dr. Albert D. Friesen, Tel: (204) 487-7412, Fax: (204) 488-9823
2 - 1250 Waverley Street, Winnipeg, Manitoba, Canada R3T 6C6
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act: None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Shares, without par value
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

---

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

At December 31, 2020 the registrant had 10,251,313 common shares issued and outstanding

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes** ☐ **No** ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes** ☐ **No** ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐	**Accelerated Filer** ☐	**Non-Accelerated Filer** ☒
		Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[1] provided pursuant to Section 13(a) of the Exchange act. ☐

[1] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐	**International Financial Reporting Standards as issued by the International Accounting Standards Board** ☒	**Other** ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: **Item 17** ☐ **Item 18** ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** ☐ **No** ☒

TABLE OF CONTENTS

GENERAL

As used in this Annual Report, the "Corporation" or "Company" refers to Medicure Inc., a Canadian public company existing under the *Canada Business Corporations Act*.

The Company uses the Canadian dollar as its reporting currency. Unless otherwise indicated, all references to dollar amounts in this Annual Report are to Canadian dollars. As of December 31, 2020, the rate for Canadian dollars was US $1.00 for CND $1.2732. See also Item 3 – *Key Information* for more detailed currency and conversion information.

Except as noted, the information set forth in this Annual Report is as of April 15, 2021 and all information included in this document should only be considered correct as of such date.

GLOSSARY OF TERMS

The following words and phrases shall have the meanings set forth below:

"**2014 Apicore Transaction**" means the transaction occurring on July 3, 2014, whereby the Company acquired a minority interest in Apicore.

"**2016 Apicore Transaction**" means the transaction occurring on December 1, 2016, whereby the Company acquired a majority interest in Apicore.

"**2017 Apicore Transaction**" means the transaction occurring on July 12, 2017 whereby the Company acquired additional interests in Apicore.

"angioplasty" means a surgical procedure to repair a damaged blood vessel or unblock an artery;

"**ANDA**" means abbreviated new drug application, which is submitted to the FDA;

"Apicore" means any one or more of Apicore LLC, Apicore US LLC, Apicore Inc., Apigen Investments Limited, and Apicore Pharmaceuticals PVT Ltd., including any of their affiliates and subsidiaries, and if the context requires, the pharmaceutical manufacturing business carried on by this group of companies;

"**Apicore Sale Transaction**" means the transaction occurring on October 2, 2017, whereby the Company sold its interests in the Apicore business.

"**DEA**" means the United States Drug Enforcement Administration;

"**DMF**" means drug master file, which is submitted to the FDA;

"FDA" means the United States Food and Drug Administration;

"**GPIs**" means glycoprotein GP IIb/IIIa inhibitors, which are injectable platelet inhibitors used to treat acute coronary syndromes and related conditions and procedures;

"myocardial infarction" means destruction of heart tissue resulting from obstruction of the blood supply to the heart muscle;

"**NDA**" means new drug application, which is submitted to the FDA;

"**ReDS™** "means the ReDS™ point of care system;

"**sNDA**" means supplemental new drug application, which is submitted to the FDA;

"**SNP**" means Sodium Nitroprusside Injection;

"**STEMI**" means ST Segment Elevation Myocardial Infarction, a type of heart attack

"TSXV" means the TSX Venture Exchange.

FORWARD LOOKING STATEMENTS

Medicure Inc. cautions readers that certain important factors (including without limitation those set forth in this Form 20-F) may affect the Company's actual results in the future and could cause such results to differ materially from any forward-looking statements that may be deemed to have been made in this Form 20-F annual report, or that are otherwise made by or on behalf of the Company. This Annual Report contains forward-looking statements and information which may not be based on historical fact, which may be identified by the words "believes," "may," "plan," "will," "estimate," "continue," "anticipates," "intends," "expects," and similar expressions and the negative of such expressions. Such forward-looking statements include, without limitation, statements regarding:

- The Company's expectations in regards to the extent and impact of COVID-19 including the timing surrounding these impacts;
- the Company's intention to sell and market its acute care cardiovascular drug, AGGRASTAT®, in the United States and its territories through its U.S. subsidiary, Medicure Pharma Inc.;
- the Company's intention to sell and market its cardiovascular drug, ZYPITAMAG®, in the United States and its territories through its U.S. subsidiary, Medicure Pharma Inc.;
- the Company's intention to sell and market its cardiovascular drug, Sodium Nitroprusside 50mg/2ml (25mg/ml) ("**SNP**"), in the United States and its territories through its U.S. subsidiary, Medicure Pharma Inc.;
- the Company's intention to sell and market its pharmaceutical products in the United States and its territories through its newly acquired U.S. subsidiary, Marley Drug, Inc. ("**Marley Drug**");
- the Company's intention to develop and implement clinical, regulatory and other plans to generate an increase in the value of AGGRASTAT®;
- the Company's intention to expand or otherwise improve the approved indications and/or dosing information contained within AGGRASTAT®'s approved prescribing information;
- the Company's intention to increase sales of AGGRASTAT®; ZYPITAMAG® and SNP;
- the Company's intention to increase sales through Marley Drug;
- the Company's intention to develop a cardiovascular biosimilar product in connection with an agreement with Reliance Life Sciences Private Limited ("**RLS**");
- the Company's intention to develop MC-1 for the treatment of pyridox(am)ine 5'-phosphate oxidase ("**PNPO**") deficiency;
- the likelihood of the Company to receive a priority review voucher from the United States Food and Drug Administration ("**FDA**") in regards to its development work for MC-1;

- the Company's intention to investigate and advance other product opportunities;
- the Company's intention to develop and commercialize additional cardiovascular generic drug products;
- the Company's intention and ability to obtain regulatory approval for its products and potential products;
- the Company's expectations with respect to the cost of testing and commercialization of its products and potential products;
- the Company's sales and marketing strategy;
- the Company's anticipated sources of revenue;
- the Company's intentions regarding the protection of its intellectual property;
- the Company's intention to identify, negotiate and complete business development transactions (e.g. the sale, purchase, or license of pharmaceutical products or services);
- the Company's business strategy; and
- the Company's expectation that it will not pay dividends in the foreseeable future.

Such forward-looking statements and information involve a number of assumptions as well as known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements and information including, without limitation:

- general business and economic conditions;
- the extent and impact of the COVID-19 outbreak on the Company's business including any impact on our customers, contract manufacturers and other third-party service providers;
- the impact of changes in Canadian-U.S. dollar and other foreign exchange rates on the Company's revenues, costs and results;
- the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;
- the availability of financing for the Company's commercial operations and/or research and development projects, or the availability of financing on reasonable terms;
- results of current and future clinical trials;
- uncertainties associated with the acceptance and demand for new products;
- changes in regards to pharmacy regulations;
- clinical trials not being unreasonably delayed and expenses not increasing substantially;
- government regulation not imposing requirements that significantly increase expenses or that delay or impede the Company's ability to bring new products to market;
- the Company's ability to attract and retain skilled management and staff;
- the Company's ability, amid circumstances and decisions beyond the Company's control, to maintain adequate supply of product for commercial sale;

- inaccuracies and deficiencies in the scientific understanding of the interaction and effects of pharmaceutical treatments when administered to patients;
- market competition;
- tax benefits and tax rates; and
- the Company's ongoing relations with its employees and its business partners.

These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements and information. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements and information contained herein to reflect future results, events or developments, except as otherwise required by applicable law. Additional risks and uncertainties relating to the Company and its business can be found in the "Risk Factors" section of this Annual Report.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable

B. Advisers

Not applicable

C. Auditors

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The selected financial data of the Company as at December 31, 2020 and 2019, and for the fiscal years ended December 31, 2020, 2019 and 2018, was extracted from the audited consolidated financial statements of the Company included in this Annual Report on Form 20-F. The information contained in the selected financial data is qualified in its entirety by reference to the more detailed consolidated financial statements and related notes included in Item 18 - *Financial Statements*, and should be read in conjunction with such financial statements and with the information appearing in Item 5 - *Operating and Financial Review and Prospects*. The selected financial data of the Company as at December 31, 2018 and 2017 and 2016 and for the year ended December 31, 2017 and 2016 was extracted from the audited financial statements of the Company not included in this Annual Report.

Under International Financial Reporting Standards (in Canadian dollars):

Statement of Financial Position Data (as at period end)	December 31, 2020 $	December 31, 2019 $	December 31, 2018 $	December 31, 2017 $	December 31, 2016 $
Current Assets	15,676,000	31,364,000	89,587,000	114,558,882	55,211,748
Property and Equipment	1,640,000	1,282,000	316,000	221,622	10,300,639
Intangible Assets	13,596,000	9,599,000	1,705,000	1,756,300	100,864,817
Goodwill	2,986,000	—	—	—	47,485,572
Other Assets	156,000	39,000	12,153,000	12,394,881	862,891
Total Assets	34,054,000	42,284,000	103,761,000	128,931,685	214,725,667
Current Liabilities	12,310,000	11,662,000	16,931,000	43,673,908	61,560,600
Non-current Liabilities	2,598,000	3,680,000	3,236,000	4,548,617	114,881,163
Total Liabilities	14,908,000	15,342,000	20,167,868	48,222,525	176,441,763
Net Assets / (Deficiency)	19,146,000	26,942,000	83,594,000	80,709,160	36,193,904
Capital Stock, Warrants and Contributed Surplus	91,211,000	95,341,000	132,464,000	134,579,798	133,476,698
Accumulated Other Comprehensive Income	(6,497,000)	(5,751,000)	1,268,000	673,264	681,992
Deficit	(65,568,000)	(62,648,000)	(50,138,000)	(54,543,902)	(97,964,786)
Non-controlling Interest	—	—	—	—	2,090,000
Statement of Net (Loss) Income (for the fiscal year ended on)					
Product Sales	11,610,000	20,173,000	29,109,000	27,133,000	29,304,800
Net (Loss) Income for the Period from continuing operations	(6,845,000)	(19,786,000)	3,926,000	11,497,000	3,624,323
Net income for the Period from discontinued operations	—	—	—	31,924,000	23,358,318
Comprehensive (Loss) Income for the Period	(7,591,000)	(26,805,000)	4,521,000	43,412,000	26,560,245
(Loss) Income Per Share from continuing operations					
Basic	(0.64)	(1.32)	0.25	0.74	0.24
Diluted	(0.64)	(1.32)	0.24	0.63	0.21
Income Per Share from discontinued operations					
Basic	—	—	2.04	1.56	—
Diluted	—	—	1.76	1.35	—

(Loss) Income					
Per Share					
Basic	(0.64)	(1.32)	0.25	2.78	1.80
Diluted	(0.64)	(1.32)	0.24	2.39	1.56
Weighted-Average Number of					
Common Shares					
Outstanding – Continuing Operations					
Basic	10,686,041	14,998,540	15,791,396	15,636,853	15,002,005
Diluted	10,686,041	14,998,540	16,563,663	18,138,080	17,316,401
Weighted-Average Number of					
Common Shares					
Outstanding – Discontinued Operations					
Basic	10,686,041	14,998,540	15,791,396	15,636,853	15,002,005
Diluted	10,686,041	14,998,540	16,563,663	18,138,080	17,316,401
Weighted-Average Number of					
Common Shares					
Outstanding					
Basic	10,686,041	14,998,540	15,791,396	15,636,853	15,002,005
Diluted	10,686,041	14,998,540	16,563,663	18,138,080	17,316,401

Dividends

No cash dividends have been declared nor are any intended to be declared in the foreseeable future. The Company is not subject to legal restrictions respecting the payment of dividends except that they may not be paid if the Company is, or would after the payment be, insolvent. Dividend policy will be based on the Company's cash resources and needs and it is anticipated that all available cash will be required to further the Company's research and development activities for the foreseeable future.

Exchange Rates

Unless otherwise indicated, all reference to dollar amounts are to Canadian dollars. On April 19, 2021, the rate of exchange of the Canadian dollar, based on the daily exchange rate in Canada as published by the Bank of Canada, was US$1.00 = Canadian $1.2519. The exchange rates published by the Bank of Canada and made available on its website, www.bankofcanada.ca, are nominal quotations — not buying or selling rates — and are intended for statistical or analytical purposes.

The following tables set out the exchange rates, based on the daily noon rates in Canada as published by the Bank of Canada for the conversion of Canadian Dollars into U.S. Dollars, for the periods indicated:

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Period End	1.2732	1.2988	1.3642	1.2545	1.3427
Average for the Period*	1.3415	1.3269	1.2957	1.2986	1.3248
High for the Period	1.4496	1.3600	1.3642	1.3743	1.4590
Low for the Period	1.2718	1.2988	1.2288	1.2128	1.2544

* The average rate for each period is the average of the daily closing rates on the last day of each month during the period.

Month	High	Low
March 2021	1.2668	1.2455
February 2021	1.2828	1.2530
January 2021	1.2824	1.2627
December 2020	1.2952	1.2718
November 2020	1.3318	1.2965
October 2020	1.3349	1.3122
September 2020	1.3396	1.3055
August 2020	1.3404	1.3042
July 2020	1.3616	1.3360
June 2020	1.3682	1.3383
May 2020	1.4124	1.3630
April 2020	1.4217	1.3904
March 2020	1.4496	1.3356
February 2020	1.3429	1.3224
January 2020	1.3233	1.2970

B. Capitalization and Indebtedness

Not applicable

C. Reasons for the Offer and Use of Proceeds

Not applicable

D. Risk Factors

An investment in the Company's common shares is highly speculative and subject to a number of risks. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described below and the other information that the Company furnishes to, or files with, the Securities and Exchange Commission and with Canadian securities regulators before investing in the Company's common shares.

Uncertainties and risks include, but are not limited to, the risk that the Company may face with respect to importing raw materials, increased competition, acquisitions, contract manufacturing arrangements, delays or failure in obtaining product approvals from the FDA, general business and economic conditions, market trends, product development, regulatory, and other approvals and marketing.

The following are significant factors known to us that could materially harm our business, financial position, or operating results or could cause our actual results to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statement made in this report. The risks described are not the only risks facing us. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may adversely affect our business, financial position, and operating results. If any of these risks actually occur, our business, financial position, and operating results could suffer significantly. As a result, the market price of our common stock could decline and investors could lose all or part of their investment.

Disease outbreaks may negatively impact the performance of the Company

A local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could interrupt supplies and other services from third parties upon which the Company relies (including contract manufacturers, marketing and transportation and logistics providers), decrease demand for our products, decrease the general willingness of the general population to travel, cause staff shortages, reduced customer demand, and increased government regulation, all of which may materially and negatively impact the business, financial condition and results of operations of the Company. In particular, if the current outbreak of the COVID-19 coronavirus continues or increases in severity, the Company could experience difficulty in executing it strategic plans and the marketing, sales, production, logistics and distribution of its products could be severely disrupted. These events could materially and adversely affect the Company's business and could have a material adverse effect on the Company's liquidity and its financial results.

The fact that the Company currently derives a significant portion of its revenue from a single product, AGGRASTAT®, exposes the Company to the risks inherent in the establishment and maintenance of a developing business enterprise, such as those related to product acceptance, competition and viable operations management, and the long-term profitability of the Company remains uncertain.

At December 31, 2020, the Company had AGGRASTAT®, ZYPITAMAG® and SNP available for sale commercially and acquired the Marley Drug pharmaceutical business on December 17, 2020, but over 90% of the Company's revenues for the year ended December 31, 2020 were derived from AGGRASTAT®. The remainder of the Company's commercial products are in the development stage and accordingly, its business operations are subject to all of the risks inherent in the establishment and maintenance of a developing business enterprise, such as those related to product acceptance, competition and viable operations management.

The long-term profitability of the Company's operations is uncertain, and any profitability may not be sustained. The Company's long-term profitability will depend in significant part on its ability to maintain or expand sales of AGGRASTAT®, increase sales of ZYPITAMAG® and maintain and increase pharmaceutical sales through the Marley Drug business, as well as to acquire and/or develop other commercially viable drug products. This in turn depends on numerous factors which remain uncertain, including the following:

(a) the success of the Company's research and development activities;

(b) obtaining regulatory approvals to market any of its development products;

(c) the ability to contract for the manufacture of the Company's products according to schedule and within budget, given the Company's limited experience and lack of internal capabilities for manufacturing;

(d) the ability to develop, implement and maintain appropriate systems and structures to market and operate within applicable regulatory, industry and legal guidelines;

(e) the ability to identify, negotiate and complete business development transactions (e.g. the sale, purchase, or license of pharmaceutical products or services) with third parties;

(f) the ability to maintain current or higher pricing and margins for the Company's products;

(g) the ability to successfully prosecute and defend its patents and other intellectual property; and

(h) the ability to successfully market the Company's products, including AGGRASTAT®, given that it has limited resources.

(i) The ability to successfully market pharmaceutical products through the Marley Drug business.

Further, if the Company does achieve sustained profitability, it may not be able to increase profitability in the future.

There is no assurance that the Company will be successful in growing the sales of ZYPITAMAG® in the United States and its territories, and its failure to do so could have a material adverse effect on the Company's long-term profitability.

On September 30, 2019 the Company announced that through its subsidiary, Medicure International Inc., it had acquired the ownership of ZYPITAMAG® from Zydus for U.S. and Canadian markets. Under terms of the agreement, Zydus will receive an upfront payment of U.S. $5.0 million and U.S. $2.0 million in deferred payments to be made over the next four years, as well as contingent payments on achievement of milestones and royalties related to net sales. With this acquisition Medicure obtained full control of marketing and pricing negotiations for the product.

Previously, on December 14, 2017, the Company acquired from Zydus, an exclusive license to sell and market ZYPITAMAG® (pitavastatin magnesium), a branded cardiovascular drug, in the United States and its territories for a term of seven years with extensions to the term available. ZYPITAMAG® is used for the treatment of patients with primary hyperlipidemia or mixed dyslipidemia and was approved in July 2017 by the FDA for sale and marketing in the United States. On May 1, 2018 ZYPITAMAG® became commercially available in retail pharmacies throughout the United States. The Company's product launch utilized its existing commercial infrastructure and while not an in-hospital product like AGGRASTAT®, ZYPITAMAG® added to the Company's cardiovascular portfolio and expanded the Company's reach to new patients. ZYPITAMAG® contributed revenue of $453,000 to Company for the year ended December 31, 2020 and $183,000 of revenue to the Company during the year ended December 31, 2019. The Company continues to work towards growing the ZYPITAMAG® brand, usage of the product and revenues from ZYPITAMAG®. Part of the growth strategy for ZYPITAMAG® includes the acquisition of the Marley Drug business, completed in late 2020, which provides the Company with access to patients through the Marley Drug mail order business.

ZYPITAMAG® competes in a highly competitive class of products and to date, the rate of uptake of ZYPITAMAG® has been slow resulting in low sales of ZYPITAMAG® recorded for the years ended December 31, 2020 and 2019. There is no assurance that the Company will be successful in growing the sales of ZYPITAMAG® in 2021 and beyond as there is no assurance that a viable market for ZYPITAMAG® will develop. The failure of the Company to grow sales of ZYPITAMAG®, or to establish a viable market for the product, could have a material adverse effect on the Company's long-term profitability.

The markets in which Marley Drug operates are very competitive and further increases in competition could adversely affect us.

The Company, through its recently acquired Marley Drug pharmacy business, faces intense competition with local, regional and national companies, including pharmacy chains, independently owned pharmacies, supermarkets, mass merchandisers and internet pharmacies. Competition from on-line retailers has significantly increased during the past few years. Some of our competitors have or may merge with or acquire pharmaceutical services companies, pharmacy benefit managers ("PBMs"), health insurance companies, mail order facilities or enter into strategic partnership alliances with wholesalers or PBMs, which may further increase competition. The Company may not be able to effectively compete against them because these existing or potential competitors may have financial and other resources that are superior. The ability of the Company, through the Marley Drug business, to achieve profitability depends on the ability to continue to grow and retain loyal, repeat customers. There is no assurance that we will be able to continue to effectively compete in the markets or increase sales volume in response to further increased competition, or that any competitors are not in a better position to absorb the impact of COVID-19.

Consolidation in the healthcare industry could adversely affect our business, financial condition and results of operations.

Many organizations in the healthcare industry have consolidated to create larger healthcare enterprises with greater market power, which has contributed to continued pricing pressures. If this consolidation trend continues, it could give the resulting enterprises even greater bargaining power, which may lead to further pressure on the prices for the Company's pharmaceutical products sold through Marley Drug and/or reduce our access to customers. If these pressures result in reductions in prices and/or reduce our access to customers, the Company's business will become less profitable unless we the Company can achieve corresponding reductions in costs or develop profitable new revenue streams. The Company expects that market demand, government regulation, third-party reimbursement policies, government contracting requirements, and societal pressures will continue to cause the healthcare industry to evolve, potentially resulting in further business consolidations and alliances among the industry participants, which may adversely impact the Marley Drug business, its financial condition and its results of operations.

The availability of pharmacy drugs is subject to governmental regulations.

The continued conversion of various prescription drugs, including potential conversions of a number of popular medications, to over-the-counter medications may reduce the Company's sales through Marley Drug and customers may seek to purchase such medications at non-pharmacy stores. Also, if the rate at which new prescription drugs become available slows or if new prescription drugs that are introduced into the market fail to achieve popularity, pharmacy sales may be adversely affected. Additionally, we cannot assure you that the historic approval time for new drugs will not be impacted by the FDA's priorities in response to COVID-19. The withdrawal of certain drugs from the market or concerns about the safety or effectiveness of certain drugs or negative publicity surrounding certain categories of drugs may also have a negative effect on our pharmacy sales through Marley Drug or may cause shifts in our pharmacy or front-end product mix.

Certain risks are inherent in providing pharmacy services through Marley Drug and our insurance may not be adequate to cover any claims against us.

Pharmacies are exposed to risks inherent in the packaging and distribution of pharmaceuticals and other healthcare products, such as with respect to improper filling of prescriptions, labeling of prescriptions, adequacy of warnings, unintentional distribution of counterfeit drugs and expiration of drugs. In addition, federal and state laws that require pharmacists to offer counseling, without additional charge, to customers about medication, dosage, delivery systems, common side effects and other information the pharmacists deem significant can impact the business. Pharmacists may also have a duty to warn customers regarding any potential negative effects of a prescription drug if the warning could reduce or negate these effects. Although the Company maintains professional liability and errors and omissions liability insurance, from time to time, claims could result in the payment of significant amounts, some portions of which are not funded by insurance. There can be no assure that the coverage limits under insurance programs will be adequate to protect the Company against future claims, or that the Company will be able to maintain this insurance on acceptable terms in the future. Results of operations, financial condition or cash flows may be adversely affected if in the future insurance coverage proves to be inadequate or unavailable or there is an increase in liability for which the Company self-insures or we suffer reputational harm as a result of an error or omission.

We may be subject to significant liability should the consumption of any of our products cause injury, illness or death.

Products that are sold through Marley Drug could become subject to contamination, product tampering, mislabeling or other damage requiring us to recall our products. In addition, errors in the dispensing and packaging of pharmaceuticals could lead to serious injury or death. Product liability claims may be asserted against the Company with respect to any of the products or pharmaceuticals sold and the Company may be obligated to recall products. A product liability judgment against the Company or a product recall could have a material, adverse effect on business, financial condition or results of operations.

Failure to timely identify or effectively respond to changing consumer preferences and spending patterns, an inability to expand the products being purchased by our clients and customers, or the failure or inability to obtain or offer particular categories of products could negatively affect our relationship with our clients and customers and the demand for our products and services.

The success of the Marley Drug business depends in part on customer loyalty, superior customer service and the ability to persuade customers to purchase products in additional categories. Failure to timely identify or effectively respond to changing consumer preferences and spending patterns, an inability to expand the products being purchased by customers, or the failure or inability to obtain or offer particular categories of products could negatively affect relationships with customers and the demand for products and services.

Moreover, customer expectations and new technology advances from competitors have required that evolution so that the Company is able to interface with retail customers not only face-to-face, but also online and via mobile and social media. Customers are more frequently using computers, tablets, mobile phones and other electronic devices to shop online, as well as to provide public reactions concerning each facet of the Company's operations. Failure to keep pace with dynamic customer expectations and new technology developments will greatly affect the ability of the Company to compete and maintain customer loyalty

There is no assurance that the Company will be successful in launching SNP and growing its revenues in the United States and its territories, and its failure to do so could have a material adverse effect on the Company's long-term profitability.

On August 13, 2018, the Company announced that the FDA approved its ANDA for SNP. SNP is indicated for the immediate reduction of blood pressure for adult and pediatric patients in hypertensive crisis. The product is also indicated for producing controlled hypotension in order to reduce bleeding during surgery and for the treatment of acute congestive heart failure. The filing of the ANDA was previously announced by the Company on December 13, 2016. Medicure's SNP become available in the United States during 2020 with revenues for the year ended December 31, 2020 totalling $116,000.

SNP was launched into a genericized market with several competitors already selling generic versions of the product and as such there is no assurance that the Company will be successful in growing its sales of SNP in 2021 and beyond. The failure of the Company to successfully launch and grow sales of SNP, or to establish a viable market for the Company's version of the product, could have a material adverse effect on the Company's long-term profitability.

The commercial launch and marketing of PREXXARTAN® (valsartan) oral solution has been placed on hold by the Company and the Company may not commercially launch the product.

On October 31, 2017, the Company announced that it had acquired an exclusive license to sell and market PREXXARTAN®, which treats hypertension, in the U.S. and its territories from Carmel for a seven-year term with extensions to the term available. Medicure acquired the license rights for an upfront payment of U.S.$100,000, with an additional U.S.$400,000 payable on final FDA approval. Carmel would also be entitled to receive royalties and milestone payments from the net revenues of PREXXARTAN®. PREXXARTAN® had been granted tentative approval by the FDA and the tentative approval was converted to final approval on December 19, 2017.

As announced on March 19, 2018 and up-dated on March 28, 2018, all PREXXARTAN® related activities were placed on hold by the Company pending the resolution of a dispute that Medicure became aware of between the owner of the New Drug Application ("**NDA**"), Carmel and the third-party manufacturer of the product. The Company was also named in a civil claim in Florida between the third-party manufacturer and Carmel. The claim disputed the rights granted to Medicure by Carmel in regards to PREXXARTAN®. More recently the claim against the Company has been withdrawn, however the dispute between Carmel and the third-party manufacturer continues.

Medicure had intended to launch PREXXARTAN® during the first half of 2018 and to date, only an up-front payment of U.S.$100,000, has been made to Carmel in regards to PREXXARTAN® and the Company has reserved all of its rights under the license agreement with Carmel for PREXXARTAN®.

As a result of the uncertainty surrounding the marketing rights for PREXXARTAN®, marketing activities remain on hold in regards to the product. There can be no assurances that the Company launches the product commercially in 2020 or future years. Further, there is no assurance that the Company will be successful in its launching PREXXARTAN® and achieve sales results as planned, or at all. Further, there is no assurance that a viable market for PREXXARTAN® will develop if the marketing efforts begin.

The Company may never receive regulatory approval in the United States, Canada or abroad for any of its products in development. Therefore, the Company may not be able to sell any therapeutic products currently under development.

The Company's failure to maintain or obtain necessary regulatory approvals to fully market its current and future development stage products in one or more significant markets may adversely affect its business, financial condition and results of operations. The process involved in obtaining regulatory approval from the competent authorities to market therapeutic products is long and costly and may delay product development. The approval to market a product may be applicable to a limited extent only or it may be refused entirely.

While the Company's approved product portfolio includes AGGRASTAT®, ZYPITAMAG®, PREXXARTAN®, which is currently on hold and SNP, as well as the Marley Drug business, the Company still has products that are currently in the research and development stage. The Company may never develop another commercially viable drug product approved for marketing. To obtain regulatory approvals for its products and to achieve commercial success, human clinical trials must demonstrate that the new chemical entities are safe for human use and that they show efficacy, and generic drug products under development need to show analytical equivalence and /or bioequivalence to the referenced product on the market. Unsatisfactory results obtained from a particular study or clinical trial relating to one or more of the Company's products may cause the Company to reduce or abandon its commitment to that program.

If the Company fails to successfully complete its development projects, it will not obtain approval from the FDA and other international regulatory agencies, to market its these products. Regulatory approvals also may be subject to conditions that could limit the market its products can be sold in or make either products more difficult or expensive to sell than anticipated. Also, regulatory approvals may be revoked at any time for various reasons, including for failure to comply with regulatory requirements or poor performance of its products in terms of safety and effectiveness.

The Company's business, financial condition and results of operations are likely to be adversely affected if it fails to maintain or obtain regulatory approvals in the United States, Canada and abroad to market and sell its current or future drug products, including any limitations imposed on the marketing of such products.

If the Company fails to acquire and develop additional product candidates or approved products, it will impair the Company's ability to grow its business and to increase value for shareholders.

For the year ended December 31, 2020, the Company generated its commercial product revenue from AGGRASTAT®, ZYPITAMAG®, ReDS™, SNP and the Marley Drug business. The Company's license agreement to sell and market ReDS™ in the United States was terminated during 2020 and the Company does not expect to earn significant revenues from its transition agreement for the ReDS™ product going forward into 2021. A component of the Company's plan to generate additional revenue is its intention to develop and/or to acquire or license, and then develop and/or market, additional product candidates or approved products. The success of this growth strategy depends upon the Company's ability to identify, select and then to develop, acquire or license products that meet the criteria it has established. Due to the fact the Company has limited financial capacity, and limited value in its equity, relative to other companies in the industry, it has a limited number of product opportunities to choose from. Moreover, the Company's ability to research and develop its own, or other acquired/licensed products, is limited by the extent of its internal scientific research capabilities. In addition, proposing, negotiating and implementing an economically viable acquisition or license is a lengthy and complex process. Other companies, including those with substantially greater financial, marketing and sales resources, may compete with the Company for the acquisition or license of product candidates and approved products. The Company may not be able to acquire or license the rights to additional product candidates and approved products on terms that it finds acceptable, or at all. Moreover, the Company may not have the human, technical, financial, manufacturing and/or clinical resources to successfully develop additional products.

The Company may not receive regulatory approval in the United States to further expand or otherwise improve the approved indications and/or dosing information contained within AGGRASTAT®'s prescribing information. Therefore, the Company may not be able to continue to materially increase sales of AGGRASTAT®.

In fiscal 2014 the Company was able to obtain revisions to AGGRASTAT®'s prescribing information and these revisions have had a positive, material impact on sales of AGGRASTAT®. The Company believes that further revisions to AGGRASTAT®'s prescribing information will put the Company in a better position to maximize the revenue potential for AGGRASTAT®. To make such changes, the Company may need to conduct appropriate clinical trials, obtain positive results from those trials, or otherwise provide support in order to obtain regulatory approval for the proposed indications and dosing regimens. The Company's failure to obtain additional regulatory approvals from the FDA to expand or otherwise improve the approved indications and/or dosing information contained within AGGRASTAT®'s prescribing information may adversely affect the Company's ability to materially increase sales. The process involved in obtaining such regulatory approval is long and costly and may require additional investments that may not be reasonably achievable by the Company. The regulatory authorities have substantial discretion in the approval process and may refuse to accept any application. Varying interpretations of the data obtained from pre-clinical and clinical testing could delay, limit or prevent regulatory approval of a new indication for a product. Furthermore, the approval to modify the prescribing information may be applicable to a limited extent only or it may be refused entirely.

The current approved prescribing information for AGGRASTAT® does not include all of the dosing information and therapeutic indications for which a physician may wish to use the product. Although health care professionals may utilize a product at doses and for indications outside of the approved prescribing information, the Company is prohibited from promoting such uses.

To obtain regulatory approvals to modify the prescribing information, the Company must supply sufficient information supporting the safety and efficacy of such uses to the FDA, which in turn must review and deem this information to be sufficient to modify the label in the agreed upon fashion. Unsatisfactory or insufficient results obtained from any particular study or clinical trial relating to the Company's products may cause the Company to reduce or abandon its efforts to expand or otherwise improve the approved indications and/or dosing information contained within AGGRASTAT®'s prescribing information.

If the Company does not comply with federal, state and foreign laws and regulations relating to the health care business, it could face substantial penalties.

The Company and its customers are subject to extensive regulation by the United States federal government, and the governments of the states in which the business is conducted. In the United States, the laws that directly or indirectly affect the Company's ability to operate its business include the following:

- the Federal Anti-Kickback Law, which prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce either the referral of an individual or furnishing or arranging for a good or service for which payment may be made under federal health care programs such as Medicare and Medicaid;
- other Medicare laws and regulations that prescribe the requirements for coverage and payment for services performed by the Company's customers, including the amount of such payment;
- the Federal False Claims Act, which imposes civil and criminal liability on individuals and entities who submit, or cause to be submitted, false or fraudulent claims for payment to the government;
- the Federal False Statements Act, which prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with delivery of or payment for health care benefits, items or services; and
- various state laws that impose similar requirements and liability with respect to state healthcare reimbursement and other programs.

If the Company's operations are found to be in violation of any of the laws and regulations described above or any other law or governmental regulation to which the Company or its customers are or will be subject, the Company may be subject to civil and criminal penalties, damages, fines, exclusion from the Medicare and Medicaid programs and the curtailment or restructuring of its operations. Similarly, if the Company's customers are found to be non-compliant with applicable laws, they may be subject to sanctions, which could also have a negative impact on the Company. Any penalties, damages, fines, curtailment or restructuring of the Company's operations would adversely affect its ability to operate its business and financial results. Any action against the Company for violation of these laws, even if the Company is able to successfully defend against it, could cause it to incur significant legal expenses, divert management's attention from the operation of the business and damage the Company's reputation.

Due to the fact that a material amount of the use of AGGRASTAT® is outside of the FDA approved indications contained within AGGRASTAT®'s prescribing information, the Company may be at a greater risk than would be the case if the product was almost exclusively used within the approved prescribing information.

AGGRASTAT® must compete with a variety of existing drugs, including generic versions of those existing drugs, and may in the future have to compete with new drugs, which may limit the use of AGGRASTAT® and adversely affect the Company's revenue.

Due to the incidence and severity of cardiovascular diseases, the market for anticoagulant and antiplatelet therapies is large and competition is intense. There are a number of anticoagulant and antiplatelet drugs recently approved, currently on the market, awaiting regulatory approval or in development. AGGRASTAT® must compete with these drugs, and may in the future have to compete with new drugs, to the extent that AGGRASTAT® and such drugs are approved for the same or similar indications.

AGGRASTAT® competes primarily with other platelet inhibitors, in particular the other GP IIb/IIIa inhibitors, ReoPro® (abciximab) (sold by Eli Lilly and Company) and Integrilin® (eptifibatide) (a branded drug sold by Merck & Co., Inc.), in addition to generic eptifibatide sold by other companies. It also competes with a number of oral platelet inhibitors, which can be used alone or in conjunction with anticoagulants, most notably with heparin (sold generically by a number of companies), and with a recently approved injectable platelet inhibitor, Kengreal® (cangrelor) (sold by Chiesi Farmaceutics S.p.A. Inc.). In addition, some alternative methods of treatment, such as the use of Angiomax® (bivalirudin) (sold by The Medicines Company, Inc.), also compete with AGGRASTAT®. These competing products are all marketed by large pharmaceutical companies with significantly more resources and experience than the Company.

There still remains many hospitals in the United States where AGGRASTAT® is not available on the hospital formulary, and it can be very difficult and time consuming to have AGGRASTAT® added to formulary for use by health care professionals. In many cases, competing treatment approaches may have FDA approval for dosing regimens and/or therapeutic indications that are outside of AGGRASTAT®'s approved prescribing information. The risk of bleeding associated with AGGRASTAT® may cause physicians to choose an alternative therapy. Although AGGRASTAT® is positioned as a relatively low-cost therapy, in certain circumstances other treatment approaches are lower cost and may for this reason be preferred by health care professionals - in particular where oral antiplatelet agents are deemed suitable.

ZYPITAMAG® competes with a variety of existing drugs and may compete against other new drugs, which may limit the use of ZYPITAMAG® and potentially affect the Company's revenue.

Due to the incidence and severity of cardiovascular diseases, the market for antihyperlipidemics is large and competition is intense. There are a number of approved antihyperlipidemic drugs approved, currently on the market, awaiting regulatory approval or in development. ZYPITAMAG® will compete with these drugs to the extent ZYPITAMAG® and any of these drugs are approved for the same or similar indications.

Although ZYPITAMAG® is positioned as a relatively low-cost therapy, in certain circumstances, other treatment approaches are lower cost and may for this reason be preferred by health care professionals.

The development of generic treatment options may decrease or eliminate the cost advantage that AGGRASTAT® currently enjoys, which could negatively impact the Company's sales.

AGGRASTAT® is a branded pharmaceutical product for which there is currently no generic alternative available in the Company's market. AGGRASTAT®'s reduced cost relative to other products was one of the advantages being used by the Company to promote and increase sales of AGGRASTAT®. Distributors of generic products typically price products significantly below the branded alternative, and these distributors are always seeking to introduce these generic alternatives of pharmaceuticals. There is a risk that new generic products will be introduced that compete with AGGRASTAT® and that their low pricing would reduce AGGRASTAT®'s relative cost advantage, and therefore negatively impact the maintenance and growth of sales by the Company. As at December 31, 2020, there are generic versions of a competing product, eptifibatide, that are commercially available and are now competing directly against AGGRASTAT®. Additional generic competitors are expected to enter the market in the months and years ahead, and it is anticipated that these will result in further reductions to the price of eptifibatide.

Moreover, due to the previously seen growth in sales of AGGRASTAT®, there is increased probability that generic companies will attempt to enter the U.S. market before the last AGGRASTAT® patent expires. If this occurs, the Company will have to defend its patent position and market exclusivity for AGGRASTAT® against larger, better funded and more experienced generic companies. The entry of a generic version of AGGRASTAT® into the market would have a major negative effect on both the volume and profitability of the Company's AGGRASTAT® sales.

On December 5, 2019, the Company announced it had filed a patent infringement action against Nexus in the U.S. District Court for the Northern District of Illinois, alleging infringement of the '660 patent. On November 18, 2020, the Company announced the settlement of its ongoing patent infringement action against Nexus in the U.S. District Court for the Northern District of Illinois, which alleged infringement of the '660 patent. As part of the settlement, Nexus has acknowledged that the '660 patent is valid, enforceable and infringed. The settlement results in the Company entering into a license agreement with Nexus with anticipated launch dates for Nexus' generic products of November 1, 2022 for the 5 mg strength and January 1, 2023 for the 12.5 mg strength. The remaining terms of the settlement are confidential.

The patent infringement action is in response to Nexus' filing of an ANDA seeking approval from the FDA to market a generic version of AGGRASTAT® before the expiration of the '660 patent.

The '660 patent is listed in the FDA's orange book with an expiry date of May 1, 2023. Medicure defended the '660 patent and pursued the patent infringement action against Nexus and will continue all other legal options available to protect its product.

Previously, on November 16, 2018, the Company filed a patent infringement action against Gland Pharma Ltd. ("**Gland**") in the U.S. District Court for the District of New Jersey, alleging infringement of the '660 patent. The patent infringement actions were in response to Gland's filing of an ANDA seeking approval from the FDA to market a generic version of AGGRASTAT® before the expiration of the '660 patent.

The Company may not be able to hire or retain the qualified scientific, technical and management personnel it requires.

The Company's business prospects and operations depend on the continued contributions of certain of the Company's executive officers and other key management and technical personnel, certain of whom would be difficult to replace.

The Company's subsidiary, Medicure International, Inc., contracts with third parties to perform a significant amount of its research and development activities. Because of the specialized scientific nature of the Company's business, the loss of services of any one or more of these parties may require the Company to attract and retain replacement qualified scientific, technical and management personnel. Competition in the biotechnology industry for such personnel is intense and the Company may not be able to hire or retain a sufficient number of qualified personnel, which may compromise the viability, pace and success of its research and development activities.

Also, certain of the Company's management personnel are officers and/or directors of other companies and organizations, some publicly-traded, and will only devote part of their time to the Company. Although the Company has key person insurance for Dr. Albert Friesen, Chief Executive Officer, the Company does not have key person insurance in effect in the event of a loss of any other management, scientific or other key personnel. The loss of the services of one or more of the Company's current executive officers or key personnel or the inability to continue to attract qualified personnel could have a material adverse effect on the Company's business prospects, financial results and financial condition.

The Company faces substantial technological competition from many biotechnology and pharmaceutical companies with much greater resources, and it may not be able to effectively compete.

Technological and scientific competition in the pharmaceutical and biotechnology industry is intense. The Company competes with other companies in Canada, the United States and abroad to develop products designed to treat similar conditions. Most of these other companies have substantially greater financial, technical and scientific research and development resources, manufacturing and production and sales and marketing capabilities than the Company. Smaller companies may also prove to be significant competitors, whether acting independently or through collaborative arrangements with large pharmaceutical and biotechnology companies. Developments by other companies may adversely affect the competitiveness of the Company's products or technologies or the commitment of its research and marketing collaborators to its programs or even render its products obsolete.

The pharmaceutical and biotechnology industry is characterized by extensive drug discovery and drug research efforts and rapid technological and scientific change. Competition can be expected to increase as technological advances are made and commercial applications for biopharmaceutical products increase. The Company's competitors may use different technologies or approaches to develop products similar to the products which it is developing, or may develop new or enhanced products or processes that may be more effective, less expensive, safer or more readily available before or after the Company obtains approval of its products. The Company may not be able to successfully compete with its competitors or their products and, if it is unable to do so, the Company's business, financial condition and results of operations may suffer.

The Company may be unable to establish collaborative and commercial relationships with third parties, in which case the Company's business, financial position and operating results could be materially adversely affected.

The Company's success may depend to some extent on its ability to enter into and to maintain various arrangements with corporate partners, licensors, licensees and others for the research, development, clinical trials, manufacturing, marketing, sales and commercialization of its products. These relationships are crucial to the Company's intention to license to or contract with other pharmaceutical companies for the manufacturing, marketing, sales and/or distribution of any its current or future products. There can be no assurance that any licensing or other agreements will be established on favourable terms, if at all. The failure to establish successful collaborative arrangements may negatively impact the Company's ability to develop and commercialize its products, and may adversely affect its business, financial condition and results of operations.

The Company is currently dependent on third parties for the production of AGGRASTAT®, and the loss of or other disruption to such third-party relationships could have a material adverse effect on the Company's business, financial position and operating results.

The Company's subsidiary, Medicure International, Inc., has a supply contract for raw materials (active pharmaceutical ingredient) used in the manufacture of AGGRASTAT® with a contract manufacturer which was approved by the FDA as the approved source of the raw material for AGGRASTAT®.

The Company's subsidiary, Medicure Pharma, Inc., has both vial and bag manufacturers of final product that are approved by the FDA.

If either the supply of raw material or the final product manufacturing agreement for AGGRASTAT® is terminated or interrupted, or if, in the event of termination, the Company and its subsidiaries are unable to find a replacement raw material supplier or manufacturer, or obtain regulatory approval for commercial use of product made by a new raw material supplier or a new finished product manufacturer, the Company's business, financial position and operating results could be materially adversely affected. It is also important to note that the establishment of new manufacturing sources of pharmaceutical raw materials or finished products takes a prolonged period of time.

The Company is currently dependent on a third-party manufacturer for the supply of ZYPITAMAG®, and the loss or other disruption to the supply arrangement could have a material adverse effect on the Company's business, financial position and operating results.

The Company's subsidiary, Medicure Pharma, Inc., has entered into a supply arrangement with a third-party manufacturer of ZYPITAMAG® which will expire on September 19, 2029.

If the supply arrangement is interrupted, or if the Company and Medicure Pharma, Inc. are unable to renew or replace the supply arrangement, or if the Company and Medicure Pharma, Inc. are unable to obtain regulatory approval for commercial use of product made by a new supplier, the Company's business, financial position and operating results could be materially adversely affected. It is also important to note that the establishment of new manufacturing sources of pharmaceutical raw materials or finished products takes a prolonged period of time.

The Company is currently dependent on third parties for the production of SNP, and the loss of or other disruption to such third-party relationships could have a material adverse effect on the Company's business, financial position and operating results.

The Company's subsidiary, Medicure International, Inc., has a supply contract for raw materials (active pharmaceutical ingredient) used in the manufacture of SNP with a contract manufacturer which was approved by the FDA as the approved source of the raw material for SNP.

The Company's subsidiary, Medicure Pharma, Inc., has a contracted manufacturer of final product that is approved by the FDA.

If either the supply of raw material or the final product manufacturing agreement for SNP is terminated or interrupted, or if, in the event of termination, the Company and its subsidiaries are unable to find a replacement raw material supplier or manufacturer, or obtain regulatory approval for commercial use of product made by a new raw material supplier or a new finished product manufacturer, the Company's business, financial position and operating results could be materially adversely affected. It is also important to note that the establishment of new manufacturing sources of pharmaceutical raw materials or finished products takes a prolonged period of time.

Loss of product inventory could have a material adverse effect on the Company's financial results and financial condition.

If the Company's existing inventories of AGGRASTAT®, ZYPITAMAG® and/or SNP are contaminated, exhausted due to stock-out, or otherwise lost, the Company's financial results and financial condition could be adversely affected, particularly if the third-party suppliers of raw materials or final product are unable to meet any additional demands that may be placed on them by the Company in its efforts to make up depleted inventory.

Consolidation and the formation of strategic partnerships among and between wholesale distributors, chain drug stores, and group purchasing organizations has resulted in a smaller number of companies, each controlling a larger share of pharmaceutical distribution channels.

Drug wholesalers and retail pharmacy chains, which represent an essential part of the distribution chain for generic pharmaceutical products, have undergone, and are continuing to undergo, significant consolidation. This consolidation may result in declines in the Company's sales volumes if a customer is consolidated into another company that purchases products from a competitor. In addition, the consolidation of drug wholesalers and retail pharmacy chains could result in these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures facing the Company's business and enabling those groups to charge the Company increased fees. Additionally, the emergence of large buying groups representing independent retail pharmacies and the prevalence and influence of managed care organizations and similar institutions potentially enable those groups to extract price discounts on the Company's products. The result of these developments may have a material adverse effect on the Company's business, financial position, and operating results.

The use of legal, regulatory, and legislative strategies by competitors, both branded and generic, including "authorized generics," citizen's petitions, and legislative proposals, may increase the costs to develop and market the Company's generic products, could delay or prevent new product introductions, and could reduce significantly the Company's profit potential. These factors could have a material adverse effect on the Company's business, financial position, and operating results.

The Company's competitors, both branded and generic, often pursue legal, regulatory, and/or legislative strategies to prevent or delay competition from generic alternatives to branded products. These strategies include, but are not limited to:

- entering into agreements whereby other generic companies will begin to market an authorized generic, a generic equivalent of a branded product, at the same time generic competition initially enters the market;
- launching a generic version of their own branded product at the same time generic competition initially enters the market;
- filing citizen petitions with the FDA or other regulatory bodies, including timing the filings so as to thwart generic competition by causing delays of generic product approvals;
- seeking to establish regulatory and legal obstacles that would make it more difficult to demonstrate bioequivalence or meet other approval requirements;
- initiating legislative and regulatory efforts to limit the substitution of generic versions of branded pharmaceuticals;
- filing suits for patent infringement that may delay regulatory approval of generic products;
- introducing "next-generation" products prior to the expiration of market exclusivity for the reference product, which often materially reduces the demand for the first generic product;

- obtaining extensions of market exclusivity by conducting clinical trials of branded drugs in pediatric populations or by other potential methods;
- persuading regulatory bodies to withdraw the approval of branded name drugs for which the patents are about to expire, thus allowing the branded company to obtain new patented products serving as substitutes for the products withdrawn; and
- seeking to obtain new patents on drugs for which patent protection is about to expire.

If the Company cannot compete with such strategies, its business, financial position, and operating results could be adversely impacted.

The pharmaceutical industry is subject to regulation by various federal authorities, including the FDA and the DEA, and state governmental authorities. Failure to comply with applicable legal and regulatory requirements can lead to sanctions which could have a material adverse effect on the Company's business, financial position and operating results.

Federal and state statutes and regulations govern or influence the testing, manufacturing, packing, labeling, storage, record keeping, safety, approval, advertising, promotion, sale, and distribution of the Company's products including licensing of the Company and its subsidiaries. Noncompliance with applicable legal and regulatory requirements can trigger action by various federal authorities, including the FDA and the DEA, as well as state governmental authorities. This can lead to a broad range of consequences which could have a material adverse effect on the Company's business, financial position and operating results. The potential sanctions include warning letters, fines, seizure of products, product recalls, total or partial suspension of production and distribution, refusal to approve NDAs/ANDAs or other applications or revocation of approvals previously granted, withdrawal of product from marketing, injunctions, withdrawal of licenses or registrations necessary to conduct business, disqualification from supply contracts with the government, civil penalties, debarment, and criminal prosecution.

The Company's research, product development, and manufacturing activities involve the controlled use of hazardous materials, and it may incur significant costs in complying with numerous laws and regulations.

The Company is subject to laws and regulations enforced by the FDA and the DEA, and other regulatory statutes including the Occupational Safety and Health Act ("**OSHA**"), the Environmental Protection Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, and other current and potential federal, state, local, and foreign laws and regulations governing the use, manufacture, storage, handling, and disposal of its products, materials used to develop and manufacture such products, and resulting waste products.

The Company cannot completely eliminate the risk of contamination or injury, by accident or as the result of intentional acts, from these materials. In the event of an accident, the Company could be held liable for any damages that result, and any resulting liability could exceed its resources. The Company may also incur significant costs in complying with environmental laws and regulations in the future. The Company is also subject to laws generally applicable to businesses, including but not limited to, federal, state, and local regulations relating to wage and hour matters, employee classification, mandatory healthcare benefits, unlawful workplace discrimination, and whistle-blowing. Any actual or alleged failure to comply with any regulation applicable to our business or any whistle-blowing claim, even if without merit, could result in costly litigation, regulatory action or otherwise harm our business, financial position, and operating results.

The Company relies on third parties to assist with its research and development projects and clinical studies. If these third parties do not perform as required or expected, we may not be able to obtain regulatory approval for or commercialize the subject products.

The Company relies on third parties to assist with its clinical studies. If these third parties do not perform as required or expected, or if they are not in compliance with FDA rules and regulations, our clinical studies may be extended, delayed or terminated, or may need to be repeated, and we may not be able to obtain regulatory approval for or commercialize the products being tested in such studies. Further, we may be required to audit or redo previously completed trials or recall already-approved commercial products.

The Company may fail to obtain acceptable prices or appropriate reimbursement for its products and its ability to successfully commercialize its products may be impaired as a result.

Government and insurance reimbursements for healthcare expenditures play an important role for all healthcare providers, including physicians, medical device companies, pharmaceutical companies, medical supply companies, and companies, such as the Company, that offer or plan to offer various products in the United States and other countries. The Company's ability to earn sufficient returns on its products will depend in part on the extent to which reimbursement for the costs of such products, related therapies and related treatments will be available from government health administration authorities, private health coverage insurers, managed care organizations, and other organizations. In the United States, the Company's ability to have its products and related treatments and therapies eligible for Medicare or private insurance reimbursement is and will remain an important factor in determining the ultimate success of its products. If, for any reason, Medicare or the insurance companies decline to provide reimbursement for the Company's products and related treatments, the Company's ability to commercialize its products would be adversely affected. There can be no assurance that the Company's products and related treatments will be eligible for reimbursement.

There has been a trend toward declining government and private insurance expenditures for many healthcare items. Third-party payers are increasingly challenging the price of medical products and services.

If purchasers or users of the Company's products and related treatments are not able to obtain appropriate reimbursement for the cost of using such products and related treatments, they may forgo or reduce such use. Even if the Company's products and related treatments are approved for reimbursement by Medicare and private insurers, as is the case with AGGRASTAT®, the amount of reimbursement may be reduced at times, or even eliminated. This would have a material adverse effect on the Company's business, financial condition, and results of operations.

Significant uncertainty exists as to the reimbursement status of newly approved healthcare products, and there can be no assurance that adequate third-party coverage will be available for new products developed or acquired by the Company.

The Company does not have significant manufacturing experience and has limited marketing resources and may never be able to successfully manufacture or market certain of its products.

The Company has limited experience in commercial manufacturing and has limited resources for marketing or selling its products. The Company may never be able to successfully manufacture and market certain of its development products. If any other of its development products are approved for sale, the Company intends to contract with and rely on third parties to manufacture, and possibly also to market and sell its products. Accordingly, the quality, timing and commercial success of such products may be outside of the Company's control. Failure of, or delays by, a third-party manufacturer to comply with good manufacturing practices or similar quality control regulations or satisfy regulatory inspections may have a material adverse effect on the Company and its products. Failure of, or delays by, a third party in the marketing or selling of the Company's products or failure of the Company to successfully market and sell such products likewise may have a material adverse effect on the Company and its products.

The Company has limited product liability insurance and may not be able to obtain adequate product liability insurance in the future.

The sale and use of the Company's commercial and development products, and the conduct of clinical studies involving human subjects, entails product and professional liability risks that are inherent in the testing, production, marketing and sale of pharmaceuticals to humans. While the Company has taken, and intends to continue to take, what it believes are appropriate precautions, there can be no assurance that it will avoid significant liability exposure. Although the Company currently carries product liability insurance, there can be no assurance that it has sufficient coverage, or can in the future obtain sufficient coverage at a reasonable cost. An inability to obtain insurance on economically feasible terms or to otherwise protect against potential product liability claims could inhibit or prevent the commercialization of products developed by the Company. The obligation to pay any product liability claim or recall for a product may have a material adverse effect on its business, financial condition and future prospects. In addition, even if a product liability claim is not successful, adverse publicity and the time and expense of defending such a claim may significantly impact the Company's business.

If the Company is unable to successfully protect its intellectual proprietary rights, its competitive position will be adversely affected.

The patent positions of pharmaceutical companies are generally uncertain and involve complex legal, scientific and factual issues. The Company's success depends significantly on its ability to:

a) obtain and maintain U.S. and foreign patents, including defending those patents against adverse claims;

b) secure patent term extensions for the patents covering its approved products;

c) protect trade secrets;

d) operate without infringing the proprietary rights of others; and

e) prevent others from infringing its proprietary rights.

The Company's success will depend to a significant degree on its ability to obtain and protect its patents and protect its proprietary rights in unpatented trade secrets.

The Company owns or jointly owns numerous patents from the United States Patent Office and other jurisdictions. The Company has additional pending United States patent applications along with applications pending in other jurisdictions. The Company's pending and any future patent applications may not be accepted by the United States Patent and Trademark Office or any other jurisdiction in which applications may be filed. Also, processes or products that may be developed by the Company in the future may not be patentable. Errors or ill-advised decisions by Company staff and/or contracted patent agents may also affect the Company's ability to obtain or maintain valid patent protection.

The patent protection afforded to biotechnology and pharmaceutical companies is uncertain and involves many complex legal, scientific and factual questions. There is no clear law or policy involving the degree of protection afforded under patents. As a result, the scope of patents issued to the Company may not successfully prevent third parties from developing similar or competitive products. Competitors may develop similar or competitive products that do not conflict with the Company's patents. Litigation may be commenced by the Company to prevent infringement of its patents. Litigation may also commence against the Company to challenge its patents that, if successful, may result in the narrowing or invalidating of such patents. It is not possible to predict how any patent litigation will affect the Company's efforts to develop, manufacture or market its products. However, the cost of litigation to prevent infringement or uphold the validity of any patents issued to the Company may be significant, in which case its business, financial condition and results of operations may suffer. Patents provide protection for only a limited period of time, and much of such time can occur well before commercialization commences.

The U.S. Congress is considering patent reform legislation. In addition, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the value of patents, once obtained, and the Company's ability to obtain patents in the future. Depending on decisions by the U.S. Congress, the federal courts, and the United States Patent and Trademark Office, the laws and regulations governing patents could change in unpredictable ways that would weaken the Company's ability to obtain new patents or to enforce its existing patents and patents that it might obtain in the future.

Disclosure and use of the Company's proprietary rights in unpatented trade secrets not otherwise protected by patents are generally controlled by written agreements. However, such agreements will not provide the Company with adequate protection if they are not honoured, others independently develop an equivalent technology, disputes arise concerning the ownership of intellectual property, or its trade secrets are disclosed improperly. To the extent that consultants or other research collaborators use intellectual property owned by others in their work with the Company, disputes may also arise as to the rights to related or resulting know-how or inventions.

Others could claim that the Company infringes on their proprietary rights, which may result in costly, complex and time-consuming litigation.

The Company's success will depend partly on its ability to operate without infringing upon the patents and other proprietary rights of third parties. The Company is not currently aware that any of its products or processes infringes the proprietary rights of third parties. However, despite its best efforts, the Company may be sued for infringing on the patent or other proprietary rights of third parties at any time in the future.

Such litigation, with or without merit, is time-consuming and costly and may significantly impact the Company's financial condition and results of operations, even if it prevails. If the Company does not prevail, it may be required to stop the infringing activity or enter into a royalty or licensing agreement, in addition to any damages it may have to pay. The Company may not be able to obtain such a license or the terms of the royalty or license may be burdensome for it, which may significantly impair the Company's ability to market its products and adversely affect its business, financial condition and results of operations.

The Company is subject to stringent governmental regulation, in the future may become subject to additional regulations and if it is unable to comply, its business may be materially harmed.

Pharmaceutical companies operate in a high-risk regulatory environment. The FDA and other national health agencies can be very slow to approve a product and can also withhold product approvals. In addition, these health agencies also oversee many other aspects of the Company's operations, such as research and development, manufacturing, and testing and safety regulation of products. As a result, regulatory risk is normally higher than in other industry sectors.

The Company is or may become subject to various federal, provincial, state and local laws, regulations and recommendations. The Company and third parties providing manufacturing, research and/or development services to the Company is subject to various laws and regulations, relating to product emissions, use and disposal of hazardous or toxic chemicals or potentially hazardous substances, infectious disease agents and other materials, and laboratory and manufacturing practices used in connection with the activities. If the Company, or its contracted third party, fails to comply with these regulations, the Company may be fined or suffer other consequences that could materially affect the Company's business, financial condition or results of operations.

The pharmaceutical sales and marketing industry within which the Company operates is a complex legal and regulatory environment. The failure to comply with applicable laws, rules and regulations may result in civil and criminal legal proceedings. As those rules and regulations change or as governmental interpretation of those rules and regulations evolve, prior conduct may be called into question. The Company may become subject of federal and/or state governmental investigations into pricing, marketing, and reimbursement of its prescription drug product. Any such investigation could result in related restitution or civil litigation on behalf of the federal or state governments, as well as related proceedings initiated against the Company by or on behalf of consumers and private payers. Such proceedings may result in trebling of damages awarded or fines in respect of each violation of law. Criminal proceedings may also be initiated against the Company. Any of these consequences could materially and adversely affect the Company's financial results.

The Company is unable to predict the extent of future government regulations or industry standards; however, it should be assumed that government regulations or standards will increase in the future. New regulations or standards may result in increased costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with regulations.

The Company's products may not gain market acceptance, and as a result it may be unable to generate significant revenues.

As at December 31, 2020, the Company has various products in development which do not have the required manufacturing approvals or capabilities, clinical data and regulatory approvals necessary to be marketed in any jurisdiction; future clinical or preclinical results may be negative or insufficient to allow the Company to successfully market any of its products under development; and obtaining needed data and results may take longer than planned, and may not be obtained at all.

Even if the Company's products under development are approved for sale, they may not be successful in the marketplace. Market acceptance of any of the Company's products will depend on a number of factors, including: demonstration of clinical effectiveness and safety; the potential advantages of its products over alternative treatments; the availability of acceptable pricing and adequate third-party reimbursement; and the effectiveness of marketing and distribution methods for the products. Providers, payors or patients may not accept the Company's products, even if they prove to be safe and effective and are approved for marketing by the FDA and other national regulatory authorities. The Company's initial development product, SNP, became commercially available during the third quarter of 2019 in the United States with initial sales beginning in early 2020. If the Company's products do not gain market acceptance among physicians, patients, and others in the medical community, its ability to generate significant revenues from its products would be limited.

The Company may not achieve its projected development and commercial goals in the time frames it announces and expects.

The Company sets goals for and may from time to time make public statements regarding timing of the accomplishment of objectives related to AGGRASTAT®, ZYPITAMAG®, SNP, the Marley Drug business and/or its products under development, that are material to the Company's success, such as the commencement and completion of clinical trials, anticipated regulatory approval dates, and timing of product launches. The actual timing of these events can vary dramatically due to factors such as delays or failures in the Company's clinical trials, the uncertainties inherent in the regulatory approval process, and delays in achieving product development, manufacturing or marketing milestones. There can be no assurance that the Company's clinical trials will be completed, that it will make regulatory submissions or receive regulatory approvals as planned, or that it will be able to adhere to its current schedule for the scale-up of manufacturing and launch of any of its products. If the Company fails to achieve one or more of these milestones as planned, that could materially affect its business, financial condition or results of operations.

The Company's business involves the use of hazardous material, which requires it to comply with environmental regulations.

The Company's research and development processes and commercial activities may involve the controlled storage, use, and disposal of hazardous materials and hazardous biological materials. The Company and the third-party service providers conducting manufacturing, research and development for the Company, are subject to laws and regulations governing the use, manufacture, storage, handling, and disposal of such materials and certain waste products. Although the Company believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result, and any such liability could exceed its resources. There can be no assurance that the Company will not be required to incur significant costs to comply with current or future environmental laws and regulations, or that its business, financial condition, and results of operations will not be materially or adversely affected by current or future environmental laws or regulations.

The Company's insurance may not provide adequate coverage with respect to environmental matters.

Environmental regulations could have a material adverse effect on the results of the Company's operations and its financial position.

The Company is subject to a broad range of environmental regulations imposed by federal, state, provincial, and local governmental authorities. Such environmental regulation relates to, among other things, the handling and storage of hazardous materials, the disposal of waste, and the discharge of contaminants into the environment. Although the Company believes that it is in material compliance with applicable environmental regulation, as a result of the potential existence of unknown environmental issues and frequent changes to environmental regulation and the interpretation and enforcement thereof, there can be no assurance that compliance with environmental regulation or obligations imposed thereunder will not have a material adverse effect on the Company in the future.

The Company operates in an industry that is more susceptible to legal proceedings. The Company may become involved in litigation.

The Company operates in an industry consisting of firms that are more susceptible to legal proceedings than firms in other industries. This susceptibility is due to several factors, including but not limited to, the fact that the Company's shares and those of its competitors are publicly traded, and the uncertainty and complex regulatory environment involved in the development and sale of pharmaceuticals. The Company intends to vigorously defend such actions if and when they arise. Defense and prosecution of legal claims can be expensive and time consuming, may adversely affect the Company regardless of the outcome due to the diversion of financial, management and other resources away from the Company's primary operations, and could impact the Company's ability to continue as a going concern in the longer term. In addition, a negative judgment against the Company, even if the Company is planning to appeal such a decision, or even a settlement in a case, could negatively affect the cash reserves of the Company, and could have a material negative effect on the development and sale of its products.

Indemnification obligations to the Company's directors and senior management may adversely affect its financial condition.

The Company has entered into agreements pursuant to which it will indemnify the directors and senior management in respect of certain claims made against them while acting in their capacity as such. If the Company is called upon to perform its indemnity obligations, the Company's financial condition will be adversely affected. The Company is not currently aware of any matters pending or under consideration that may result in indemnification payments to any of its present or former directors or senior management.

The Company is exposed to foreign exchange movements since all of its sales are denominated in U.S. currency.

The majority of the Company's sales revenues and a substantial portion of its selling, general and administrative expenses are denominated in U.S. dollars. The Company does not utilize derivatives, such as foreign currency forward contracts and futures contracts, to manage its exposure to currency risk and as a result a change in the value of the Canadian dollar against the U.S. dollar could have a negative impact on the Company's business prospects, financial results and financial condition. In the future, the Company may begin to utilize foreign exchange rate mitigation and management strategies, however any such efforts, if they are not based on accurate predictions of future fluctuations in foreign exchange rates, may actually have a negative impact on the Company.

The Company may need to raise additional capital through the sale of its securities, resulting in dilution to its existing shareholders. Such funds may not be available, or may not be available on reasonable terms, adversely affecting the Company's operations.

To meet future cash needs or product acquisition requirements the Company may need to rely on the taking on of debt and/or the sale of such securities for future financing, resulting in dilution to its existing shareholders. The Company's long-term capital requirements may be significant and will depend on many factors, including revenue and revenue growth, continued scientific progress in its product discovery and development program, progress in the maintenance and expansion of its sales and marketing capabilities, progress in its pre-clinical and clinical evaluation of products and product candidates, time and expense associated with filing, prosecuting and enforcing its patent claims and costs associated with obtaining regulatory approvals. In order to meet such capital requirements, the Company will consider contract fees, collaborative research and development arrangements, debt financing, public financing or additional private financing (including the issuance of additional equity securities) to fund all or a part of particular programs.

The Company is exposed to risks given its significant dependence on revenue from the sale of AGGRASTAT®.

The Company is largely dependent upon revenue from the sale of AGGRASTAT®. If revenue from the sale of AGGRASTAT® is not maintained, the Company may have to reduce substantially or eliminate expenditures for research and development, testing, production and marketing of its proposed products, or obtain funds through arrangements with corporate partners that require it to relinquish rights to certain of its technologies, assets or products.

The Company's effective tax rates could increase.

The Company has operations in various countries that have differing tax laws and rates. The Company's tax reporting is supported by current domestic tax laws in the countries in which the Company operates and the application of tax treaties between the various countries in which the Company operates. The Company's income tax reporting is subject to audit by domestic and foreign authorities. The effective tax rate of the Company may change from year to year based on changes in the mix of activities and income earned among the different jurisdictions in which the Company operates, changes in tax laws in these jurisdictions, changes in the tax treaties between various countries in which the Company operates, changes in the Company's eligibility for benefits under those tax treaties and changes in the estimated values of tax provisions and deferred tax assets. Tax laws, regulations and administrative practices in various jurisdictions may be subject to significant change, with or without notice, due to economic, political and other conditions, and significant judgment is required in evaluating and estimating our provision and accruals for these taxes. Such changes could result in a substantial increase in the effective tax rate on all or a portion of the Company's income.

The Company's provision for income taxes is based on certain estimates and assumptions made by management. The Company's consolidated income tax rate is affected by the amount of pre-tax income earned in our various operating jurisdictions, the availability of benefits under tax treaties, and the rates of taxes payable in respect of that income. The Company enters into many transactions and arrangements in the ordinary course of business in respect of which the tax treatment is not entirely certain. The Company therefore makes estimates and judgements based on knowledge and understanding of the applicable tax laws and tax treaties and the application of those tax laws and tax treaties to the Company's business, in determining the Company's consolidated tax provision. For example, certain countries could seek to tax a greater share of income than the Company will allocate to the business in such countries. The final outcome of any audits by taxation authorities may differ from the estimates and assumptions that the Company may use in determining our consolidated tax provisions and accruals. This could result in a material adverse effect on the Company's consolidated income tax provision, financial condition and the net income for the period in which such determinations are made.

The Company's provision for tax liabilities, deferred tax assets and any related valuation allowances are effect by events and transactions arising in the ordinary course of business, acquisitions of assets and businesses and non recurring items. The assessment of the appropriate amount of valuation allowance against the deferred tax assets is dependent upon several factors, including estimates of the realization of deferred income tax assets, which realization will be primarily based on future taxable income, including the reversal of existing taxable temporary differences. Significant judgement is applied to determine the appropriate amount of valuation allowance to record. Changes in the amount of any valuation allowance required could materially increase or decrease our provision for income taxes in a given period.

Future issuance of the Company's common shares will result in dilution to its existing shareholders. Additionally, future sales of the Company's common shares into the public market may lower the market price which may result in losses to its shareholders.

As of December 31, 2020, the Company had 10,251,313 common shares issued and outstanding. A further 1,326,958 common shares are issuable upon exercise of outstanding stock options (of which 1,110,958 were exercisable at December 31, 2020), all of which may be exercised in the future resulting in dilution to the Company's shareholders. The Company's stock option plan allowed for the issuance of stock options to purchase up to a maximum of 20% of the outstanding common shares at the time of the approval of the stock option plan, which resulted in a fixed number of stock options allowed to be granted totaling 2,934,403.

By Articles of Amendment filed by the Company under the *Canada Business Corporations Act* on November 1, 2012, a consolidation of shares was completed to reduce the total number of outstanding shares.

On May 16, 2018, the Company announced that the TSX-V accepted the Company's notice of its intention to make a normal course issuer bid (the "2018 NCIB"). Under the terms of the 2018 NCIB, the Company could have acquired up to an aggregate of 794,088 common shares, representing five percent of the common shares outstanding at the time of the application, over the twelve-month period that the 2018 NCIB was in place. The 2018 NCIB commenced on May 28, 2018 and ended on May 27, 2019. During the twelve months of the 2018 NCIB, the Company purchased and cancelled 771,900 common shares for a total cost of $5,085,000. The prices that the Company paid for the common shares purchased was the market price of the shares at the time of purchase.

On May 30, 2019, the Company announced that the TSX-V accepted the Company's notice of intention to make an additional normal course issuer bid (the "2019 NCIB"). Under the terms of the 2019 NCIB, the Company may acquire up to an aggregate of 761,141 common shares, representing five percent of the common shares outstanding at the time of the application, over the twelve-month period that the 2019 NCIB is in place. The 2019 NCIB commenced on May 30, 2019 and ended on May 29, 2020. During the twelve months of the 2019 NCIB, the Company purchased and cancelled 563,000 common shares for a total cost of $2,235,000. The prices that the Company paid for the common shares purchased was the market price of the shares at the time of purchase.

On December 20, 2019, the Company completed a Substantial Issuer Bid ("SIB") pursuant to which the Company purchased 4,000,000 of its common shares for cancellation at a set purchase price of $6.50 per common share for a total purchase price of $26,000,000 in cash. The Company incurred an additional $139 on transaction costs related to the SIB for a total aggregate purchase price paid of $26,139,000. During the year ended December 31, 2019, the Company recorded $5,466,000 directly in its deficit representing the difference between the aggregate price paid for these common shares and a reduction of the Company's share capital totaling $31,605,000.

On June 29, 2020, the Company announced that the TSX-V accepted the Company's notice of its intention to make a normal course issuer bid (the "2020 NCIB"). Under the terms of the 2020 NCIB, the Company may acquire up to an aggregate of 533,116 common shares, representing five percent of the common shares outstanding at the time of the application, over the twelve-month period that the 2020 NCIB will be in place. The 2020 NCIB commenced on June 30, 2020 and will end on June 29, 2021, or on such earlier date as the Company may complete its maximum purchases allowed under the 2020 NCIB. During period from June 30 2020 to December 31, 2020, that the 2020 NCIB was in place, the Company purchased and cancelled 411,000 common shares for a total cost of $364,000. The prices that the Company paid for the common shares purchased was the market price of the shares at the time of purchase.

During the year ended December 31, 2020, the Company repurchased and cancelled 552,700 (2019 – 751,800), common shares as a result of the 2019 NCIB and 2020 NCIB. The aggregate price paid for these common shares totaled $522,000 (2019 - $4,145,000). During the year ended December 31, 2020 the Company recorded $3,925,000 (2019 - $1,810,000) directly in its deficit representing the difference between the aggregate price paid for these common shares and a reduction of the Company's share capital totaling $4,447,000 (2019 - $5,955,000).

However, as described above, the Company may from time to time be required to finance its operations through the sale of equity securities. In addition, it may be required to issue equity securities as consideration for services or asset acquisition transactions. Sales of substantial amounts of the Company's common shares into the public market, or even the perception by the market that such sales may occur, may lower the market price of its common shares.

The Company's common shares may experience extreme price and volume volatility which may result in losses to its shareholders.

The Company's common shares historically have been subject to extreme price and volume volatility. For example, during the period from January 1, 2020 to December 31, 2020, the high and low closing trading prices of the Company's common shares on the TSX-V were CDN$0.70 and CDN$4.25 respectively, with a total trading volume of 3,027,700 shares. Daily trading volume on the TSX-V of the Company's common shares for the period from January 1, 2020 to December 31, 2020 has fluctuated, with a high of 207,500 shares and a low of no shares traded, averaging approximately 12,062 shares per trading day.

The Company expects that the trading price of its common shares will continue to be subject to wide fluctuations in response to a variety of factors including announcement of material events by the Company, such as the dependence of revenue on a single product, the status of required regulatory approvals for its products, competition by new products or new innovations, fluctuations in its operating results, general and industry-specific economic conditions and developments pertaining to patent and proprietary rights. The trading price of the Company's common shares may be subject to wide fluctuations in response to a variety of factors and/or announcements concerning such factors, including:

- actual or anticipated period-to-period fluctuations in financial results;
- litigation or threat of litigation;
- failure to achieve, or changes in, financial estimates of individual investors and/or by securities analysts;
- new or existing products or generic equivalents to products or services or technological innovations by the Company or its competitors;
- comments or opinions by securities analysts or major shareholders;

- conditions or trends in the pharmaceutical, biotechnology and life science industries;
- significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- results of, and developments in, the Company's manufacturing, research and development efforts, including results and adequacy of, and developments in, its manufacturing activities, development activities, clinical trials and applications for regulatory approval;
- additions or departures of key personnel;
- sales of the Company's common shares, including by holders of the notes on conversion or repayment by the Company in common shares;
- economic and other external factors or disasters or crises;
- limited daily trading volume; and
- developments regarding the Company's patents or other intellectual property or that of its competitors.

In addition, the securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market price of securities of pharmaceutical companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

There may not be an active, liquid market for the Company's common shares.

There is no guarantee that an active trading market for the Company's common shares will be maintained on the TSX-V. Investors may not be able to sell their shares quickly or at the latest market price if trading in its common shares is not active.

If there are substantial sales of the Company's common shares, the market price of its common shares could decline.

Sales of substantial numbers of the Company's common shares could cause a decline in the market price of its common shares. The Company has two significant shareholders that each own more than 10% of the outstanding common shares of the Company as of December 31, 2020. Any sales by existing shareholders or holders of options may have an adverse effect on the Company's ability to raise capital and may adversely affect the market price of its common shares.

The Company has no history of paying dividends, does not intend to pay dividends in the foreseeable future and may never pay dividends.

Since incorporation, the Company has not paid any cash or other dividends on its common shares and does not expect to pay such dividends in the foreseeable future as all available funds will be invested to finance the growth of its business. The Company will need to achieve significant and prolonged profitability prior to any dividends being declared, which may never happen.

If the Company is classified as a "passive foreign investment company" for United States federal income tax purposes, it could have significant and adverse tax consequences to United States holders of its common shares.

The Company believes it was a "passive foreign investment company" ("**PFIC**") in one or more previous taxable years, but does not believe that it was a PFIC for the taxable years ended December 31, 2020 or December 31, 2019, and does not expect that it will be a PFIC for the taxable year ending December 31, 2021. (See more detailed discussion in Item 10E – *Taxation*). However, there can be no assurance that the United States Internal Revenue Service ("**IRS**") will not challenge the determination made by the Company concerning its PFIC status or that the Company will not be a PFIC for the current taxable year or any subsequent taxable year. U.S. Holders who own common shares of the Company while it is a PFIC could have significant and adverse tax consequences.

Risks associated with material weaknesses within the Company's financial reporting and review process

Proper systems of internal control over financial reporting and disclosure controls and procedures are critical to the operation of a public company. However, we do not expect that our internal control over financial reporting or disclosure controls and procedures will prevent all errors and remove all risk of fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of such controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

In connection with its review of the Company's Internal Control over Financial Reporting, the Company has identified material weaknesses with the Company's financial reporting and disclosure controls and procedures and its review process, involving the accounting and reporting for complex transactions, due to limitations in the size of the Company's staff not allowing for appropriate reviews of such transactions. Failures to remediate material weaknesses, to implement the required new or improved controls, or difficulties encountered in there implementation, could cause the Company to fail to meet its reporting obligations on a timely basis or result in material misstatements in the annual or interim financial statements. Inadequate internal control over financial reporting could also cause investors to lose confidence in the Company's reported financial information, which could cause the Company's stock price to decline.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

On December 22, 1999, the Company was formed by the amalgamation of Medicure Inc. with Lariat Capital Inc. pursuant to the provisions of the *Business Corporations Act* (Alberta). The Company was continued from Alberta to the federal jurisdiction by Certificate of Continuance issued pursuant to the provisions of the *Canada Business Corporations Act* on February 23, 2000.

The Company's current legal and commercial name is Medicure Inc. and its current registered office and head office is 2-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

In August 2006, the Company acquired the U.S. rights to its first commercial product, AGGRASTAT® Injection (tirofiban hydrochloride) in the United States and its territories (Puerto Rico, Virgin Islands and Guam) for US$19.0 million.

In September 2007, the Company monetized a percentage of its current and potential future commercial revenues by entering into a debt financing agreement with Birmingham Associates Ltd. (**"Birmingham**"), an affiliate of Elliott Associates, L.P. ("**Elliott**") for proceeds of US$25 million. This debt was subsequently settled in July 2011 for consideration that included a royalty payable by the Company to Birmingham based on future commercial AGGRASTAT® sales until 2023. The royalty is based on four percent of the first $2.0 million of quarterly AGGRASTAT® sales, six percent on the portion of quarterly sales between $2.0 million and $4.0 million and eight percent on the portion of quarterly sales exceeding $4.0 million payable within 60 days of the end of the preceding quarter.

In February 2008, the Company announced that its pivotal Phase III MEND-CABG II clinical trials with MC-1 did not meet the primary endpoint and as a result was not sufficient to support the filings. As a result, the Company announced a restructuring plan that resulted in the organization reducing its head count by approximately 50 employees and full-time consultants. The restructuring and downsizing in March 2008 conserved capital for ongoing operations.

Since March 2008, the Company has continued to focus on the sale and marketing of AGGRASTAT®. The Company has also explored and implemented a number of cost savings measures and has further downsized its operations. All these measures were initiated due to the restructuring plan announced towards the end of fiscal 2008. These activities assisted in further reducing the Company's use of capital, in particular its investment in research and development programs, but have moved forward certain programs on a limited and focused fashion such as the development and implementation of a new clinical, product and regulatory strategy for AGGRASTAT® and the development of additional generic cardiovascular products.

During calendar years 2014, 2015 and 2016, as a part of its effort to expand sales of AGGRASTAT®, the Company began to significantly increase the number of employees and otherwise increase expenses related to sales and marketing of AGGRASTAT®, and related to General and Administrative costs of the Company.

In December 2017 and subsequently up-dated on March 7, 2018, the Company announced it had acquired, from Zydus Cadila (**"Zydus**"), an exclusive license to sell and market a branded cardiovascular drug, ZYPITAMAG® (pitavastatin magnesium) in the United States and its territories for a term of seven years with extensions to the term available. ZYPITAMAG® is used for the treatment of patients with primary hyperlipidemia or mixed dyslipidemia and was approved earlier in 2017 by the FDA for sale and marketing in the United States. The Company launched the product using its existing commercial infrastructure during May 2018.

On January 28, 2019, the Company entered into an agreement with Sensible Medical Innovations Inc. ("Sensible") to become the exclusive marketing partner for ReDS™ in the United States. ReDS™ is a non-invasive, FDA-cleared medical device that provides an accurate, actionable and absolute measurement of lung fluid which is important in the management of congestive heart failure. ReDS™ was already being marketed to United States hospitals by Sensible and the Company has begun marketing ReDS™ immediately using its existing commercial organization. Under the terms of the agreement, Medicure will receive a percentage of total U.S. sales revenue of the device and must meet minimum annual sales quotas.

The Company received approval in August of 2018 from the FDA for its first ANDA for SNP and Medicure's product became available during the third quarter of 2019 in the United States with initial sales beginning in early 2020. As well, the Company is focused on the development of additional cardiovascular drugs.

On August 19, 2020, the Company announced the termination of the marketing and distribution agreement with Sensible for the marketing of the ReDS™ Pro ("**ReDS Pro**") device in the United States. In connection with the termination, Sensible and the Company have entered into a transition agreement which provides additional compensation to the Company for sales to customer leads provided by the Company.

The Company continues to hold a 7.71% equity stake, on a fully diluted basis, in Sensible. The Company will continue to support Sensible in its transition to a new marketing and distribution arrangement in order to secure its investment in Sensible Medical. The termination of the marketing and distribution agreement with Sensible followed an in-depth strategic review of its alignment with the Company's other lines of business

On December 17, 2020, the Company acquired Marley Drug, a leading specialty pharmacy serving more than 30,000 customers across the United States for an upfront payment on closing of USD $6.3 million, subject to certain holdbacks, as well as additional payments based on future performance of Marley Drug. Marley Drug generated unaudited revenue and EBITDA of approximately USD $7.0 million and over USD $1.7 million, respectively, for the 12-month period ended October 31, 2020. Marley Drug provides excellent customer service, cost competitive medications, immediate direct to patient delivery, and is licensed in 49 states, Washington D.C. and Puerto Rico. Its advanced operation includes automated pill dispensing, an extended supply generic drug program, and an effective customer communication system. Marley Drug has been successful in marketing directly to customers, providing access to medications without the need for insurance, and building a nationwide customer base in the United States.

The Company also remains focused on the sale and commercial development of its existing products. Medicure intends to finance the acquisition of Marley with a term loan from a Canadian commercial bank. Subsequent to December 31, 2020, on January 7, 2021, the Company announced that it intends to file an Investigational New Drug ("**IND**") application with the FDA pertaining to its legacy product P5P", also referred to as "MC-1, for the treatment of seizures associated with PNPO deficiency. The majority of patients with PNPO deficiency have mutations in the PNPO gene, which is required for the production of normal levels of P5P. In connection with the IND, the Company will proceed with a Phase 3 clinical trial to treat PNPO deficient patients with a daily dose of MC-1.

The FDA and the European Medicines Agency ("**EMA**") have both granted a Rare Pediatric Disease Designation to MC-1 for the treatment of seizures associated with PNPO deficiency. Additionally, the FDA has granted Orphan Drug Status and a Rare Pediatric Disease Designation to MC-1 for the treatment of PNPO deficiency. Under the Creating Hope Act passed into federal law in 2012, the FDA grants a Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children ages 18 years or younger and fewer than 200,000 people in the United States. If a new drug application ("**NDA**") for MC-1 in patients with PNPO deficiency is approved, the Company may be eligible to receive a priority review voucher ("**PRV**") from the FDA, which can be redeemed to obtain priority review for any subsequent marketing application.

In 2020, the Company plans to further maintain selling, general and administrative expenditure levels as it continues to focus on the sale of AGGRASTAT® and ZYPITAMAG®, as well as the Marley Drug business and the development of additional cardiovascular products.

The Company's future operations are dependent upon its ability to maintain sales of AGGRASTAT®, to increase sales of ZYPITAMAG®, to grow the Marley Drug business and the development and/or acquisition of new products and/or secure additional capital, which may not be available under favorable terms or at all.

If the Company is unable to maintain sales of AGGRASTAT®, grow sales of ZYPITAMAG®, grow the Marley Drug business and develop and/or acquire new products, and/or raise additional capital, management will consider other strategies including cost curtailments, delays of research and development activities, asset divestures and/or monetization of certain intangible assets.

On July 18, 2011, the Company borrowed $5,000,000 from the Government of Manitoba, under the Manitoba Industrial Opportunities Program ("**MIOP**"), to assist with settling the Company's debt to Birmingham. Effective August 1, 2013, the Company renegotiated this debt and received an additional two-year deferral of principal repayments. Under the renegotiated terms, the loan continued to be interest only until August 1, 2015, when blended payments of principal and interest commenced, and the loan maturity date was extended to July 1, 2018. On November 6, 2017, the Company repaid the MIOP loan from funds on hand from the proceeds of the Apicore Sale Transaction.

On July 3, 2014, the Company and its newly formed and wholly owned subsidiary, Medicure U.S.A. Inc. ("**Medicure USA**"), entered into an arrangement whereby they acquired a minority interest in a pharmaceutical manufacturing business known as Apicore, along with an option to acquire all of the remaining issued shares within the next three years. Specifically, the Company and Medicure USA acquired a 6.09% equity interest (5.33% on a fully-diluted basis) in two newly formed holding companies of which Apicore LLC and Apicore US LLC were to be wholly-owned operating subsidiaries. The Company's equity interest and certain other rights, including the option rights were obtained by the Company for services provided in its lead role in structuring a US$22.5 million majority interest purchase and financing of Apicore. There was no cash outflow in connection with the acquisition of the minority interest in Apicore. The business and operations of Apicore were distinct from the Company, and the Company's primary operating focus continued to remain on the sale and marketing of AGGRASTAT®.

On November 17, 2016, in connection with the exercise of the Company's acquisition of the controlling ownership in Apicore, the Company received a term loan (the "**Term Loan**") from Crown Capital Fund IV LP, an investment fund managed by Crown Capital Partners Inc. ("**Crown**") (TSX: CRN) for $60.0 million of which $30.0 million was syndicated to the Ontario Pension Board ("**OPB**") a limited partner in Crown's funds. Under the terms of the loan agreement with Crown, the loan bears interest at a fixed rate of 9.5% per annum, compounded monthly and payable on an interest only basis, maturing in 48 months, and is repayable in full upon maturity. On November 17, 2017, the Company repaid the Crown loan from funds on hand from the proceeds of the Apicore Sale Transaction. Additionally, the Company incurred an early prepayment penalty of $2.4 million relating to the early repayment of the Term Loan.

The Term Loan was used by the Company, acting through its wholly owned subsidiary, Medicure Mauritius Limited, to exercise the Company's option rights to purchase interests in Apicore, Inc. and Apicore LLC. The 2016 Apicore Transaction was closed on December 1, 2016. Apicore, Inc. and Apicore LLC are affiliated entities that together operate the Apicore pharmaceutical business and are referred to together as "Apicore". Apicore is a process research and development and Active Pharmaceutical Ingredients ("**APIs**") manufacturing service provider for the worldwide pharmaceutical industry. The acquisition brought the Company's indirect ownership interests in Apicore, Inc. to 64% (or approximately 59% on a fully diluted basis), and the Company's indirect ownership in Apicore LLC. to 64% (basic and fully-diluted). Five percent of Medicure's ownership in Apicore LLC was then held by Apigen Investments Limited ("**Apigen**"), a Company which owned 100 percent of Apicore LLC, before the Acquisition.

Medicure continued to have additional option rights until July 3, 2017 to acquire additional shares in Apicore, Inc. and Apicore LLC at predetermined prices consistent with the value reflected in the 2016 Apicore Transaction. On July 3, 2017, the Company announced that its option to acquire additional shares in Apicore, which otherwise would have expired, had been extended. The option covered an additional minority interest in Apicore (the "**Minority Interest**") representing approximately 32% of the fully diluted shares of Apicore.

On July 10, 2017, the Company, acting through Medicure Mauritius Limited, exercised the Company's option rights to acquire the Minority Interest in Apicore Inc. and Apicore LLC from Apicore's founding shareholders. The 2017 Apicore Transaction closed on July 12, 2017 and allowed for the acquisition of all of the shares of Apicore Inc. and Apicore LLC held by the founding shareholders (representing approximately 32% of the fully diluted ownership of Apicore) for US$24.5 million, being the price provided for under the option. This acquisition brought Medicure's ownership in Apicore Inc. to approximately 98% (94% on a fully diluted basis).

On July 10, 2017, the Company announced that Apicore repaid the U.S.$9.8 million secured loan previously provided to Apicore by Medicure. Additionally, Apicore provided a U.S.$14.8 million loan to Medicure bearing interest at 12% per annum with a term of three years. These funds were obtained from Apicore's current business which includes API sales, ANDA development partnership payments, and royalty and upfront payments from ANDA commercial partnerships. The loan proceeds were used by Medicure to help satisfy the purchase price of the 2017 Apicore Transaction.

During the year ended December 31, 2017, employees and former directors of Apicore exercised 292,500 stock options to acquire 292,500 Class E common shares of Apicore for gross proceeds to the company of U.S.$280,000. These shares, as well as 112,500 Class E common shares previously issued for gross proceeds of U.S.$48,000 were then purchased by the Company upon the employees and former directors exercising their put right to the Company. This resulted in the Company acquiring 405,000 Class E common shares of Apicore for a total cost of U.S.$2.0 million during 2017. As a result of the employees and former directors exercising their put right to the Company, the liability to repurchase Apicore Class E common shares on the statement of financial position in the Company's consolidated financial statements was reduced.

On October 3, 2017, the Company announced that it sold its interests in Apicore (the "**Sales Transaction**") to an arm's length, pharmaceutical company (the "**Buyer**"). Under the Apicore Sale Transaction, the Company would receive net proceeds of approximately U.S.$105.0 million of which approximately U.S.$55.0 million was received on October 3, 2017, with the remainder to be received in early 2018. These funds received and to be received by the Company were after payment of all transaction costs, the cashing in of Apicore's employee stock options, the redemption of the remaining shares of Apicore not owned by Medicure and other adjustments. Over the 18 months following the close of the transaction, additional payments could have become payable under the Apicore Sale Transaction, in the form of contingent payments, including an earn out payment based on the achievement of certain financial results by Apicore following closing and other customary adjustments.

On February 1, 2018, the Company announced that it had received the deferred purchase price proceeds of approximately U.S.$50.0 million from the Buyer as a result of the Apicore Sale Transaction. The U.S.$50.0 million was included in the total net proceeds of U.S.$105.0 million described earlier. The Company did not receive any contingent payments based on an earn out formula as certain financial results within the Apicore business were not met following the Apicore Sale Transaction.

On February 13, 2019, the Company announced that it had received notice from the purchaser of Medicure's interests in Apicore of potential claims against funds held back in respect of representations and warranties under the Apicore sale agreement. The notice did not contain sufficiently detailed information to enable Medicure to assess the merits of the claims with the maximum exposure of the claims being the total holdback receivable. The Company continued to proceed diligently to investigate the potential claims and attempt to satisfactorily resolve them with a view to having the holdback funds released. In conjunction with the sale of Medicure's interests in Apicore, representation and warranty insurance was obtained by the purchaser that could result in mitigation of the potential claims.

On December 5, 2019, the Company announced that it had reached a settlement agreement with the purchaser of the Company's interests in Apicore with respect to the amounts heldback under the Apicore sale agreement. A settlement agreement was reached under which Medicure will receive a net payment of U.S. $5.1 million in relation to the holdback.

The funds received from the Apicore sales transaction will be invested and used for business and product development purposes and to fund operations as needed as well as funding the purchase of common shares under the Company's substantial issuer bid in December of 2019.

B. Business Overview

Plan of Operation

Medicure is a company focused on the development and commercialization of pharmaceuticals and healthcare products for patients and prescribers in the United States market. The Company's present focus is the sale and marketing of its cardiovascular products, AGGRASTAT®, ZYPITAMAG® and SNP. The products are distributed in the United States and its territories through the Company's U.S. subsidiary, Medicure Pharma Inc. The Company's registered office and head office is located at 2-1250 Waverley Street, Winnipeg, Manitoba, R3T 6C6.

The Company's first commercial product was AGGRASTAT®, a glycoprotein inhibitor ("**GPI**"), used for the treatment of non ST elevation acute coronary syndrome ("**NSTE-ACS**"), including unstable angina ("**UA**"), which is characterized by chest pain when one is at rest, and non Q wave myocardial infarction ("**MI**"). The Company acquired an exclusive license to sell ZYPITAMAG® in the U.S. and launched ZYPITAMAG® in May 2018 in the United States. In September 2019 the Company acquired the full rights and ownership of ZYPITAMAG®. The Company received approval in August of 2018 from the FDA for its first abbreviated new drug application ("**ANDA**") for SNP with commercial availability starting during the third quarter of 2019 in the United States with initial sales beginning during 2020.

On December 17, 2020, the Company acquired Marley Drug, a leading specialty pharmacy serving more than 30,000 customers across the United States for an upfront payment on closing of USD $6.3 million, subject to certain holdbacks, as well as additional payments based on future performance of Marley Drug. Marley Drug generated unaudited revenue and EBITDA of approximately USD $7.0 million and over USD $1.7 million, respectively, for the 12-month period ended October 31, 2020. Marley Drug provides excellent customer service, cost competitive medications, immediate direct to patient delivery, and is licensed in 49 states, Washington D.C. and Puerto Rico. Its advanced operation includes automated pill dispensing, an extended supply generic drug program, and an effective customer communication system. Marley Drug has been successful in marketing directly to customers, providing access to medications without the need for insurance, and building a nationwide customer base in the United States.

The Company's research and development program is focused on making selective research and development investments in certain additional cardiovascular generic and reformulation product opportunities, as well as continuing the development and implementation of its regulatory, brand and life cycle management strategy for AGGRASTAT®, ZYPITAMAG® and SNP. On August 20, 2020, the Company announced that it entered into a License, Manufacture and Supply Agreement with RLS for a cardiovascular biosimilar product. The Company is focused on the development of additional cardiovascular generic drugs.

Subsequent to December 31, 2020, the Company filed an Investigational New Drug ("IND") application with the FDA pertaining to its legacy product, Mc-1, Medicure's Pyridoxal 5'-phosphate for the treatment of seizures associated with PNPO deficiency. The majority of patients with PNPO deficiency have mutations in the PNPO gene, which is required for the production of normal levels of P5P. In connection with the IND, the Company will proceed with a Phase 3 clinical trial to treat PNPO deficient patients with a daily dose of MC-1.

Through the sale of AGGRASTAT®, ZYPITAMAG® and SNP experienced over recent years as well as the staged acquisition and subsequent sale of the Apicore business completed in 2016 and 2017 the Company's financial position has improved significantly compared to previous years. The Company completed a substantial issuer bid ("**SIB**") in December of 2019 under which it purchased and cancelled 4.0 million common shares at a set purchase price of $6.50 per common share resulting in a payment of $26,000. Subsequent to the closing of the SIB transaction, the acquisition of Marley Drug and despite lower working capital levels, the Company's financial position remains strong.

The ongoing focus of the Company includes the sale of AGGRASTAT®, ZYPITAMAG® and SNP, the sale of pharmaceutical products including ZYPITAMAG® directly to patients through Marley Drug and the development of additional cardiovascular products. In parallel with the Company's ongoing commitment to support AGGRASTAT®, its valued customers and the continuing efforts of the commercial organization, the Company is in the process of developing and further implementing its regulatory, brand and life cycle management strategy for AGGRASTAT®. The objective of this effort is to further expand AGGRASTAT®'s share of the GPI inhibitor market in the United States. GPIs are injectable platelet inhibitors used in the treatment of patients with ACS. The marketing and sales of ZYPITAMAG® became a key focus of the Company during 2018 and the Marley Drug business became a key focus of the Company after its acquisition in December of 2020. The Company also began selling SNP during early 2020.

The Company has historically financed its operations principally through the net revenue received from the sale of its commercial products, the sale of its equity securities, the issuance and subsequent exercises of warrants and stock options, interest on excess funds held and the issuance of debt. As announced on October 3, 2017, the Company sold the Apicore business for net proceeds to Medicure of approximately US$105,000, as well as additional contingent payments. The funds generated from the sale of Apicore were partially used to repay the Company's long-term debt, fund the SIB, with $26,000 used to buy back four million shares for cancellation, completed in 2019 and the remaining funds will continue to be used to finance the Company's operations, development and growth moving forward.

On January 28, 2019, the Company entered into an agreement with Sensible Medical Innovations Inc. ("**Sensible**") to become the exclusive marketing partner for ReDS™ in the United States. ReDS™ is a non-invasive, FDA cleared medical device that provides an accurate, actionable and absolute measurement of lung fluid which is important in the management of congestive heart failure. ReDS™ was already being marketed to United States hospitals by Sensible and the Company began marketing ReDS™ immediately using its existing commercial organization. Under the terms of the agreement, Medicure was to receive a percentage of total U.S. sales revenue from the device and was to have met minimum annual sales quotas. In addition, Medicure invested US$10,000 in Sensible for a 7.71% equity stake on a fully diluted basis and in connection with this investment the Company acquired the license for ReDS™ in the United States. On August 20, 2020, the Company announced the termination of the marketing of the ReDS™ device in the United States. In connection with the termination, Sensible and the Company have entered into a transition agreement which provides additional compensation to the Company for sales to customer leads provided by Medicure. The Company continues to hold its equity stake, and will continue to support Sensible in its transition to a new marketing and distribution arrangement in order to secure its investment in Sensible Medical.

Recent Developments

COVID-19

On March 11, 2020, the COVID -19 outbreak was declared a pandemic by the World Health Organization. The outbreak and efforts to contain the virus may have a significant impact on the Company's business. The COVID-19 outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. A prolonged economic shutdown could result in purchase order delays or the inability to collect receivables and it is possible that in the future there will be negative impacts on the Company's operations that could have a material adverse effect on its financial results. Although the Company has adjusted some of its operating procedures in response to COVID-19, operations have not experienced any significant negative impact to date. The extent to which the pandemic impacts future operations and financial results, and the duration of any such impact, depends on future developments, which are highly uncertain and unknown at this time.

EARLY COMPLETION OF ENROLEMENT FOR iSPASM

Subsequent to December 31, 2020 the Company announced the early completion of iSPASM, a randomized, double-blind, single-center, Phase 1/2a trial aimed at assessing the safety of long-term (7-day) use of AGGRASTAT® injection vs. placebo in patients with aneurysmal subarachnoid hemorrhage (aSAH) (NCT03691727). The primary endpoint in the 30 patient study was hemorrhagic changes evident on head computerized tomography ("**CT**") scans and/or magnetic resonance imaging ("**MRI**") assessed by the rates of symptomatic and asymptomatic bleeding. iSPASM was funded by an unrestricted educational grant from Medicure. This study does not imply efficacy of AGGRASTAT® in patients with aSAH. Please note that the use of AGGRASTAT® in neurointerventions has not been approved by the FDA. As of this time, neither AGGRASTAT® nor any of the GP IIb/IIIa inhibitors are indicated for the use in stroke patients. AGGRASTAT® is approved for use in NSTE-ACS patients.

PIVOTAL PHASE 3 TRIAL IND FILING WITH FDA FOR TREATMENT OF SEIZURES ASSOCIATED WITH PNPO DEFICIENCY

Subsequent to December 31, 2020, on January 7, 2021, the Company announced that it intends to file an Investigational New Drug ("**IND**") application with the FDA pertaining to its legacy product P5P", also referred to as "MC-1, for the treatment of seizures associated with PNPO deficiency. The majority of patients with PNPO deficiency have mutations in the PNPO gene, which is required for the production of normal levels of P5P. In connection with the IND, the Company will proceed with a Phase 3 clinical trial to treat PNPO deficient patients with a daily dose of MC-1.

The FDA and the European Medicines Agency ("**EMA**") have both granted a Rare Pediatric Disease Designation to MC-1 for the treatment of seizures associated with PNPO deficiency. Additionally, the FDA has granted Orphan Drug Status and a Rare Pediatric Disease Designation to MC-1 for the treatment of PNPO deficiency. Under the Creating Hope Act passed into federal law in 2012, the FDA grants a Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children ages 18 years or younger and fewer than 200,000 people in the United States. If a new drug application ("**NDA**") for MC-1 in patients with PNPO deficiency is approved, the Company may be eligible to receive a priority review voucher ("**PRV**") from the FDA, which can be redeemed to obtain priority review for any subsequent marketing application.

ENTERING THE US ONLINE PHARMACY WORLD WITH THE ACQUISITION OF MARLEY DRUG

On December 17, 2020, the Company acquired 100% of Marley Drug, a specialty pharmacy serving more than 30,000 customers across the United States, from an arms-length third-party, for an upfront payment on closing of USD $6.3 million, subject to certain holdbacks, as well as additional payments based on future performance of Marley Drug. Marley Drug generated unaudited revenue and EBITDA of approximately USD $7.0 million and over USD $1.7 million for the 12-month period ended October 31, 2020, respectively.

Marley Drug provides excellent customer service, cost competitive medications, immediate direct to patient delivery, and is licensed in 49 states, Washington D.C. and Puerto Rico. Its advanced operating systems include automated pill dispensing, an extended supply generic drug program, and an effective customer communication system. Marley Drug has been successful in marketing directly to customers, providing access to medications without the need for insurance, and building a nationwide customer base.

The Company also remains focused on the sale and commercial development of its existing products. Medicure intends to finance the acquisition of Marley Drug with a term loan from a Canadian commercial bank.

RETENTION OF INVESTOR RELATIONS FIRM RENMARK FINANCIAL COMMUNICATIONS INC.

On December 2, 2020, the Company retained the services of Renmark Financial Communications Inc. ("**Renmark**") to conduct investor relations activities. Additionally, the Company's website, www.medicure.com/investors, was updated with a revised investor slide presentation. In consideration of the services to be provided, the fees incurred by Medicure will be cash consideration of $5,000 per month, starting December 1, 2020 and ending on April 30, 2021. Renmark does not have any interest, directly or indirectly, in Medicure or its securities, or any right or intent to acquire such an interest.

Beginning in 2021, the Company began participating in Renmark's live Virtual Non-Deal Roadshow Series to discuss its latest investor presentation.

SETTLEMENT OF PATENT INFRINGEMENT ACTION

On November 18, 2020, the Company announced the settlement of its ongoing patent infringement action against Nexus Pharmaceuticals, Inc. ("**Nexus**") in the U.S. District Court for the Northern District of Illinois, which alleged infringement of Medicure's U.S. Patent No. 6,770,660 ("**the '660 patent**"). As part of the settlement, Nexus has acknowledged that the '660 patent is valid, enforceable and infringed. The settlement results in the Company entering into a license agreement with Nexus with anticipated launch dates for Nexus' generic products of November 1, 2022 for the 5 mg strength and January 1, 2023 for the 12.5 mg strength. The remaining terms of the settlement are confidential.

The Company had filed the patent infringement action against Nexus alleging infringement of the '660 patent. The patent infringement action was in response to Nexus' filing of an ANDA seeking approval from the FDA to market a generic version of AGGRASTAT® (tirofiban hydrochloride) injection before the expiration of the '660 patent. The '660 patent is listed in the FDA's orange book with an expiry date of May 1, 2023.

AGREEMENT WITH RLS FOR THE MARKETING RIGHTS OF A CARDIOVASCULAR BIOSIMILAR

On October 5, 2020, the Company announced that it has entered into a License, Manufacture and Supply Agreement with RLS for a cardiovascular biosimilar product. The Company is responsible for the regulatory approval process for the product. A biosimilar is a biological product that is highly similar to and has no clinically meaningful differences from an approved reference product. The Agreement grants an exclusive right to the Company to market and sell the product in the United States of America, Canada and the European Union.

TREATMENT OF THROMBOTIC COMPLICATIONS DUE TO COVID-19

On August 24, 2020, the Company reported that early investigator sponsored clinical reports evaluating the efficacy of AGGRASTAT® showed promise for preventing and treating thrombotic complications due to COVID-19. AGGRASTAT® is not currently indicated for use in patients with COVID-19.

Notably, a non-randomized, case-controlled, investigator sponsored proof of concept study (n=10) evaluating AGGRASTAT® in combination with standard of care in patients with severe COVID-19 and hypercoagulability found that enhanced platelet inhibition improves hypoxemia (https://clinicaltrials.gov/ct2/show/NCT04368377). Treated patients experienced a mean reduction in alveolar-arterial oxygen gradient and an increase in PaO_2/FiO_2 (ratio of partial arterial pressure of oxygen to fraction of inspired oxygen) at 24h, 48h and 7 days after treatment. Seven other small clinical reports have recently been published exploring the clinical efficacy of AGGRASTAT® in patients with COVID-19.

The Company is evaluating sponsorship of further US-based randomized clinical studies to rapidly assess the efficacy and safety of using AGGRASTAT® for preventing thrombotic complications due to COVID-19.

The Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain COVID-19 (or SARS-2 Coronavirus) at this time. A list of the reports referred to can be provided upon request.

TERMINATION OF REDS™ MARKETING AND DISTRIBUTION AGREEMENT

On August 20, 2020, the Company announced the termination of the marketing and distribution agreement with Sensible for the marketing of the ReDS™ Pro ("**ReDS Pro**") device in the United States. In connection with the termination, Sensible and the Company have entered into a transition agreement which provides additional compensation to the Company for sales to customer leads provided by the Company.

The Company continues to hold a 7.71% equity stake, on a fully diluted basis, in Sensible. The Company will continue to support Sensible in its transition to a new marketing and distribution arrangement in order to secure its investment in Sensible Medical. The termination of the marketing and distribution agreement with Sensible followed an in-depth strategic review of its alignment with the Company's other lines of business.

NORMAL COURSE ISSUER BID

On June 29, 2020, the Company announced that the TSX Venture Exchange ("**TSXV**") has accepted the Company's notice of intention to make a normal course issuer bid ("**NCIB**").

Under the terms of the NCIB, Medicure may acquire up to an aggregate of 533,116 common shares. In the opinion of the Company, its common shares have been trading at prices that do not reflect its underlying value. Accordingly, the Company believes that purchasing its common shares for cancellation, at present pricing, represents an opportunity to enhance value for its shareholders.

As of June 29, 2020, the Company had 10,662,313 common shares outstanding, of which 4,655,353 common shares represent the public float of the Company. Under TSXV policies, the Company is entitled to purchase up to the maximum of 533,116 common shares, representing 5% of the common shares outstanding, over the 12-month period that the NCIB is in place.

The NCIB commenced on June 30, 2020 and will end on June 29, 2021, or on such earlier date as the Company may complete its maximum purchases under the NCIB. The actual number of common shares which will be purchased, if any, and the timing of such purchases will be determined by the Company. All common shares purchased by the Company will be purchased on the open market through the facilities of TSXV by PI Financial Corp. ("**PI**") acting on behalf of the Company in accordance with the policies of the TSXV and will be surrendered by the Company to its transfer agent for cancellation. The prices that the Company will pay for common shares purchased will be the market price of the shares at the time of purchase.

The Company also announces that it has entered into an automatic share purchase plan (the "**Pla**n") with PI in order to facilitate repurchases of its common shares under the NCIB. Under the Plan, PI may purchase common shares at times when the Company would ordinarily not be permitted to do so, due to regulatory restrictions or self-imposed blackout periods.

Purchases under the Plan will be made by PI based upon parameters prescribed by the TSXV, applicable Canadian securities laws and terms of the Plan.

During period from June 30 2020 to December 31, 2020, that the 2020 NCIB was in place, the Company purchased and cancelled 411,000 common shares for a total cost of $364. The prices that the Company paid for the common shares purchased was the market price of the shares at the time of purchase.

POSITIVE RESULTS FOR AGGRASTAT® IN THE FABOLUS-FASTER TRIAL AND PUBLICATON

On June 29, 2020, the Company announced that results from the investigator sponsored FABOLUS-FASTER Phase 4 clinical trial, using AGGRASTAT®, have been published in Circulation, a peer-reviewed journal of the American Heart Association.

FABOLUS-FASTER studied different regimens of intravenous platelet inhibitors, notably AGGRASTAT® (tirofiban hydrochloride) injection (an IV GP IIb/IIIa inhibitor) and cangrelor (an IV P2Y12 inhibitor) in the early phase of primary PCI.

The FABOLUS-FASTER study randomized 122 P2Y12-naive STEMI patients to receive tirofiban (n=40), cangrelor (n=40), or a 60 mg loading dose of prasugrel (n=42). Those randomized to prasugrel were sub-randomized to chewed (n=21) or integral (n=21) tablet administration. The study was powered to test the noninferiority of cangrelor compared with tirofiban, the superiority of both tirofiban and cangrelor compared with chewed prasugrel, and superiority of chewed prasugrel compared with integral prasugrel for the primary endpoint of 30-minute inhibition of platelet aggregation (IPA) after stimulation with (20 μmol/L) ADP.

The results from the FABOLUS-FASTER trial showed cangrelor did not reach non-inferiority with tirofiban; in fact, tirofiban achieved superior IPA over cangrelor at 30 minutes (95.0%±9.0% vs 34.1%±22.5%; P <0.001). Cangrelor and tirofiban were both superior to chewed prasugrel (10.5%±11.0%, P<0.001 for both comparisons), which did not provide higher IPA over integral prasugrel (6.3% ±11.4%; P=0.47).[1]

Results from FABOLUS-FASTER were recently presented virtually at the PCR e-Course Scientific Sessions, due to the cancellation of EuroPCR 2020. Complete results from this study were published on June 27, 2020 in Circulation, a peer-reviewed journal of the American Heart Association.

DIRECT TO PATIENT ONLINE PHARMACY PROGRAM OF DISTRIBUTION OF ZYPITAMAG®

On June 25, 2020, the Company announced the launch of a direct to patient online pharmacy program for the distribution of ZYPITAMAG® in the United States.

This program offered many advantages to the Company to facilitate an increase in patient access to ZYPITAMAG® for patients who hold a prescription, which included direct shipment of the product to a patient's home at no cost, the processing of prior authorizations, and direct to patient refill reminders. Ultimately, marketing and distribution of ZYPITAMAG® through this program was expected to provide reduced costs to the patient, including no retail pharmacy filling fees, and increase the availability of the product to consumers. It also provided a seamless process for physicians and prescribers, and reduced their workload by processing any prior authorization. This program was discontinued in 2021 following the acquisition of Marley Drug.

Commercial:

In fiscal 2007, the Company through its wholly owned Barbadian subsidiary, Medicure International Inc., acquired the U.S. rights to its first commercial product, AGGRASTAT®, in the United States and its territories (Puerto Rico, Virgin Islands, and Guam). AGGRASTAT®, a GPI, is used for the treatment of ACS, including UA, which is characterized by chest pain when one is at rest, and non Q wave MI. AGGRASTAT® is indicated to reduce the rate of thrombotic cardiovascular events (combined endpoint of death, myocardial infarction, or refractory ischemia/repeat cardiac procedure) in patients with non ST elevation acute coronary syndrome ("**NSTE ACS**"). Under a contract with Medicure International Inc., the Company's wholly owned U.S. subsidiary, Medicure Pharma Inc., continues to support, market and distribute the product.

Net AGGRASTAT® product sales for year ended December 31, 2020 were $10,606, compared to $19,372 during the year ended December 31, 2019.

The Company primarily sells finished AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. The Company has set up a portal called Medicure Direct to market the Company's branded and generic products directly to hospitals and pharmacies with initial sales occurring in the fourth quarter of 2020 through this initiative.

Hospital demand for AGGRASTAT® has been lower during 2020 when compared to the prior year, however the number of hospital customers using AGGRASTAT® continued to remain strong leading to patient market share held by the product of approximately 65% as of December 31, 2020. The Company's commercial team continues to work on expanding its customer base, however this continued increase in the customer base for AGGRASTAT® has not directly resulted in corresponding revenue increases as the Company continues to face increased competition resulting from further genericizing of the Integrilin market which has created pricing pressures on AGGRASTAT® combined with lower hospital demand for the product, including a reduction in procedures being performed as a result of COVID-19. The Company continues to expect strong patient market share despite reduced revenue from the AGGRASTAT® brand and diversifying revenues away from a single product became increasingly important to the Company.

The number of new customers that reviewed and implemented AGGRASTAT® increased sharply after October 11, 2013 as a result of FDA approval of the High Dose Bolus ("**HDB**") regimen for AGGRASTAT® and due to increased marketing and promotional efforts of the Company.

All of the Company's sales are denominated in U.S. dollars and the U.S. dollar improved in value against the Canadian dollar during the year ended December 31, 2020 when compared to the year ended December 30, 2019, however this improvement was mainly experienced in the first half of 2020 with US dollar exchange rates declining in the second half of 2020 compared to 2019, particularly in the fourth quarter. This led to increased AGGRASTAT® revenues, offset by the increasing price pressures facing AGGRASTAT® when comparing the two periods as well as decreases in demand.

On December 5, 2019, the Company announced it had filed a patent infringement action against Nexus in the U.S. District Court for the Northern District of Illinois, alleging infringement of the '660 patent. On November 18, 2020, the Company announced the settlement of its ongoing patent infringement action against Nexus in the U.S. District Court for the Northern District of Illinois, which alleged infringement of the '660 patent. As part of the settlement, Nexus has acknowledged that the '660 patent is valid, enforceable and infringed. The settlement results in the Company entering into a license agreement with Nexus with anticipated launch dates for Nexus' generic products of November 1, 2022 for the 5 mg strength and January 1, 2023 for the 12.5 mg strength. The remaining terms of the settlement are confidential.

The patent infringement action is in response to Nexus' filing of an ANDA seeking approval from the FDA to market a generic version of AGGRASTAT® before the expiration of the '660 patent.

The '660 patent is listed in the FDA's orange book with an expiry date of May 1, 2023. Medicure defended the '660 patent and pursued the patent infringement action against Nexus and will continue all other legal options available to protect its product.

Previously, on November 16, 2018, the Company filed a patent infringement action against Gland Pharma Ltd. ("**Gland**") in the U.S. District Court for the District of New Jersey, alleging infringement of the '660 patent. The patent infringement actions were in response to Gland's filing of an ANDA seeking approval from the FDA to market a generic version of AGGRASTAT® before the expiration of the '660 patent.

On August 21, 2019 the Company announced that its subsidiary, Medicure International Inc., has settled this ongoing patent infringement action. As part of the settlement, Gland has acknowledged that the '660 patent is valid, enforceable and infringed. The settlement resulted in the Company entering into a license agreement with Gland with an anticipated launch date for Gland's generic product of March 1, 2023. The remaining terms of the settlement are confidential.

In September 2019 the Company announced that it had acquired the ownership of ZYPITAMAG® from Zydus for U.S. and Canadian markets. Under terms of the agreement, Zydus will receive an upfront payment of US$5,000 and US$2,000 in deferred payments to be made over the next four years, as well as contingent payments on achievement of milestones and royalties related to net sales. With this acquisition Medicure obtained full control of marketing and pricing negotiations for the product.

Previously, in December 2017, the Company acquired from Zydus, an exclusive license to sell and market ZYPITAMAG®, a branded cardiovascular drug, in the United States and its territories for a term of seven years with extensions to the term available. ZYPITAMAG® is used for the treatment of patients with primary hyperlipidemia or mixed dyslipidemia and was approved in July 2017 by the FDA for sale and marketing in the United States. On May 1, 2018 ZYPITAMAG® became commercially available in retail pharmacies throughout the United States. The Company's product launch utilized its existing commercial infrastructure and while not an in-hospital product like AGGRASTAT®, ZYPITAMAG® added to the Company's cardiovascular portfolio and expanded the Company's reach to new patients. ZYPITAMAG® contributed revenue of $453 to the Company for the year ended December 31, 2020 compared to $183 during the year ended December 31, 2019. The Company continues to work towards growing the ZYPITAMAG® brand, usage of the product and revenues from ZYPITAMAG®.

On December 17, 2020, the Company acquired 100% of Marley Drug, a leading specialty pharmacy serving more than 30,000 customers across the United States. Marley Drug provides excellent customer service, cost competitive medications, immediate direct to patient delivery, and is licensed in 49 states, Washington D.C. and Puerto Rico. Its advanced operation includes automated pill dispensing, an extended supply generic drug program, and an effective customer communication system. Marley Drug has been successful in marketing directly to customers, providing access to medications without the need for insurance, and building a nationwide customer base. The Company began selling ZYPITAMAG® through Marley Drug immediately following the acquisition.

On October 3, 2019, the Company announced that it has reached a preferred pricing agreement with the ADAP Crisis Task Force for ZYPITAMAG®. The agreement will open access to ZYPITAMAG® tablets to low income, underinsured and uninsured Americans who qualify for ADAP coverage in states where ZYPITAMAG® has been adopted onto the ADAP formulary.

The ADAP Crisis Task Force negotiates reduced drug prices for all ADAP formularies. ADAP formularies provide HIV treatment to low income, uninsured, and underinsured individuals living with HIV/AIDS in all 50 states and the US territories. The ADAP Crisis Task Force was formed in 2002, and is currently comprised of representatives from Arizona, California, Florida, Illinois, Massachusetts, New York, North Carolina, Tennessee, Texas, Virginia, and Washington state HIV/AIDS divisions.

On August 13, 2018, the Company announced that the FDA has approved its ANDA for SNP. SNP is indicated for the immediate reduction of blood pressure for adult and pediatric patients in hypertensive crisis. The product is indicated for producing controlled hypotension in order to reduce bleeding during surgery and for the treatment of acute congestive heart failure. The filing of the ANDA was previously announced by the Company on December 13, 2016. Medicure's SNP become available in the United States during 2020 with sales of $116 being recorded during 2020 from SNP.

Going forward and contingent on sufficient finances being available, the Company intends to further expand revenue through marketing and promotional activities, strategic investments related to AGGRASTAT®, ZYPITAMAG® and SNP, as well as the Marley Drug business and licensing, acquisition and/or development of other cardiovascular products that fit the commercial organization.

Research and Development:

The Company's research and development activities are predominantly conducted by its wholly-owned Barbadian subsidiary, Medicure International Inc.

AGGRASTAT®

One of the primary ongoing research and development activities is the continued development and further implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®. The extent to which the Company is able to invest in this plan is dependent upon the availability of sufficient finances and the expected returns from those investments.

An important aspect of the AGGRASTAT® strategy was the revision of its approved prescribing information. On October 11, 2013, the Company announced that the FDA approved the AGGRASTAT® HDB regimen, as requested under Medicure's sNDA. The AGGRASTAT® HDB regimen (25 mcg/kg within 5 minutes, followed by 0.15 mcg/kg/min) has become the recommended dosing for the reduction of thrombotic cardiovascular events in patients with NSTE ACS.

The Company believes that further expanded indications and dosing regimens could provide added value to further maximize the revenue potential for AGGRASTAT®. The Company is currently exploring the potential to make such changes, and the Company may need to conduct appropriate clinical trials, obtain positive results from those trials, or otherwise provide support in order to obtain regulatory approval for such proposed indications and dosing regimens.

On April 23, 2015, the Company announced that the FDA approved a revision to the duration of the bolus delivery for the AGGRASTAT® HDB regimen. The dosing change and label modification was requested by the Company to help health care professionals more efficiently meet patient-specific administration needs and to optimize the implementation of AGGRASTAT® at new hospitals. The newly approved labeling supplement now allows the delivery duration of the AGGRASTAT® HDB (25 mcg/kg) to occur anytime within 5 minutes, instead of the previously specified duration of 3 minutes. This change was part of the Company's ongoing regulatory strategy to expand the applications for AGGRASTAT®.

On September 10, 2015, the Company announced that it submitted a sNDA to the FDA to expand the label for AGGRASTAT® to include the treatment of patients presenting with STEMI. If approved for STEMI, AGGRASTAT® would be the first in its class of GPIs to receive such a label in the United States.

In previous communication with the Company, the FDA's Division of Cardiovascular and Renal Drug Products indicated its willingness to review and evaluate this label change request based substantially on data from the On-TIME 2 study, with additional support from published studies and other data pertinent to the use of the AGGRASTAT® HDB regimen in the treatment of STEMI. The efficacy and safety of the HDB regimen in STEMI has been evaluated in more than 20 clinical studies involving over 11,000 patients and is currently recommended by the ACCF/AHA Guideline for the Management of STEMI.

On July 7, 2016, the Company received a Complete Response Letter ("**CRL**") from the FDA for its sNDA requesting an expanded indication for patients presenting with STEMI. The FDA issued the CRL to communicate that its initial review of the application was completed; however, it could not approve the application in its present form and requested additional information. The Company continues to work directly with the FDA to address these comments and explore other options available.

The sNDA filing was accompanied by a mandatory US$1,200 user fee paid by Medicure International Inc. to the FDA. In December 2016, the Company received a waiver and full refund of the user fee which had been paid and expensed during fiscal 2015.

On September 1, 2016, the Company announced that it had received approval from the FDA for its bolus vial product format for AGGRASTAT®.

This product format is a concentrated, 15 ml vial containing sufficient drug to administer the FDA approved, HDB of 25 mcg/kg given at the beginning of treatment. AGGRASTAT® is also sold in two other sizes, a 100 ml vial and a 250 ml bag. The existing, pre-mixed products continue to be available, providing a convenient concentration for administering the post-HDB maintenance infusion of 0.15 mcg/kg/min. (Approved Dosing: Administer intravenously 25 mcg/kg within 5 minutes and then 0.15 mcg/kg/min for up to 18 hours). Commercial launch of the bolus vial occurred during the fourth quarter of 2016 and the Company continues to believe this product format will have a positive impact on hospital utilization of AGGRASTAT®.

Another aspect of the AGGRASTAT® strategy is to advance studies related to the contemporary use and future regulatory positioning of the product. On May 10, 2012, the Company announced the commencement of enrolment in a clinical trial of AGGRASTAT® entitled SAVI-PCI. SAVI-PCI is a randomized, open-label study enrolling patients undergoing PCI at sites across the United States. The study was designed to evaluate whether patients receiving the HDB regimen of AGGRASTAT® (25 mcg/kg bolus over 3 minutes) followed by an infusion of 0.15 mcg/kg/min for a shortened duration of 1 to 2 hours will have outcomes that are similar, or "non-inferior," to patients receiving a 12 to 18-hour infusion of Integrilin® (eptifibatide) (Merck & Co., Inc.) at its FDA approved dosing regimen.

The primary objective of SAVI-PCI is to demonstrate AGGRASTAT® is non-inferior to Integrilin with respect to the composite endpoint of death, PCI-related myocardial infarction, urgent target vessel revascularization, or major bleeding within 48 hours following PCI or hospital discharge. The secondary objectives of this study include the assessment of safety as measured by the incidence of major bleeding.

The first patient was enrolled in June 2012. Enrolment was completed during the fourth quarter of 2018 and on December 17, 2019, the Company announced the completion of the Shortened AGGRASTAT® (tirofiban hydrochloride) injection versus Integrilin® (eptifibatide) in Percutaneous Coronary Intervention (SAVI-PCI) Clinical Trial. Topline results of the SAVI-PCI trial will be communicated during the second quarter of 2021.

The Company is also providing funding for a number of investigator sponsored research projects targeting contemporary utilization of AGGRASTAT® relative to its competitors. On December 12, 2019, the Company announced the completion of the FABOLUS-FASTER Phase 4 trial, a randomized, open-label, multi-center trial assessing different regimens of intravenous platelet inhibitors, notably tirofiban and cangrelor (an IV P2Y12 inhibitor) in the early phase of primary PCI.

FABOLUS-FASTER was funded by a grant from the Company. This study does not imply comparable efficacy, safety, or product interchangeability. Please note that the use of AGGRASTAT® in STEMI patients has not been approved by the FDA. As of this time, neither AGGRASTAT® nor any of the GP IIb/IIIa inhibitors are indicated for the use in STEMI patients. AGGRASTAT® is approved for use in NSTE-ACS patients.

On June 29, 2020, the Company announced that results from the investigator sponsored FABOLUS-FASTER Phase 4 clinical trial, using AGGRASTAT®, have been published in Circulation, a peer-reviewed journal of the American Heart Association.

FABOLUS-FASTER studied different regimens of intravenous platelet inhibitors, notably AGGRASTAT® (tirofiban hydrochloride) injection (an IV GP IIb/IIIa inhibitor) and cangrelor (an IV P2Y12 inhibitor) in the early phase of primary PCI. The FABOLUS-FASTER study randomized 122 P2Y12-naive STEMI patients to receive tirofiban (n=40), cangrelor (n=40), or a 60 mg loading dose of prasugrel (n=42). Those randomized to prasugrel were sub-randomized to chewed (n=21) or integral (n=21) tablet administration. The study was powered to test the noninferiority of cangrelor compared with tirofiban, the superiority of both tirofiban and cangrelor compared with chewed prasugrel, and superiority of chewed prasugrel compared with integral prasugrel for the primary endpoint of 30-minute inhibition of platelet aggregation (IPA) after stimulation with (20 μmol/L) ADP.

The results from the FABOLUS-FASTER trial showed cangrelor did not reach non-inferiority with tirofiban; in fact, tirofiban achieved superior IPA over cangrelor at 30 minutes (95.0%±9.0% vs 34.1%±22.5%; P <0.001). Cangrelor and tirofiban were both superior to chewed prasugrel (10.5%±11.0%, P<0.001 for both comparisons), which did not provide higher IPA over integral prasugrel (6.3%±11.4%; P=0.47).[1]

Results from FABOLUS-FASTER were recently presented virtually at the PCR e-Course Scientific Sessions, due to the cancellation of EuroPCR 2020. Complete results from this study were published on June 27, 2020 in Circulation, a peer-reviewed journal of the American Heart Association.

On August 24, 2020, the Company reported that early investigator sponsored clinical reports evaluating the efficacy of AGGRASTAT® showed promise for preventing and treating thrombotic complications due to COVID-19. AGGRASTAT® is not currently indicated for use in patients with COVID-19.

Notably, a non-randomized, case-controlled, investigator sponsored proof of concept study (n=10) evaluating AGGRASTAT® in combination with standard of care in patients with severe COVID-19 and hypercoagulability found that enhanced platelet inhibition improves hypoxemia (https://clinicaltrials.gov/ct2/show/NCT04368377). Treated patients experienced a mean reduction in alveolar-arterial oxygen gradient and an increase in PaO_2/FiO_2 (ratio of partial arterial pressure of oxygen to fraction of inspired oxygen) at 24h, 48h and 7 days after treatment. Seven other small clinical reports have recently been published exploring the clinical efficacy of AGGRASTAT® in patients with COVID-19.

The Company is evaluating sponsorship of further US-based randomized clinical studies to rapidly assess the efficacy and safety of using AGGRASTAT® for preventing thrombotic complications due to COVID-19.

The Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain COVID-19 (or SARS-2 Coronavirus) at this time. A list of the reports referred to can be provided upon request.

Subsequent to December 31, 2020 the Company announced the early completion of iSPASM, a randomized, double-blind, single-center, Phase 1/2a trial aimed at assessing the safety of long-term (7-day) use of AGGRASTAT® injection vs. placebo in patients with aneurysmal subarachnoid hemorrhage (aSAH) (NCT03691727). The primary endpoint in the 30 patient study was hemorrhagic changes evident on head CT and/or MRI assessed by the rates of symptomatic and asymptomatic bleeding. iSPASM was funded by an unrestricted educational grant from Medicure. This study does not imply efficacy of AGGRASTAT® in patients with aSAH. Please note that the use of AGGRASTAT® in neurointerventions has not been approved by the FDA. As of this time, neither AGGRASTAT® nor any of the GP IIb/IIIa inhibitors are indicated for the use in stroke patients. AGGRASTAT® is approved for use in NSTE-ACS patients.

Cardiovascular Generic and Reformulation Products

Through an ongoing research and development investment, the Company is exploring new product opportunities in the interest of developing future sources of revenue and growth.

On August 13, 2018, the Company announced that the FDA has approved its ANDA for SNP. SNP is indicated for the immediate reduction of blood pressure for adult and pediatric patients in hypertensive crisis. The product is also indicated for producing controlled hypotension in order to reduce bleeding during surgery and for the treatment of acute congestive heart failure. The filing of the ANDA was previously announced by the Company on December 13, 2016. Medicure's SNP become available in the United States during 2020 with sales of $116 being recorded during 2020 from SNP.

The Company is focused on the development of two additional cardiovascular generic drugs and expects to grow its commercial suite of products to at least four approved products in 2021.

On October 5, 2020, the Company announced that it has entered into a License, Manufacture and Supply Agreement RLS for a cardiovascular biosimilar product. Medicure is responsible for the regulatory approval process for the product. A biosimilar is a biological product that is highly similar to and has no clinically meaningful differences from an approved reference product. The Agreement grants an exclusive right to the Company to market and sell the product in the United States of America, Canada and the European Union.

The Company had been devoting resources to its research and development programs, including, but not limited to the development of TARDOXAL™, P5P or MC-1 for neurological conditions such as Tardive Dyskinesia. This work included, but was not limited to, working with the FDA to better understand and refine the next steps in development of the product. The advancement of TARDOXAL™ is currently on hold. The Company changed its focus from TARDOXAL™ to other uses of P5P and continues to devote time and resources to the advancement of P5P development.

On January 7, 2021, the Company announced that it intends to file an IND application with the FDA pertaining to its legacy product P5P, also referred to as MC-1 for the treatment of seizures associated with PNPO deficiency. The majority of patients with PNPO deficiency have mutations in the PNPO gene, which is required for the production of normal levels of P5P. In connection with the IND, the Company will proceed with a Phase 3 clinical trial to treat PNPO deficient patients with a daily dose of MC-1.

The FDA and the EMA have both granted a Rare Pediatric Disease Designation to MC-1 for the treatment of seizures associated with PNPO deficiency. Additionally, the FDA has granted Orphan Drug Status and a Rare Pediatric Disease Designation to MC-1 for the treatment of PNPO deficiency. Under the Creating Hope Act passed into federal law in 2012, the FDA grants a Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children ages 18 years or younger and fewer than 200,000 people in the United States. If an NDA for MC-1 for patients with PNPO deficiency is approved, the Company may be eligible to receive a PRV from the FDA, which can be redeemed to obtain priority review for any subsequent marketing application.

The following table summarizes the Company's research and development programs, their therapeutic focus and their stage of development.

Product Candidate	Therapeutic focus	Stage of Development
AGGRASTAT®	Acute Cardiology	Approved/Marketed – Additional studies underway
ZYPITAMAG®	Primary Hyperlipidemia or Mixed Dyslipidemia	Approved/Marketed
SNP	Acute Cardiology	ANDA approved/Marketed
PREXXARTAN®	Hypertension	Approved – Commercial launch on hold
Cardiovascular Biosimilar	Acute Cardiology	Development underway
Generic ANDA 2	Acute Cardiology	ANDA filed
Generic ANDA 3	Acute Cardiology	Formulation development underway
TARDOXAL™/P5P	TD/Neurological indications	TARDOXAL™ – On hold P5P – IND filed

Other Products

The Company is investing in the research and development of other new product development opportunities. The Company is also exploring opportunities to grow the business through acquisition. The Company has evaluated and continues to evaluate the acquisition or license of other approved commercial products with the objective of further broadening its product portfolio and generating additional revenue.

As at December 31, 2020, the Company had issued United States patents (see Item 5 – *Operating and Financial Review and Prospects – C. Research and Development, Patents and Licenses, Etc.* below).

Competitors' Current Products

AGGRASTAT®, is owned by the Company's subsidiary, Medicure International, Inc., and is sold in the United States of America through the Company's subsidiary, Medicure Pharma, Inc. AGGRASTAT® is indicated to reduce the rate of thrombotic cardiovascular events (combined endpoint of death, myocardial infarction, or refractory ischemia/repeat cardiac procedure) in patients with non-ST elevation acute coronary syndrome (NSTE-ACS).

AGGRASTAT® competes in a market segment commonly referred to as the anti-thrombotic market (treatments to remove or prevent formation of blood clots). More specifically, AGGRASTAT® is an antiplatelet drug which affects thrombus (blood clot) formation by preventing the aggregation of platelets in the blood stream. Of the different classes of antiplatelet drugs, AGGRASTAT® is a representative of the glycoprotein IIB/IIIA inhibitors drug class. There are three of these agents approved for use, including abciximab (ReoPro®), eptifibatide (Integrilin®), and tirofiban (AGGRASTAT®). All three are proprietary drugs and only eptifibatide has generic equivalents, which were introduced beginning in December 2015. Of the two directly competing agents, AGGRASTAT® is most closely comparable to eptifibatide (Integrilin) as they are both highly potent, small molecule drugs that have reversible antiplatelet effects.

The launch of the injectable antiplatelet agent, cangrelor (Kengreal™), by The Medicines Company, occurred in 2015 and has had some impact on the use and sale of GPIs, including AGGRASTAT®.

The initial launch of generic versions of eptifibatide (Integrilin) occurred in December 2015 and could impact the utilization of AGGRASTAT® in the future.

Due to the incidence and severity of cardiovascular diseases, the market for antihyperlipidemics is large and competition is intense. There are a number of approved antihyperlipidemic drugs, currently on the market, awaiting regulatory approval or in development. ZYPITAMAG® will compete with these drugs to the extent ZYPITAMAG® and any of these drugs are approved for the same or similar indications.

Although ZYPITAMAG® would be positioned as a relatively low-cost therapy, in certain circumstances, other treatment approaches are lower cost and may for this reason be preferred by health care professionals.

SNP was launched into a genericized market with several competitors already selling generic versions of the product and as such there is no assurance that the Company will be successful in launching SNP in 2020 and growing sales for the product. The failure of the Company to successfully launch and grow sales of SNP, or to establish a viable market for the Company's version of the product, could have a material adverse effect on the Company's long-term profitability.

The Company, through its recently acquired Marley Drug pharmacy business, operates a physical pharmacy location in Winston Salem, North Carolina with a significant mail order business throughout the United States. Through Marley Drug, the Company faces intense competition with local, regional and national companies, including pharmacy chains, independently owned pharmacies, supermarkets, mass merchandisers and internet pharmacies, such as Get Roman, as well as competition from on-line retailers such as Amazon. Competition from these on-line retailers has significantly increased during the past few years. Some of our competitors have or may merge with or acquire pharmaceutical services companies, pharmacy benefit managers ("PBMs"), health insurance companies, mail order facilities or enter into strategic partnership alliances with wholesalers or PBMs, which may further increase competition.

Competitors' Products in Development

At present the Company is not aware of any other glycoprotein IIb/IIIa inhibitors in mid to late stage clinical development. However, the choice and use of AGGRASTAT® may be affected by the continued advancement of new antithrombotic and antiplatelet agents, including the recently approved oral antiplatelet agents, ticagrelor (Brilinta®) and prasugrel (Effient®). Any future launch of generic version of AGGRASTAT® and/or of other competitive drugs may also be expected to impact utilization of the Company's drug. Many companies, including large pharmaceutical and biotechnology companies, are conducting development of products that are intended to address the same or a similar medical need. Many of these companies have much larger financial and other resources than the Company does, including those related to research and development, manufacturing, and sales and marketing. The Company also faces competition in recruiting scientific personnel from colleges, universities, agencies, and research organizations who seek patent protection and licensing agreements for the technologies they develop.

There are a number of approved antihyperlipidemic drugs, currently on the market, awaiting regulatory approval or in development. ZYPITAMAG® will compete with these drugs to the extent ZYPITAMAG® and any of these drugs are approved for the same or similar indications.

SNP is being sold into a genericized market with several competitors already selling generic versions of the product and as such there is no assurance that the Company will be successful at growing sales of its SNP in 2020. The failure of the Company to successfully launch and grow sales of SNP, or to establish a viable market for the Company's version of the product, could have a material adverse effect on the Company's long-term profitability.

Divesture of Apicore

On October 3, 2017, the Company sold its interests in Apicore (the "**Apicore Sale Transaction**") to an arm's length, pharmaceutical company (the "**Buyer**"). Under the Apicore Sale Transaction, the Company received net proceeds of approximately U.S. $105.0 million of which approximately U.S. $55.0 million was received on October 3, 2017, with the remainder received in early 2018. There is also a holdback that was to be received in 2019 as per the terms of the agreements. These funds received by the Company were after payment of all transaction costs, the compensation paid to holders of Apicore's employee stock options, the redemption of the remaining shares of Apicore not owned by Medicure and other adjustments.

On February 1, 2018, the Company received the deferred purchase price proceeds of approximately U.S. $50.0 million from the Buyer as a result of the Apicore Sale Transaction. The U.S. $50.0 million was included in the total net proceeds of U.S. $105.0 million described earlier. The Company did not receive any contingent payments based on an earn out formula as certain financial results within the Apicore business were not met following the Apicore Sale Transaction.

On February 13, 2019, the Company announced that it had received notice from the purchaser of Medicure's interests in Apicore of potential claims against funds held back in respect of representations and warranties under the Apicore sale agreement. The notice did not contain sufficiently detailed information to enable Medicure to assess the merits of the claims with the maximum exposure of the claims being the total holdback receivable. The Company continued to proceed diligently to investigate the potential claims and attempt to satisfactorily resolve them with a view to having the holdback funds released. In conjunction with the sale of Medicure's interests in Apicore, representation and warranty insurance was obtained by the purchaser that could result in mitigation of the potential claims.

On December 5, 2019, the Company announced that it had reached a settlement agreement with the purchaser of the Company's interests in Apicore with respect to the amounts heldback under the Apicore sale agreement. A settlement agreement was reached under which Medicure will receive a net payment of U.S. $5.1 million in relation to the holdback receivable.

Competitive Strategy and Position

The Company is primarily focusing on:

Maintaining and growing AGGRASTAT® sales in the United States

The Company continues to work to expand the sales of AGGRASTAT® in the United States. The use of AGGRASTAT® is recommended by the AHA and ACC Guidelines for the treatment of ACS. AGGRASTAT® has been shown, to reduce the rate of thrombotic cardiovascular events (combined endpoint of death, myocardial infarction, or refractory ischemia/repeat cardiac procedure) in patients with NSTE ACS.

As stated previously, one of the Company's primary ongoing research and development activities is the continued development and further implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®.

An important aspect of the AGGRASTAT® strategy was the revision of its approved prescribing information. On October 11, 2013, the Company announced that the FDA approved the AGGRASTAT® HDB regimen, as requested under Medicure's supplemental new drug application ("**sNDA**"). The AGGRASTAT® HDB regimen (25 mcg/kg within 5 minutes, followed by 0.15 mcg/kg/min) has become the recommended dosing for the reduction of thrombotic cardiovascular events in patients with NSTE ACS.

The Company believes that further expanded indications and dosing regimens could provide added value to further maximize the revenue potential for AGGRASTAT®. The Company is currently exploring the potential to make such changes, and the Company may need to conduct appropriate clinical trials, obtain positive results from those trials, or otherwise provide support in order to obtain regulatory approval for such proposed indications and dosing regimens.

On September 1, 2016, the Company announced that it had received approval from the FDA for its bolus vial product format for AGGRASTAT®. The product format is a concentrated, pre-mixed, 15 ml vial designed specifically for convenient delivery of the AGGRASTAT® bolus dose (25 mcg/kg). Development of the bolus vial was in response to feedback from interventional cardiologists and catheterization lab nurses from across the United States. Commercial launch of the bolus vial took place in October of 2016 and the Company continues to believe this product format will have a positive impact on hospital utilization of AGGRASTAT®.

The Company is also providing funding for a number of investigator sponsored research projects targeting contemporary utilization of AGGRASTAT® relative to its competitors. On June 29, 2020, the Company announced that results from the investigator sponsored FABOLUS-FASTER Phase 4 clinical trial, using AGGRASTAT®, have been published in Circulation, a peer-reviewed journal of the American Heart Association.

Growing sales of ZYPITAMAG® in the United States

In September 2019 the Company announced that through its subsidiary, Medicure International Inc., it has acquired the ownership of ZYPITAMAG® from Zydus for U.S. and Canadian markets. Under terms of the agreement, Zydus will receive an upfront payment of US$5,000 and US$2,000 in deferred payments to be made over the next four years, as well as contingent payments on achievement of milestones and royalties related to net sales.

Previously, in December 2017, the Company acquired from Zydus, an exclusive license to sell and market ZYPITAMAG®, a branded cardiovascular drug, in the United States and its territories for a term of seven years with extensions to the term available. ZYPITAMAG® is used for the treatment of patients with primary hyperlipidemia or mixed dyslipidemia and was approved in July 2017 by the FDA for sale and marketing in the United States. On May 1, 2018 ZYPITAMAG® became commercially available in retail pharmacies throughout the United States. The Company's product launch utilized its existing commercial infrastructure and while not an in-hospital product like AGGRASTAT®, ZYPITAMAG® contributed revenue of $453,000 to the Company for the year ended December 31, 2020 compared to $183 during the year ended December 31, 2019. The Company continues to work towards growing the ZYPITAMAG® brand, usage of the product and revenues from ZYPITAMAG® including through its acquisition of Marley Drug in December of 2020.

The Company continues to work towards growing the ZYPITAMAG® brand, usage of the product and revenues from ZYPITAMAG®.

Acquisition and operation of the Marley Drug pharmacy business

On December 17, 2020, the Company acquired 100% of Marley Drug, a specialty pharmacy serving more than 30,000 customers across the United States. Marley Drug provides excellent customer service, cost competitive medications, immediate direct to patient delivery, and is licensed in 49 states, Washington D.C. and Puerto Rico. Its advanced operating systems include automated pill dispensing, an extended supply generic drug program, and an effective customer communication system. Marley Drug has been successful in marketing directly to customers, providing access to medications without the need for insurance, and building a nationwide customer base.

The Company began selling ZYPITAMAG® through Marley Drug immediately following the acquisition.

Acquisitions, licensing or marketing partnerships for new commercial products

The Company continues to explore additional opportunities for the acquisition or licensing of other cardiovascular products that fit the commercial organization.

Developing additional cardiovascular generic and reformulation products

On August 13, 2018, the Company announced that the FDA has approved its ANDA for SNP. SNP is indicated for the immediate reduction of blood pressure for adult and pediatric patients in hypertensive crisis. The product is also indicated for producing controlled hypotension in order to reduce bleeding during surgery and for the treatment of acute congestive heart failure) The filing of the ANDA had been previously announced by the Company on December 13, 2016. Medicure's SNP become available in the United States during 2020 with sales of $116 being recorded during 2020 from SNP.

Medicure is also developing two additional generic versions of acute cardiovascular drugs and is exploring other potential opportunities.

On August 20, 2020, the Company announced that it entered into a License, Manufacture and Supply Agreement with RLS for a cardiovascular biosimilar product.

On January 7, 2021, the Company announced that it intends to file an IND application with the FDA pertaining to its legacy product, P5P, also referred to as MC-1 for the treatment of seizures associated with PNPO deficiency. The majority of patients with PNPO deficiency have mutations in the PNPO gene, which is required for the production of normal levels of P5P. In connection with the IND, the Company will proceed with a Phase 3 clinical trial to treat PNPO deficient patients with a daily dose of MC-1.

The FDA and the EMA have both granted a Rare Pediatric Disease Designation to MC-1 for the treatment of seizures associated with PNPO deficiency. Additionally, the FDA has granted Orphan Drug Status and a Rare Pediatric Disease Designation to MC-1 for the treatment of PNPO deficiency. Under the Creating Hope Act passed into federal law in 2012, the FDA grants a Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children ages 18 years or younger and fewer than 200,000 people in the United States. If an NDA for MC-1 for patients with PNPO deficiency is approved, the Company may be eligible to receive a PRV from the FDA, which can be redeemed to obtain priority review for any subsequent marketing application.

C. Organizational Structure

Medicure International, Inc., a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of Barbados, West Indies, on May 23, 2000. Medicure International, Inc.'s registered office is located at Whitepark House, White Park Road, Bridgetown, Barbados. Medicure International Inc.'s head office is located at 1st Floor Limegrove Centre Holetown, St. James, Barbados.

Medicure Pharma, Inc., a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of the State of Delaware, United States of America, on September 30, 2005. Medicure Pharma Inc.'s registered office is 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808. Medicure Pharma, Inc.'s head office is located at 116 Village Blvd. Suite 202, Princeton, NJ, 08540.

Medicure Pharma Inc. acquired Marley Drug, Inc. on December 17, 2020. Marley Drug, Inc. was incorporated pursuant to the laws of the State of North Carolina, United States of America, on September 30, 2005. Marley Drug, Inc.'s registered office is 5008 Peters Creek Pkwy, Winston Salem, North Carolina 27127. Marley Drug, Inc.'s head office is located at 5008 Peters Creek Pkwy, Winston Salem, North Carolina 27127.

Medicure U.S.A., Inc., a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of the State of Delaware, United States of America, on June 23, 2014. Medicure U.S.A. Inc.'s registered office is 2711 Centerville Road, Suite 400, Wilmington, Delaware, 19808.

Medicure Mauritius Limited, a wholly owned subsidiary of the Company was incorporated pursuant to the laws of the Republic of Mauritius on November 17, 2016. Medicure Mauritius Limited's registered office is 6th floor, Tower A, 1 CyberCity, Ebene, Mauritius.

Apigen Investments Limited, a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of the Republic of Mauritius on June 27, 2014. Apigen Investments Limited's registered office is 4th floor, Tower A, 1 CyberCity, Ebene, Mauritius.

Medicure Pharma Europe Limited, a wholly owned subsidiary of the Company, was incorporated pursuant to the laws of Ireland on October 17, 2017. Medicure Pharma Europe Limited's registered office is Block 3, Harcourt Centre, Harcourt Road, Dublin 2.

D. Property, Plant and Equipment

Office Space

Included within the *business and administration services agreement* entered into with Genesys Venture Inc. (see Item 5F - *Contractual Obligations*), is the use of office space at Genesys Venture Inc.'s head office located at 1250 Waverley Street in Winnipeg, Manitoba, Canada. As at December 31, 2020, the Company had use of approximately 14,720 square feet.

Through Marley Drug, the Company also leases 3,280 of retail and office space located at 5008 Peters Creek Pkwy, Winston Salem, North Carolina 27127.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section contains forward-looking statements involving risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under part Item 3D - Risk Factors. The following discussion of the financial condition, changes in financial conditions and results of operations of the Company for the years ended December 31, 2020 and December 31, 2019 should be read in conjunction with the consolidated financial statements of the Company. The Company's consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with IFRS included under Item 18 to this Annual Report.

Critical Accounting Policies and Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas where management has made critical judgments in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the determination and allocation of the purchase price of Marley Drug, and the determination of the Company's and its subsidiaries' functional currencies.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements for the year ended December 31, 2020:

- Note 3(c)(iii): The valuation of the royalty obligation
- Note 3(e): The accruals for returns, chargebacks, rebates and discounts
- Note 3(i): The measurement and useful lives of intangible assets
- Note 3(o): The measurement of the amount and assessment of the recoverability of income tax assets and income tax provisions
- Note 3(q): The measurement and valuation of intangible assets and contingent consideration acquired and recorded as business combinations.
- Note 3(r): The incremental borrowing rate ("IBR") used in the valuation of leases.

Valuation of financial instruments

Financial Assets

Initial recognition and measurement

Upon recognition of a financial asset, classification is made based on the business model for managing the asset and the asset's contractual cash flow characteristics. The financial asset is initially recognized at its fair value and subsequently classified and measured as (i) amortized cost; (ii) FVOCI; or (iii) FVTPL. Financial assets are classified as FVTPL if they have not been classified as measured at amortized cost or FVOCI. Upon initial recognition of an equity instrument that is not held-for-trading, the asset is recorded at FVTPL unless the Company irrevocably designates the presentation of subsequent changes in the fair value of such equity instrument as FVOCI.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest. Cash and cash equivalents, restricted cash, accounts receivable and other assets are classified within this category.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with changes in fair value therein recognized in the statement of net (loss) income. There are presently no assets classified within this category.

Financial assets at FVOCI

Financial assets measured at FVOCI are carried in the statement of financial position at fair value with changes in fair value therein recognized in the statement of comprehensive (loss) income. The Investment in Sensible Medical was designated within this category.

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when the contractual rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Initial recognition and measurement

The Company recognizes a financial liability on the trade date in which it becomes a party to the contractual provisions of the instrument at fair value plus any directly attributable costs. Financial liabilities are subsequently measured at amortized cost or FVTPL, and are not subsequently reclassified. The Company's financial liabilities are accounts payable and accrued liabilities, royalty obligation, acquisition payable and holdback payable which are recognized on an amortized cost basis. Financial liabilities measured at FVTPL include contingent consideration resulting from business combinations as defined by IFRS 9.

The royalty obligation was recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest rate method at each reporting date. Estimating fair value for this liability required determining the most appropriate valuation model which was dependent on its underlying terms and conditions. This estimate also required determining expected revenue from AGGRASTAT® sales and an appropriate discount rate and making assumptions about them.

The acquisition payable liabilities were recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest rate method at each reporting date. Estimating fair value for these liabilities required determining an appropriate discount rate.

Contingent consideration resulting from a business combination are valued at fair value at the acquisition date as part of the business combination and subsequently fair valued as described in business combination below.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. Typically, fair value is determined by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximize the use of observable inputs. When observable valuation inputs are not available, significant judgement is required through determining the valuation technique to apply, the valuation techniques such as discounted cash flow analysis and selecting inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

Transaction costs

Transaction costs for all financial instruments measured at amortized cost, the transaction costs are included in the initial measurement of the financial asset or financial liability and are amortized using the effective interest rate method over a period that corresponds with the term of the financial instruments. Transaction costs for financial instruments classified as FVTPL are recognized as an expense in professional fees, in the period the cost was incurred.

Embedded Derivatives

For financial liabilities measured at amortized cost, under certain conditions, an embedded derivative must be separated from its host contract and accounted for as a derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. For financial assets at FVTPL, any embedded derivatives are not separated from its host contract.

Accruals for returns, chargebacks, rebates and discounts

As of December 31, 2020, excluding Marley Drug, the Company has three commercially available products that generated revenue for the year ended December 31, 2020, AGGRASTAT®, ZYPITAMAG® and Sodium Nitroprusside (the "**Products**") which it sells to United States customers. The Products are sold to wholesalers for resale as well as directly to hospitals and pharmacies; with AGGRASTAT® and SNP primarily being sold by the wholesalers to hospitals, while ZYPITAMAG® is primarily sold by wholesalers to pharmacies. Revenue from the sale of the Products is recognized upon the receipt of goods by the wholesaler, or the hospital or pharmacy in the case of a direct sale, the point in time in which title and control of the transferred goods pass from the Company to the customer. At this point in time, the customer has gained the sole ability to route the goods, and there are no unfulfilled obligations that could affect the customer's acceptance of the goods. Delivery of the product occurs when the goods have been received at the customer in accordance with the terms of the sale.

During 2019, the Company sold ReDS™ medical devices directly to end users. Revenue from the sale of ReDS™ was recognized upon the receipt of goods by the end user, the point in time in which title and control of the transferred goods pass from the Company to the customer. At this point in time, the customer has gained the sole ability to benefit from the product, and there are no unfulfilled obligations that could affect the customer's acceptance of the goods. Delivery of the product occurs when the goods have been shipped to the customer and the customer has accepted the products in accordance with the terms of the sale.

Sales are made subject to certain discounts available for prompt payment, volume discounts, rebates or chargebacks. Revenue from these sales is recognized based on the price specified per the pricing terms of the sales invoices, net of the estimated discounts, rebates or chargebacks. Variable consideration is based on historical information, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A liability is included within accounts payable and accrued liabilities and is measured for expected payments that will be made to the customers for the discounts in which they are entitled. Sales do not contain an element of financing as sales are made with credit terms within the normal operating cycle of the date of the invoice, which is consistent with market practice.

Through Marley Drug the Company operates a retail pharmacy and mail order pharmacy business selling pharmaceuticals directly to end users being individual patients. Revenue for in store sales is recognized upon payment by the customer. This is the point where all performance obligations have been met in regards to the product sold. Revenue for mail order sales is recognized upon the shipment of the products to the customer, generally at the time the product is picked up from the Company's premises by the carrier. This is the point where all performance obligations have been met in regards to the product sold.

The measurement of intangible assets

Intangible assets that are acquired separately are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

Product licenses are amortized on a straight-line basis over the contractual term of the acquired license. Pharmacy licenses are amortized on a straight-line basis over their estimated useful life of approximately seven years. Patents and drug approvals are amortized on a straight-line basis over the legal life of the respective patent, ranging from five to twenty years, or its economic life, if shorter. Brand names are amortized on a straight-line basis over the estimated economic life of the brand name estimated at ten years. Trademarks are amortized on a straight-line basis over the legal life of the respective trademark, being ten years, or its economic life, if shorter. Customer lists are amortized on a straight-line basis over a period of seven to twelve years, or their economic life, if shorter.

Amortization on product licenses commences when the intangible asset is available for use, which would typically be in connection with the commercial launch of the associated product under the license.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's patents and trademarks are expensed as incurred.

The amortization method and amortization period of an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates in the consolidated statements of net (loss) income and comprehensive (loss) income.

The measurement of the amount and assessment of the recoverability of income tax assets

The Company and its subsidiaries are generally taxable under the statutes of their country of incorporation.

Income tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current taxes are the expected tax receivable or payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax receivable or payable in respect of previous years.

The Company follows the liability method of accounting for deferred taxes. Under this method, deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company has provided for income taxes, including the impacts of tax legislation in various jurisdictions, in accordance with guidance issued by accounting regulatory bodies, the Canada Revenue Agency, the U.S. Internal Revenue Service, the Barbados Revenue Authority, the Mauritius Revenue Authority, as well as other state and local governments through the date of the issuance of these consolidated financial statements. Additional guidance and interpretations can be expected and such guidance, if any, could impact future results. While management continues to monitor these matters, the ultimate impact, if any, as a result of the application of any guidance issued in the future cannot be determined at this time.

The Company and its subsidiaries file federal income tax returns in Canada, the United States, Barbados and other foreign jurisdictions, as well as various provinces and states in Canada and the United States, respectively. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Given the Company operates within a complex structure internationally, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expenses recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions are based on various factors, such as interpretations of tax regulations by each taxable entity and the responsible tax authority. The Company and its subsidiaries have open tax years, primarily from 2011 to 2020, with significant taxing jurisdictions, including Canada, the United States and Barbados. These open years contain certain matters that could be subject to differing interpretations of applicable tax laws and regulations and tax treaties, as they relate to the amount, timing or inclusion of revenues and expenses, or the sustainability of income tax positions of the Company and its subsidiaries. Certain of these tax years may remain open indefinitely.

Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective company’s domicile. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill if it occurred during the measurement period or in profit or loss, when it occurs subsequent to the measurement period.

Business combinations and goodwill

The Company adopted amendments to IFRS 3 with a date of application of January 1, 2020. The IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on January 1, 2020. Consequently, transactions that occurred in prior periods do not need to be reassessed.

The Company's adoption of the amendments to IFRS 3 did not have a significant impact on the Company's consolidated financial statements for the year ended December 31, 2020.

Business combinations are accounted for using the acquisition method. The consideration for an acquisition is measured at the fair values of the assets transferred, the liabilities assumed and the equity interests issued at the acquisition date. Transaction costs that are incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed as incurred. Identified assets acquired and liabilities and contingent liabilities assumed are measured initially at fair values at the date of acquisition. On an acquisition-by-acquisition basis, any non-controlling interest is measured either at fair value of the non-controlling interest or at the fair value of the proportionate share of the net assets acquired.

Contingent consideration is measured at fair value on acquisition date and is included as part of the consideration transferred. The fair value of the contingent consideration liability is remeasured at each reporting date with the corresponding gain or loss being recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of fair value of the cost of the business combinations over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated statements of net income and comprehensive income. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of the acquisition.

IBR used in the valuation of leases

At inception of a contract, the Company must assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company must assess whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset. As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use asset

The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made and any initial direct costs incurred at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee; the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early. The Company has elected to not include non-lease components related to premises leases in the determination of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

Estimating the IBR

The Company cannot readily determine the interest rate implicit in its lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

A. Operating Results

General

Through 2020, the Company was focused on maintaining and growing the sales AGGRASTAT® and ZYPITAMAG® as well as earning its initial revenue from SNP in January of 2020. Beginning with the acquisition of Marley Drug on December 17, 2020, the became focused on maintaining and growing the pharmacy business of Marley Drug.

Historically, the Company concentrated primarily on research and development and continues to invest a significant amount of funds in research and development activities. To date, the Company has yet to and may never derive any revenues from its research and development products.

The Company has a limited operating history and its prospects must be considered in light of the risks, expenses and difficulties frequently encountered with the establishment of a business in a highly competitive industry, characterized by frequent new product introductions.

Twelve Months Ended December 31, 2020 Compared to the Twelve Months Ended December 31, 2019

Net AGGRASTAT® product sales for the year ended December 31, 2020 were $10.6 million compared to $19.4 million during the year ended December 31, 2019.

The Company primarily sells finished AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. The Company has set up a portal called Medicure Direct to market the Company's branded and generic products directly to hospitals and pharmacies with initial sales occurring during the fourth quarter of 2020 through this initiative.

Hospital demand for AGGRASTAT® has been lower during the year ended December 31, 2020 when compared to the prior year, however the number of hospital customers using AGGRASTAT® continued to remain strong leading to patient market share held by the product of approximately 65% as of December 31, 2020. The Company's commercial team continues to work on expanding its customer base, however this continued focus has not directly resulted in corresponding revenue increases as the Company continues to face increased competition resulting from further genericizing of the Integrilin market which has created pricing pressures on AGGRASTAT® combined with lower hospital demand for the product including a reduction in procedures being performed as a result of COVID-19. The Company continues to expect strong patient market share despite reduced revenue from the AGGRASTAT® brand and diversifying revenues away from a single product became increasingly important to the Company.

All of the Company's sales are denominated in U.S. dollars and the U.S. dollar improved in value against the Canadian dollar during the year ended December 31, 2020 when compared to the year ended December 30, 2019, however this improvement was mainly experienced in the first half of 2020 with US dollar exchange rates declining in the second half of 2020 compared to 2019, particularly in the fourth quarter. This led to increased AGGRASTAT® revenues, offset by the increasing price pressures facing AGGRASTAT® when comparing the two periods as well as decreases in demand.

Net ZYPITAMAG® product sales for year ended December 31, 2020 were $453,000 compared to $183,000 for the year ended December 31, 2020.

The Company primarily sells ZYPITAMAG® to drug wholesalers. These wholesalers subsequently sell ZYPITAMAG® to pharmacies who in turn sell the product to patients. The Company expects ZYPITAMAG® revenues to grow throughout 2020 and beyond. Beginning in the second quarter, the Company launched a direct to patient online pharmacy program which resulted in sales of ZYPITAMAG® being made directly to pharmacy customers. The increase in revenue from ZYPITAMAG® resulted from increased demand and usage of the product experienced during 2020 as a result of the Company's sales and marketing initiatives implemented since acquiring control of the product.

The Company recorded initial sales during the year ended December 31, 2020 totaling $116,000 from SNP which became available in the US market in late 2019. The Company primarily sells finished SNP to drug wholesalers. These wholesalers subsequently sell SNP to hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of SNP may result in sales of SNP to wholesalers that do not track directly with demand for the product at hospitals. The Company has set up a portal called Medicure Direct to market the Company's branded and generic products directly to hospitals and pharmacies with initial sales expected to occur in the fourth quarter of 2020 through this initiative.

As a result of the acquisition of Marley Drug, which was completed on December 17, 2020, the Company recorded revenue of $340,000 during the year ended December 31, 2020 pertaining to the Marley Drug in store and mail order pharmaceutical business. Marley Drug sells pharmaceutical and over the counter products directly to patients in a retail setting and has a strong mail order business throughout the United States.

During the year ended December 31, 2020, ReDS™ contributed revenue of $95,000 from the sale of the product in the United States compared to $618,000 for the year ended December 31, 2019. On August 20, 2020, the Company announced the termination of the marketing and distribution agreement with Sensible for the marketing of the ReDS Pro device in the United States. In connection with the termination, Sensible and the Company have entered into a transition agreement which provides additional compensation to the Company for sales to customer leads provided by the Company. The Company expects minimal sales under the transition agreement in 2021 before its expiry.

Cost of goods sold represents direct product costs associated with AGGRASTAT®, ZYPITAMAG®, ReDS™ and SNP, including write-downs for obsolete inventory, amortization of the related intangible assets and royalties paid on ZYPITAMAG®. Additionally, following the acquisition of Marley Drug, cost of goods sold includes direct product costs associated with the sale of products through the Marley Drug business.

AGGRASTAT® cost of goods sold for the year ended December 31, 2020 were $3.0 million compared to $3.6 million for the year ended December 31, 2019. The decrease in cost of goods sold is the result of reduced product sold when compared to the prior year. Reductions in procedures as a result of COVID-19 contributed to the decrease in volume of product sold relating to AGGRASTAT®.

ZYPITAMAG® cost of goods sold for year ended December 31, 2020 totaled $2.8 million and includes $89,000 relating to product sold to the Company's customers, $2.4 million from amortization of the ZYPITAMAG® intangible assets, $274,000 relating to a write-down of expired inventory and $15,000 relating to royalties on the sale of ZYPITAMAG® resulting from the acquisition of the product in September of 2019. This compares to ZYPITAMAG® cost of goods sold for the year ended December 31, 2019 of $1.9 million which was the result of $34,000 relating to product sold to the Company's wholesale customers, $797,000 relating to amortization of the ZYPITAMAG® license, $1.0 million relating to a write-down of expired inventory and $2,000 relating to royalties on the sale of ZYPITAMAG® resulting from the acquisition of the product in September of 2019. The increase in cost of goods sold between 2020 and 2019 is the result of higher amortization of the Company's intangible assets relating to ZYPITAMAG® as a result of owning the product for the full 2020 year compared to three months in 2019. Additionally, high volumes of the product were sold during 2020 compared to 2019 contributing to the increase in ZYPITAMAG® cost of goods sold. These increases were offset by reductions in write-downs of expired inventory for the year ended December 31, 2020 compared to the year ended December 31, 2019.

The cost of goods sold related to SNP totaled $524,000 for the year ended December 31, 2020 compared to $940,000 for the year ended December 31, 2019. For year ended December 31, 2020, the cost of goods sold totaling $116,000 related to product sold to the Company's customers as well as an impairment loss on the write-down of inventory of $408,000 as a result of reduced selling prices for the product experienced in the market pertaining to SNP relating to inventory. The cost of goods sold related to SNP for the year ended December 31, 2019 related to an impairment loss on the write-down of inventory of $940,000 recorded during the year as a result of reduced selling prices for the product experienced in the market pertaining to SNP.

As a result of the acquisition of Marley Drug, which was completed on December 17, 2020, the Company recorded cost of goods sold of $104,000 during the year ended December 31, 2020 pertaining to the cost of products sold by Marley Drug's in store and mail order pharmaceutical business.

There was no cost of goods sold relating to the ReDS™ product recorded during the year ended December 31, 2020. ReDS™ cost of goods sold for the year ended December 31, 2019 totaled $904,000 and consisted of $263,000 paid to Sensible in relation to ReDS™ from the revenue sharing arrangement relating to product sold by the Company during 2019 and $641,000 related to the amortization of the ReDS™ license, which was recorded on the statement of financial position within intangible assets prior to the impairment recorded over the ReDS™ intangible assets.

Selling expenses include salaries and related costs for those employees involved in the commercial operations of the Company, as well as costs associated with marketing, promotion, distribution of the Company's products as well as market access activities and other commercial activities. The expenditures are required to support sales and marketing efforts of AGGRASTAT®, ZYPITAMAG®, ReDS™ and SNP and beginning on December 17, 2020, costs pertaining to the Marley Drug business.

Selling expenses for the year ended December 31, 2020 were $5.4 million compared to $13.4 million for the year ended December 31, 2019.

Commercial sales expenses decreased during the year ended December 31, 2020 as compared to the prior year due to commercial launch costs relating to ReDS™ being incurred during the 2019 and as a result of cost reductions implemented during late 2019 and throughout 2020 particularly as it relates to the sales and marketing costs associated with ReDS™ as well as decreases in costs as a result of limitations to conference and travel related costs due to COVID-19. Beginning with the acquisition of Marley Drug, which was completed on December 17, 2020, costs associated with the Marley Drug business are included in selling costs for the year ended December 31, 2020.

During the year ended December 31, 2020, the Company recorded a recovery of salary expenditures of $595,000 through government assistance resulting from the Canada Emergency Wage Subsidy ("**CEWS"**) within selling expenses.

General and administrative expenses include the cost of administrative salaries, ongoing business development and corporate stewardship activities and professional fees such as legal, audit, investor and public relations.

General and administrative expenses for the year ended December 31, 2020 were $4.6 million compared to $3.4 million for the year ended December 31, 2019. The increase in general and administration expenses during the year ended December 31, 2020 when compared to the year ended December 31, 2019 primarily related to higher legal costs associated with the Company's patent challenge, which was settled in the fourth quarter of 2020, partially offset by cost reductions implemented by the Company during late 2019 throughout 2020 partially.

During the year ended December 31, 2020, the Company recorded a recovery of salary expenditures of $159,000 through government assistance resulting from the CEWS within general and administrative expenses.

Research and development expenditures include costs associated with the Company's clinical development and preclinical programs including salaries, monitoring and other research costs. The Company expenses all research costs and has not had any development costs that meet the criteria for capitalization under IFRS. Prepaid research and development costs represent advance payments under contractual arrangements for clinical activity outsourced to research centers.

Net research and development expenditures for the year ended December 31, 2020 totaled $3.3 million compared to $4.3 million for the year ended December 31, 2019. Research and development expenditures include costs associated with the Company's on-going AGGRASTAT® development, clinical development and preclinical programs including salaries, research centered costs and monitoring costs, as well as research and development costs associated with the development projects being undertaken to develop additional cardiovascular products. The decrease experienced during the year ended December 31, 2020 when compared to the year ended December 31, 2019 is primarily a result of FDA refunds obtained by the Company during 2020 resulting in a recovery of expenses of $677,000 pertaining to previously paid FDA fees as well as reducing the quarterly expense going forward as well as timing of research and development expenditures resulting in the timing of each development project. During the fourth quarter of 2020, the Company incurred significant expenditures pertaining to the MC-1 or P5P development project.

During the year ended December 31, 2020, the Company recorded a recovery of salary expenditures of $106,000 through government assistance resulting from the CEWS within research and development expenses.

On February 13, 2019, the Company announced that it had received notice from the purchaser of Medicure's interests in Apicore of potential claims against funds held back in respect of representations and warranties under the Apicore sale agreement. The notice did not contain sufficiently detailed information to enable Medicure to assess the merits of the claims with the maximum exposure of the claims being the total holdback receivable. The Company continued to proceed diligently to investigate the potential claims and attempt to satisfactorily resolve them with a view to having the holdback funds released. In conjunction with the sale of Medicure's interests in Apicore, representation and warranty insurance was obtained by the purchaser that could result in mitigation of the potential claims.

On December 5, 2019, the Company reached a settlement agreement with the Buyer in the Apicore Sales Transaction with respect to the amounts heldback under the Apicore Sales Transaction. A settlement agreement was reached under which the Company received US$5.1 million (CDN$6.7 million) in relation to the holdback receivable. In connection with this settlement the amounts owing to former President and Chief Executive Officer of Apicore which were recorded within other long-term liabilities were settled by the Buyer. Immediately prior to the settlement, the Company reduced the carrying value on the statement of financial position of the holdback receivable by $3.6 million to the net recoverable value from the negotiated settlement during the year ended December 31, 2019.

Intangible assets are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The amount and timing of impairments and write-downs may vary substantially from period to period depending on the business and research activities being undertaken at any one time and changes in the Company's commercial strategy.

The Company has considered indicators of impairment as at December 31, 2020 and 2019.

The Company did not record any write-down of intangible assets during the year ended December 31, 2020.

During the year ended December 31, 2019, the Company recorded a write-down of intangible assets related to the ReDS™ license totaling $6.3 million as a result of uncertainties with ReDS™ being experienced in regards to the length of the sales cycle and uptake of the product with customers, resulting in the Company's sales being below the committed amounts required by the exclusive marketing and distribution agreement regarding ReDS™.

With respect to the intangible asset related to ZYPITAMAG®, management calculated its fair value less costs to sell using a discounted cash flow model (Level 3 in the fair value hierarchy) based upon financial forecasts prepared by management using a discount rate of 14.09%, a cumulative aggregate growth rate of 103% over three years following the acquisition of Marley Drug with a declining growth rate going forward and a nominal terminal value. The Company has concluded that there was no impairment as a result of the analysis for the year ended December 31, 2020 as the recoverable amount exceeded the carrying amount by approximately $301,000 at the high end of the reasonable range. However, the assessment identified that a reasonably possible change in the key assumption of the sales growth rate forecast results in the recoverable amount being less than the carrying value. A five percent reduction in the forecast or a one percent increase in the discount rate applied would result in the carrying value of the intangible asset exceeding the reasonable range of the recoverable amount.

The finance income for the year ended December 31, 2020 of $765,000 is a result of a recovery accretion on the Company's AGGRASTAT® and interest on cash and investments held by the Company during the year ended December 31, 2020. This was partially offset by accretion on the ZYPITAMAG® acquisition payable, finance expense related to the Company's lease obligations and bank charges. This compares to finance income for the year ended December 31, 2019 relates to interest on cash and investments held by the Company and a recovery from accretion on the Company's royalty obligation, partially offset by bank changes, accretion of the Company's acquisition payable and other interest incurred during the year ended December 31, 2019.

The foreign exchange gain of $497,000 for the year ended December 31, 2020 compares to a foreign exchange loss of $2.6 million for the year ended December 31, 2019. The changes to foreign exchange gains and losses results from changes in the US dollar exchange rate during the respective periods, which led to the foreign exchange gains and losses as it applies to the significant US dollar cash balances held by the Company as at the end of both periods.

The Company did not record any income tax expense for the year ended December 31, 2020. The income tax expense of $145,000 during the year ended December 31, 2019 is primarily related to changes to the Company's tax loss carryforwards in Barbados.

For the year ended December 31, 2020, the Company recorded a net loss of $6.8 million or $0.64 per share ($0.64 per share diluted) compared to $19.8 million or $1.32 per share ($1.32 per share diluted) for the year ended December 31, 2019.

As discussed above, the main factors contributing to the reduction in the net loss were the impairment loss recorded on the ReDS™ license and a loss recorded upon the settlement of the holdback receivable experienced during the year ended December 31, 2019. Additionally, lower revenues and higher general and administration expenses, partially offset by lower selling costs contributed to the decrease in the net loss for the year ended December 31, 2020 when compared to the net loss for the year ended December 31, 2019.

For the year ended December 31, 2020, the Company recorded a total comprehensive loss of $7.6 million compared to $26.8 million for the year ended December 31, 2019. The change in comprehensive loss results from the factors described above as well as a loss from the revaluation of the investment in Sensible Medical made during the year ended December 31, 2019 in addition to fluctuations in the US dollar exchange rate during the periods.

The weighted average number of common shares outstanding used to calculate basic and diluted loss per share for the year ended December 31, 2020 was 10,686,041. The weighted average number of common shares outstanding used to calculate basic and diluted loss per share for the year ended December 31, 2019 was 14,998,540.

As at December 31, 2020, the Company had 10,251,313 common shares outstanding and 1,326,958 stock options, of which 1,110,958 were exercisable, to purchase common shares outstanding. As at March 29, 2021, the Company had 10,251,313 common shares outstanding and 1,325,658 stock options, of which 1,129,658 were exercisable, to purchase common shares outstanding.

As at December 31, 2020, the Company had 10,251,313 common shares outstanding and 1,326,958 stock options, of which 1,110,958 were exercisable, to purchase common shares outstanding.

As at April 20, 2021, the Company had 10,251,313 common shares outstanding and 1,272,633 stock options, of which 1,096,633 were exercisable, to purchase common shares outstanding.

Twelve Months Ended December 31, 2019 Compared to the Twelve Months Ended December 31, 2018

Net AGGRASTAT® product sales for year ended December 31, 2019 were $19.4 million compared to $28.5 million during the year ended December 31, 2018.

The Company currently sells finished AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals.

Hospital demand for AGGRASTAT® was lower during 2019 than the prior year however the number of new hospital customers using AGGRASTAT® continued to increase leading to patient market share held by the product increasing to approximately 67% as at December 31, 2019. The Company's commercial team continues to work on expanding its customer base, however this continued increase in the customer base for AGGRASTAT® has not directly resulted in corresponding revenue increases as the Company continues to face increased competition resulting from further genericizing of the Integrilin market which has created pricing pressures on AGGRASTAT® combined with lower hospital demand for the product. The Company continues to expect strong performance from the AGGRASTAT® brand, due primarily to its patient market share, however diversifying revenues away from a single product has become increasingly important to the Company.

As all of the Company's sales are denominated in U.S. dollars and the U.S. dollar improved in value against the Canadian dollar when comparing the year ended December 31, 2019 with the year ended December 31, 2018, which led to increased AGGRASTAT® revenues, however this was offset by the increasing price pressures facing AGGRASTAT® when comparing the two periods and decreased demand.

During the year ended December 31, 2019, ReDS™ contributed revenue of $618,000 from the sale of the product in the United States.

Net ZYPITAMAG® product sales for year ended December 31, 2019 were $183,000 compared to $652,000 during the year ended December 31, 2018.

The Company currently sells ZYPITAMAG® to drug wholesalers. These wholesalers subsequently sell ZYPITAMAG® to pharmacies who in turn sell the product to patients. The decrease in ZYPITAMAG® product sales for the year ended December 31, 2019 is a result of initial stocking at the wholesale level during the year ended December 31, 2018. The Company expects ZYPITAMAG® revenues to grow throughout 2020 and beyond.

Cost of goods sold represents direct product costs associated with AGGRASTAT®, ZYPITAMAG®, ReDS™ and SNP including write-downs for obsolete inventory, amortization of the related intangible assets and royalties paid on ZYPITAMAG®.

AGGRASTAT® cost of goods sold for the year ended December 31, 2019 was $3.6 million compared to $3.7 million for the year ended December 31, 2018. The decrease to cost of goods sold is the result of lower volume of AGGRASTAT product sold, as well as a higher percentage of 250 ml bags sold versus the other AGGRASTAT® formats.

ReDS™ cost of goods sold for the year ended December 31, 2019 totaled $904,000 and consisted of $263,000 paid to Sensible in relation to ReDS™ from the revenue sharing arrangement relating to product sold by the Company during 2019 and $641,000 related to the amortization of the ReDS™ license, which was recorded on the statement of financial position within intangible assets, prior to the impairment recorded over the ReDS™ intangible assets.

ZYPITAMAG® cost of goods sold for the year ended December 31, 2019 totaled $1.9 million and includes $34,000 relating to product sold to the Company's wholesale customers, $1.0 million relating to a write-down of ZYPITAMAG® product inventory, $797,000 from amortization of the ZYPITAMAG® license and $2,000 relating to royalties on the sale of ZYPITAMAG® resulting from the acquisition of the product in September of 2019.

The cost of goods sold related to SNP relates to an impairment loss on the write-down of inventory of $940,000 recorded during the year ended December 31, 2019 as a result of reduced selling prices for the product experienced in the market pertaining to SNP.

Selling expenses include salaries and related costs for those employees involved in the commercial operations of the Company, as well as costs associated with marketing, promotion, distribution of the Company's products as well as market access activities and other commercial activities. The expenditures are required to support sales and marketing efforts of AGGRASTAT®, ZYPITAMAG®, ReDS™ and SNP.

Selling expenses for the year ended December 31, 2019 were $13.4 million compared to $15.6 million for the year ended December 31, 2018.

Commercial sales expenses decreased during the year ended December 31, 2019 as compared to the prior year due to commercial launch costs relating to ZYPITAMAG® being incurred during the year ended December 31, 2018 as well as cost reductions implemented by the Company during 2019.

General and administrative expenses include the cost of administrative salaries, ongoing business development and corporate stewardship activities and professional fees such as legal, audit, investor and public relations.

General and administrative expenses for the year ended December 31, 2019 were $3.4 million compared to $3.9 million for the year ended December 31, 2018. The decrease in general and administrative expenses is primarily related to lower share-based compensation expenses during the year ended December 31, 2019 as compared to the year ended December 31, 2018.

Research and development expenditures include costs associated with the Company's clinical development and preclinical programs including salaries, monitoring and other research costs. The Company expenses all research costs and has not had any development costs that meet the criteria for capitalization under IFRS. Prepaid research and development costs represent advance payments under contractual arrangements for clinical activity outsourced to research centers.

Net research and development expenditures for the year ended December 31, 2019 were $4.3 million compared to $6.7 million for the year ended December 31, 2018. Research and development expenditures include costs associated with the Company's on-going AGGRASTAT® development, clinical development and preclinical programs including salaries, research centered costs and monitoring costs, as well as research and development costs associated with the development projects being undertaken to develop additional cardiovascular products. The decrease experienced during the year ended December 31, 2019 when compared to the year ended December 31, 2018 is a result of the timing of expenses pertaining to the Company's development projects, particularly the Company's additional ANDA development projects.

On February 13, 2019, the Company announced that it had received notice from the purchaser of Medicure's interests in Apicore of potential claims against funds held back in respect of representations and warranties under the Apicore sale agreement. The notice did not contain sufficiently detailed information to enable Medicure to assess the merits of the claims with the maximum exposure of the claims being the total holdback receivable. The Company continued to proceed diligently to investigate the potential claims and attempt to satisfactorily resolve them with a view to having the holdback funds released. In conjunction with the sale of Medicure's interests in Apicore, representation and warranty insurance was obtained by the purchaser that could result in mitigation of the potential claims.

In consideration of the uncertainty associated with the potential claims asserted by the Buyer, the Company reduced the carrying value of the holdback receivable by $1.5 million on the statement of financial position as at December 31, 2018.

On December 5, 2019, the Company reached a settlement agreement with the Buyer in the Apicore Sales Transaction with respect to the amounts heldback under the Apicore Sales Transaction. A settlement agreement was reached under which the Company received U.S. $5.1 million (CDN$6.7 million) in relation to the holdback receivable. In connection with this settlement the amounts owing to former President and Chief Executive Officer of Apicore which were recorded within other long-term liabilities were settled by the Buyer. Immediately prior to the settlement, the Company reduced the carrying value on the statement of financial position of the holdback receivable by $3.6 million to the net recoverable value from the negotiated settlement.

Intangible assets are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The amount and timing of impairments and write-downs may vary substantially from period to period depending on the business and research activities being undertaken at any one time and changes in the Company's commercial strategy.

The Company has considered indicators of impairment as at December 31, 2019 and 2018. The Company recorded a write-down of intangible assets related to the ReDS™ license during the year ended December 31, 2019 totaling $6.3 million as a result of uncertainties with ReDS™ being experienced in regards to the length of the sales cycle and uptake of the product with customers, resulting in the Company's sales being below the committed amounts required by the exclusive marketing and distribution agreement regarding ReDS™. The Company did not record any write-down of intangible assets during the year ended December 31, 2018.

With respect to the intangible asset related to ZYPITAMAG®, management calculated its fair value less costs to sell using a discounted cash flow model (Level 3 in the fair value hierarchy) based upon financial forecasts prepared by management using a discount rate of 13.25%, a cumulative aggregate growth rate of 300% over four years and a nominal terminal value. The Company has concluded that there was no impairment as a result of the analysis for the year ended December 31, 2019 as the recoverable amount exceeded the carrying amount by approximately $1.6 million at the high end of the reasonable range. However, the assessment identified that a reasonably possible change in the key assumption of the sales growth rate forecast results in the recoverable amount being less than the carrying value. A seven percent reduction in the sales growth forecast per year would result in the carrying value of the intangible asset exceeding the reasonable range of the recoverable amount.

The finance income for the year ended December 31, 2019 relates to interest on cash and investments held by the Company and a recovery from accretion on the Company's royalty obligation, partially offset by bank changes, accretion of the Company's acquisition payable and other interest incurred during the year ended December 31, 2019. This compares to finance income for the year ended December 31, 2018, which relates to interest on cash and investments held by the Company, offset primarily by accretion on the Company's royalty obligation.

The foreign exchange loss for the year ended December 31, 2019 compared to a gain for year ended December 31, 2018 relates to decrease in the US dollar exchange rate between December 31, 2018 and December 31, 2019, which led to the foreign exchange loss as it applies to the significant US dollar cash held by the Company as at the end of both periods.

The income tax expense of $145,000 during the year ended December 30, 2019 is primarily related to changes to the Company's tax loss carryforwards in Barbados during the period compared to income tax expense of $897,000 during the year ended December 31, 2018, which resulted from taxable income in the United States from the Company's commercial business during the period.

For the year ended December 31, 2019, the Company recorded a net loss of $19.8 million or $1.32 per share ($1.32 per share diluted) compared to net income of $3.9 million or $0.25 per share ($0.24 per share diluted) for the year ended December 31, 2018. As discussed above, the main factors contributing to the net loss were the impairment loss recorded on the ReDS™ license, impairment losses recorded in regards to inventories of ZYPITAMAG® and SNP, a loss recorded upon the settlement of the holdback receivable, lower revenues and foreign exchange losses experienced during the year ended December 31, 2019.

For the year ended December 31, 2019, the Company recorded a total comprehensive loss of $26.8 million compared to total comprehensive income of $4.5 million for the year ended December 31, 2018. The change in comprehensive loss results from the factors described above resulting in the net loss for the year ended December 31, 2019 as well as a loss of $6.3 million from the revaluation of the investment in Sensible Medical made during the year ended December 31, 2019. During the year ended December 31, 2019, the Company recorded other comprehensive loss of $6.3 million associated with the change in fair value of the investment in Sensible Medical. This resulted in a carrying value as at December 31, 2019 of one dollar. The change in the fair value of the investment in Sensible Medical is as a result of uncertainties with ReDS™ being experienced in regards to the length of the sales cycle and uptake of the product with customers resulting in lower than expected amounts being paid to Sensible Medical under the exclusive marketing and distribution agreement.

The weighted average number of common shares outstanding used to calculate basic (loss) income per share for the year ended December 31, 2019 and 2018 was 14,998,540 and 15,791,396, respectively.

The weighted average number of common shares outstanding used to calculate diluted (loss) income per share for the year ended December 31, 2019 and 2018 was 14,998,540 and 16,563,663, respectively.

As at December 31, 2019, the Company had 10,804,013 common shares outstanding, 900,000 warrants to purchase common shares and 1,428,408 stock options, of which 1,059,308 were exercisable, to purchase common shares outstanding.

As at April 15, 2020, the Company had 10,804,013 common shares outstanding, 900,000 warrants to purchase common shares and 1,394,208 stock options, of which 1,074,708 were exercisable, to purchase common shares outstanding.

B. Liquidity and Capital Resources

Since the Company's inception, it has financed operations primarily through the net revenue received from the sale of its commercial products, the sale of its equity securities, the issuance and subsequent exercises of warrants and stock options, interest on excess funds held and the issuance of debt.

On October 3, 2017, the Company announced the completion of the Apicore Sale Transaction to the Buyer. Under the Apicore Sale Transaction, the Company received net proceeds of approximately US$105,000 of which approximately US$55.0 million was received on October 3, 2017, with the remainder received in early 2018. There is also a holdback receivable of US$10.0 million that was due in 2019. These funds received and yet to be received by the Company were after payment of all transaction costs, the compensation paid to holders of Apicore's employee stock options, the redemption of the remaining shares of Apicore not owned by Medicure and other adjustments.

On February 1, 2018, the Company announced that it had received the deferred purchase price proceeds of approximately US$50.0 million from the Buyer as a result of the Apicore Sale Transaction. The US$50.0 million was included in the total net proceeds of US$105,000 described earlier. The Company did not receive any contingent payments based on an earn out formula as certain financial results within the Apicore business were not met following the Apicore Sale Transaction.

On December 5, 2019, the Company announced that it had reached a settlement agreement with the purchaser of the Company's interests in Apicore with respect to the amounts heldback under the Apicore sale agreement. A settlement agreement was reached under which Medicure received a net payment of US$5.1 million in relation to the holdback receivable.

The funds received from the Apicore sales transaction were invested and used for business and product development purposes and to fund operations as needed as well as funding the purchase of common shares under the SIB completed by the Company in December of 2019.

Cash used in operating activities for the year ended December 31, 2020 was $2.2 million compared to $14.6 million for the comparable period in the prior year. The decrease in cash used in operating activities is primarily due to difference in changes in working capital between the two periods and the decreased net loss incurred during the year ended December 31, 2020.

Cash used in or from investing activities for the year ended December 31, 2020 was $7.2 million and $7.2 million related to cash used in the acquisition of Marley Drug, which was acquired on December 17, 2020. Additionally, the Company used $2,000 in the acquisition of property and equipment during the year ended December 31, 2020. This compares to cash from investing activities for the year ended December 31, 2019 which totaled $34.3 million primarily from the conversion of short-term investments into cash which totaled $47.7 million and $6.7 million was received in relation to the proceeds from the holdback receivable. Offsetting this where payments made by the Company during the year ended December 31, 2019 in regards to the acquisition of ZYPITAMAG® which totaled $6.6 million and the acquisition of ReDS™ intangible assets for $7.0 million and the investment in Sensible Medical Innovations Ltd. of $6.3 million. Additionally, $186,000 was spent regarding the acquisition of property, plant and equipment during the year ended December 31, 2019.

Cash used in financing activities for the year ended December 31, 2020 totaled $766,000 and related to cash paid to acquire the Company's common shares under its normal course issuer bid compared to $522,000 and $244,000 paid on the Company's lease liability. This compares to cash used in financing activities for the year ended December 31, 2019 totaled $30.0 million and related to cash paid to acquire the Company's common shares under the SIB which totaled $26.0 million, cash paid to acquire the Company's common shares under the NCIB which totaled $4.1 million, offset by the receipt of $20,000 from employees exercising stock options during the year.

As at December 31, 2020, the Company had unrestricted cash totaling $2.7 million compared to $13.0 million as of December 31, 2019. As at December 31, 2020, the Company had working capital of $3.2 million compared to $19.7 million as at December 31, 2019.

On June 29, 2020, the Company announced that the TSX-V accepted the Company's notice of its intention to make a normal course issuer bid (the "2020 NCIB"). Under the terms of the 2020 NCIB, the Company may acquire up to an aggregate of 533,116 common shares, representing five percent of the common shares outstanding at the time of the application, over the twelve-month period that the 2020 NCIB was in place. The 2020 NCIB commenced on June 30, 2020 and will end on June 29, 2021, or on such earlier date as the Company may complete its maximum purchases allowed under the 2020 NCIB.

During the year ended December 31, 2020, the Company repurchased and cancelled 552,700 (2019 – 751,800), common shares as a result of the 2019 NCIB and 2020 NCIB. The aggregate price paid for these common shares totaled $522,000 (2019 - $4.1 million). During the year ended December 31, 2020 the Company recorded $3.9 million (2019 - $1.8 million) directly in its deficit representing the difference between the aggregate price paid for these common shares and a reduction of the Company's share capital totaling $4.4 million (2019 - $6.0 million).

On December 20, 2019, the Company completed a SIB pursuant to which the Company purchased 4,000,000 of its common shares for cancellation at a set purchase price of $6.50 per common share for a total purchase price of $26.0 million in cash. The Company incurred an additional $139,000 on transaction costs related to the SIB for a total aggregate purchase price paid of $26.1 million. During the year ended December 31, 2019, the Company recorded $5.5 million directly in its deficit representing the difference between the aggregate price paid for these common shares and a reduction of the Company's share capital totaling $31.6 million.

The Company acquired long-term debt of $353,000, with a fair value of nil, as at acquisition, as part of its acquisition of Marley Drug which was expected to be forgiven in 2021. The Company heldback funds to settle this debt as part of the purchase in the event it was not forgiven. The debt was forgiven in January of 2021 and the offsetting holdback was released. The Company did not have any long-term debt recorded in its consolidated financial statements as at December 31, 2020.

C. Research and Development, Patents and Licenses, Etc.

Research and Development

The Company's research and development activities are predominantly conducted by its wholly-owned Barbadian subsidiary, Medicure International Inc.

AGGRASTAT®

One of the primary ongoing research and development activities is the continued development and further implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT®. The extent to which the Company is able to invest in this plan is dependent upon the availability of sufficient finances and the expected returns from those investments.

An important aspect of the AGGRASTAT® strategy was the revision of its approved prescribing information. On October 11, 2013, the Company announced that the FDA approved the AGGRASTAT® HDB regimen, as requested under Medicure's sNDA. The AGGRASTAT® HDB regimen (25 mcg/kg within 5 minutes, followed by 0.15 mcg/kg/min) has become the recommended dosing for the reduction of thrombotic cardiovascular events in patients with NSTE ACS.

The Company believes that further expanded indications and dosing regimens could provide added value to further maximize the revenue potential for AGGRASTAT®. The Company is currently exploring the potential to make such changes, and the Company may need to conduct appropriate clinical trials, obtain positive results from those trials, or otherwise provide support in order to obtain regulatory approval for such proposed indications and dosing regimens.

On April 23, 2015, the Company announced that the FDA approved a revision to the duration of the bolus delivery for the AGGRASTAT® HDB regimen. The dosing change and label modification was requested by the Company to help health care professionals more efficiently meet patient-specific administration needs and to optimize the implementation of AGGRASTAT® at new hospitals. The newly approved labeling supplement now allows the delivery duration of the AGGRASTAT® HDB (25 mcg/kg) to occur anytime within 5 minutes, instead of the previously specified duration of 3 minutes. This change was part of the Company's ongoing regulatory strategy to expand the applications for AGGRASTAT®.

On September 10, 2015, the Company announced that it submitted a sNDA to the FDA to expand the label for AGGRASTAT® to include the treatment of patients presenting with STEMI. If approved for STEMI, AGGRASTAT® would be the first in its class of GPIs to receive such a label in the United States.

In previous communication with the Company, the FDA's Division of Cardiovascular and Renal Drug Products indicated its willingness to review and evaluate this label change request based substantially on data from the On-TIME 2 study, with additional support from published studies and other data pertinent to the use of the AGGRASTAT® HDB regimen in the treatment of STEMI. The efficacy and safety of the HDB regimen in STEMI has been evaluated in more than 20 clinical studies involving over 11,000 patients and is currently recommended by the ACCF/AHA Guideline for the Management of STEMI.

On July 7, 2016, the Company received a Complete Response Letter ("**CRL**") from the FDA for its sNDA requesting an expanded indication for patients presenting with STEMI. The FDA issued the CRL to communicate that its initial review of the application was completed; however, it could not approve the application in its present form and requested additional information. The Company continues to work directly with the FDA to address these comments and explore other options available.

The sNDA filing was accompanied by a mandatory US$1,200 user fee paid by Medicure International Inc. to the FDA. In December 2016, the Company received a waiver and full refund of the user fee which had been paid and expensed during fiscal 2015.

On September 1, 2016, the Company announced that it had received approval from the FDA for its bolus vial product format for AGGRASTAT®.

This product format is a concentrated, 15 ml vial containing sufficient drug to administer the FDA approved, HDB of 25 mcg/kg given at the beginning of treatment. AGGRASTAT® is also sold in two other sizes, a 100 ml vial and a 250 ml bag. The existing, pre-mixed products continue to be available, providing a convenient concentration for administering the post-HDB maintenance infusion of 0.15 mcg/kg/min. (Approved Dosing: Administer intravenously 25 mcg/kg within 5 minutes and then 0.15 mcg/kg/min for up to 18 hours). Commercial launch of the bolus vial occurred during the fourth quarter of 2016 and the Company continues to believe this product format will have a positive impact on hospital utilization of AGGRASTAT®.

Another aspect of the AGGRASTAT® strategy is to advance studies related to the contemporary use and future regulatory positioning of the product. On May 10, 2012, the Company announced the commencement of enrolment in a clinical trial of AGGRASTAT® entitled SAVI-PCI. SAVI-PCI is a randomized, open-label study enrolling patients undergoing PCI at sites across the United States. The study was designed to evaluate whether patients receiving the HDB regimen of AGGRASTAT® (25 mcg/kg bolus over 3 minutes) followed by an infusion of 0.15 mcg/kg/min for a shortened duration of 1 to 2 hours will have outcomes that are similar, or "non-inferior," to patients receiving a 12 to 18-hour infusion of Integrilin® (eptifibatide) (Merck & Co., Inc.) at its FDA approved dosing regimen.

The primary objective of SAVI-PCI is to demonstrate AGGRASTAT® is non-inferior to Integrilin with respect to the composite endpoint of death, PCI-related myocardial infarction, urgent target vessel revascularization, or major bleeding within 48 hours following PCI or hospital discharge. The secondary objectives of this study include the assessment of safety as measured by the incidence of major bleeding.

The first patient was enrolled in June 2012. Enrolment was completed during the fourth quarter of 2018 and on December 17, 2019, the Company announced the completion of the Shortened AGGRASTAT® (tirofiban hydrochloride) injection versus Integrilin® (eptifibatide) in Percutaneous Coronary Intervention (SAVI-PCI) Clinical Trial. Topline results of the SAVI-PCI trial will be communicated during the second quarter of 2021.

The Company is also providing funding for a number of investigator sponsored research projects targeting contemporary utilization of AGGRASTAT® relative to its competitors. On December 12, 2019, the Company announced the completion of the FABOLUS-FASTER Phase 4 trial, a randomized, open-label, multi-center trial assessing different regimens of intravenous platelet inhibitors, notably tirofiban and cangrelor (an IV P2Y12 inhibitor) in the early phase of primary PCI.

FABOLUS-FASTER was funded by a grant from the Company. This study does not imply comparable efficacy, safety, or product interchangeability. Please note that the use of AGGRASTAT® in STEMI patients has not been approved by the FDA. As of this time, neither AGGRASTAT® nor any of the GP IIb/IIIa inhibitors are indicated for the use in STEMI patients. AGGRASTAT® is approved for use in NSTE-ACS patients.

On June 29, 2020, the Company announced that results from the investigator sponsored FABOLUS-FASTER Phase 4 clinical trial, using AGGRASTAT®, have been published in Circulation, a peer-reviewed journal of the American Heart Association.

FABOLUS-FASTER studied different regimens of intravenous platelet inhibitors, notably AGGRASTAT® (tirofiban hydrochloride) injection (an IV GP IIb/IIIa inhibitor) and cangrelor (an IV P2Y12 inhibitor) in the early phase of primary PCI. The FABOLUS-FASTER study randomized 122 P2Y12-naive STEMI patients to receive tirofiban (n=40), cangrelor (n=40), or a 60 mg loading dose of prasugrel (n=42). Those randomized to prasugrel were sub-randomized to chewed (n=21) or integral (n=21) tablet administration. The study was powered to test the noninferiority of cangrelor compared with tirofiban, the superiority of both tirofiban and cangrelor compared with chewed prasugrel, and superiority of chewed prasugrel compared with integral prasugrel for the primary endpoint of 30-minute inhibition of platelet aggregation (IPA) after stimulation with (20 μmol/L) ADP.

The results from the FABOLUS-FASTER trial showed cangrelor did not reach non-inferiority with tirofiban; in fact, tirofiban achieved superior IPA over cangrelor at 30 minutes (95.0%±9.0% vs 34.1%±22.5%; P <0.001). Cangrelor and tirofiban were both superior to chewed prasugrel (10.5%±11.0%, P<0.001 for both comparisons), which did not provide higher IPA over integral prasugrel (6.3% ±11.4%; P=0.47).[1]

Results from FABOLUS-FASTER were recently presented virtually at the PCR e-Course Scientific Sessions, due to the cancellation of EuroPCR 2020. Complete results from this study were published on June 27, 2020 in Circulation, a peer-reviewed journal of the American Heart Association.

On August 24, 2020, the Company reported that early investigator sponsored clinical reports evaluating the efficacy of AGGRASTAT® showed promise for preventing and treating thrombotic complications due to COVID-19. AGGRASTAT® is not currently indicated for use in patients with COVID-19.

Notably, a non-randomized, case-controlled, investigator sponsored proof of concept study (n=10) evaluating AGGRASTAT® in combination with standard of care in patients with severe COVID-19 and hypercoagulability found that enhanced platelet inhibition improves hypoxemia (https://clinicaltrials.gov/ct2/show/NCT04368377). Treated patients experienced a mean reduction in alveolar-arterial oxygen gradient and an increase in PaO_2/FiO_2 (ratio of partial arterial pressure of oxygen to fraction of inspired oxygen) at 24h, 48h and 7 days after treatment. Seven other small clinical reports have recently been published exploring the clinical efficacy of AGGRASTAT® in patients with COVID-19.

The Company is evaluating sponsorship of further US-based randomized clinical studies to rapidly assess the efficacy and safety of using AGGRASTAT® for preventing thrombotic complications due to COVID-19.

The Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain COVID-19 (or SARS-2 Coronavirus) at this time. A list of the reports referred to can be provided upon request.

Subsequent to December 31, 2020 the Company announced the early completion of iSPASM, a randomized, double-blind, single-center, Phase 1/2a trial aimed at assessing the safety of long-term (7-day) use of AGGRASTAT® injection vs. placebo in patients with aneurysmal subarachnoid hemorrhage (aSAH) (NCT03691727). The primary endpoint in the 30 patient study was hemorrhagic changes evident on head CT and/or MRI assessed by the rates of symptomatic and asymptomatic bleeding. iSPASM was funded by an unrestricted educational grant from Medicure. This study does not imply efficacy of AGGRASTAT® in patients with aSAH. Please note that the use of AGGRASTAT® in neurointerventions has not been approved by the FDA. As of this time, neither AGGRASTAT® nor any of the GP IIb/IIIa inhibitors are indicated for the use in stroke patients. AGGRASTAT® is approved for use in NSTE-ACS patients.

Cardiovascular Generic and Reformulation Products

Through an ongoing research and development investment, the Company is exploring new product opportunities in the interest of developing future sources of revenue and growth.

On August 13, 2018, the Company announced that the FDA has approved its ANDA for SNP. SNP is indicated for the immediate reduction of blood pressure for adult and pediatric patients in hypertensive crisis. The product is also indicated for producing controlled hypotension in order to reduce bleeding during surgery and for the treatment of acute congestive heart failure. The filing of the ANDA was previously announced by the Company on December 13, 2016. Medicure's SNP become available in the United States during 2020 with sales of $116 being recorded during 2020 from SNP.

The Company is focused on the development of two additional cardiovascular generic drugs and expects to grow its commercial suite of products to at least four approved products in 2021.

On October 5, 2020, the Company announced that it has entered into a License, Manufacture and Supply Agreement RLS for a cardiovascular biosimilar product. Medicure is responsible for the regulatory approval process for the product. A biosimilar is a biological product that is highly similar to and has no clinically meaningful differences from an approved reference product. The Agreement grants an exclusive right to the Company to market and sell the product in the United States of America, Canada and the European Union.

The Company had been devoting resources to its research and development programs, including, but not limited to the development of TARDOXAL™, P5P or MC-1 for neurological conditions such as Tardive Dyskinesia. This work included, but was not limited to, working with the FDA to better understand and refine the next steps in development of the product. The advancement of TARDOXAL™ is currently on hold. The Company changed its focus from TARDOXAL™ to other uses of P5P and continues to devote time and resources to the advancement of P5P development.

On January 7, 2021, the Company announced that it intends to file an IND application with the FDA pertaining to its legacy product P5P, also referred to as MC-1 for the treatment of seizures associated with PNPO deficiency. The majority of patients with PNPO deficiency have mutations in the PNPO gene, which is required for the production of normal levels of P5P. In connection with the IND, the Company will proceed with a Phase 3 clinical trial to treat PNPO deficient patients with a daily dose of MC-1.

The FDA and the EMA have both granted a Rare Pediatric Disease Designation to MC-1 for the treatment of seizures associated with PNPO deficiency. Additionally, the FDA has granted Orphan Drug Status and a Rare Pediatric Disease Designation to MC-1 for the treatment of PNPO deficiency. Under the Creating Hope Act passed into federal law in 2012, the FDA grants a Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children ages 18 years or younger and fewer than 200,000 people in the United States. If an NDA for MC-1 for patients with PNPO deficiency is approved, the Company may be eligible to receive a PRV from the FDA, which can be redeemed to obtain priority review for any subsequent marketing application.

The following table summarizes the Company's research and development programs, their therapeutic focus and their stage of development.

Product Candidate	*Therapeutic focus*	*Stage of Development*
AGGRASTAT®	Acute Cardiology	Approved/Marketed – Additional studies underway
ZYPITAMAG®	Primary Hyperlipidemia or Mixed Dyslipidemia	Approved/Marketed
SNP	Acute Cardiology	ANDA approved/Marketed
PREXXARTAN®	Hypertension	Approved – Commercial launch on hold
Cardiovascular Biosimilar	Acute Cardiology	Development underway
Generic ANDA 2	Acute Cardiology	ANDA filed
Generic ANDA 3	Acute Cardiology	Formulation development underway
TARDOXAL™/P5P	TD/Neurological indications	TARDOXAL™ – On hold P5P – IND filed

Other Products

The Company is investing in the research and development of other new product development opportunities. The Company is also exploring opportunities to grow the business through acquisition. The Company has evaluated and continues to evaluate the acquisition or license of other approved commercial products with the objective of further broadening its product portfolio and generating additional revenue.

As at December 31, 2020, the Company had numerous issued United States patents (see Item 5 – *Operating and Financial Review and Prospects – C. Research and Development, Patents and Licenses, Etc.* below).

Patents and Licenses

In addition to a number of pending patent applications, the Company has 2 issued patent from the United States Patent Office providing protection for AGGRASTAT® and related its current and historic development compounds and ZYPITAMAG®. The Company will continue to file patents related to its research and development activities. The United States patents currently issued to the Company are as follows:

Patent Number	Issue Date	Title
6,770,660	August 3, 2004	Method for Inhibiting Platelet Aggregation
8,829,186	July 14, 2017	Method for preparation of pitavastatin and pharmaceutical acceptable sales thereof

Patents 5,965,581, 5,972,967, 5,978,698, 6,136,794, 6,538,112 and 6,770,660 were purchased by the Company from MGI GP, INC. (a Delaware corporation doing business as MGI PHARMA and its Affiliate, Artery, LLC). Pursuant to an Asset Purchase Agreement dated August 8, 2006, MGI GP, INC. sold the exclusive use of the patents to the Company in the specified territory (the United States of America including the Commonwealth of Puerto Rico; Guam; and the United States Virgin Islands). Pursuant to the Asset Purchase Agreement the Company agreed to pay MGI GP, INC. a one-time fee for the procurement of the acquired assets. The Asset Purchase Agreement was executed August 8, 2006.

Much of the work, including some of the research methods, that is important to the success of the Company's business is germane to the industry and may not be patentable. For this reason, all employees, contracted researchers and consultants are bound by non-disclosure agreements.

Given that the patent applications for these technologies involve complex legal, scientific and factual questions, there can be no assurance that patent applications relating to the technology used by the Company will result in patents being issued, or that, if issued, the patents will provide a competitive advantage or will afford protection against competitors with similar technology, or will not be challenged successfully or circumvented by competitors.

The Company has filed patents in accordance with the Patent Cooperation Treaty (the ''**PCT**''). The PCT is a multilateral treaty that was concluded in Washington in 1970 and entered into force in 1978. It is administered by the International Bureau of the World Intellectual Property Organization (the ''**WIPO**''), headquartered in Geneva, Switzerland. The PCT facilitates the obtaining of protection for inventions where such protection is sought in any or all of the PCT contracting states (total of 104 at July 1999). It provides for the filing of one patent application (the ''**international application**''), with effect in several contracting states, instead of filing several separate national and/or regional patent applications. At the present time, an international application may include designation for regional patents in respect of contracting states party to any of the following regional patent treaties: The Protocol on Patents and Industrial Designs within the framework of the African Regional Industrial Property Organization, the Eurasian Patent Convention, the European Patent Convention, and the Agreement Establishing the African Intellectual Property Organization. The PCT does not eliminate the necessity of prosecuting the international application in the national phase of processing before the national or regional offices, but it does facilitate such prosecution in several important respects by virtue of the procedures carried out first on all international applications during the international phase of processing under the PCT. The formalities check, the international search and (optionally) the international preliminary examination carried out during the international phase, as well as the automatic deferral of national processing which is entailed; give the applicant more time and a better basis for deciding whether and in what countries to further pursue the application. Further information may be obtained from the official WIPO internet website (http://www.wipo.int).

Although the Company is no longer developing MC-1 for cardiovascular indications, the Company does have a royalty bearing agreement with its subsidiary in regards to this development program. On June 1, 2000, the Company entered into the Medicure International Licensing Agreement whereby it licensed the world-wide development and marketing rights for MC-1, except for Canada, to its wholly owned subsidiary, Medicure International, Inc. As consideration for the grant of the license, Medicure International, Inc. agreed to pay the Company a fee of $1.00 upon the completion of specified milestones in the development process, together with a variable royalty of 7% to 9% of net sales of MC-1 (if any sales are ever in fact made). The term of the Medicure International Licensing Agreement will expire on the date of expiration of the last to expire patent on MC-1, or in the absence of any such patent, on the 10th anniversary of the date of the first commercial sale of MC-1 in the country where it was last introduced (if it is ever so introduced). The Medicure International Licensing Agreement may be terminated under a number of circumstances and, in any event, by either party at any time by providing the other with at least 90 days prior written notice of its intention to terminate the Medicure International Licensing Agreement.

Medicure International, Inc. subsequently entered into a development agreement with CanAm on June 1, 2000 to perform research and development of MC-1 and other compounds at cost, plus a reasonable mark-up not to exceed ten percent of any amount invoiced. The parties to the development agreements have agreed that the aggregate amount of all invoiced expenditures shall not exceed $30,000,000 over the term of each agreement. The term of the CanAm development agreement is to expire on the completion of all research and development activities by CanAm and the written acknowledgment by CanAm and Medicure International, Inc. that no further research projects will be undertaken. CanAm continues to perform work on AGGRASTAT®, TARDOXAL™ and other projects under this agreement, however there is no ongoing research activity related to MC-1.

The development agreements may be terminated under a number of circumstances and, in any event, by Medicure International, Inc. at any time by providing CanAm with at least 30 days prior written notice of its intention to terminate, or by CanAm at any time by providing Medicure International, Inc., with at least 90 days prior written notice of its intention to terminate the development agreement.

The agreements provide that all confidential information developed or made known during the course of the relationship with the Company is to be kept confidential except in specific circumstances.

D. Trend Information

Net AGGRASTAT® product sales for the year ended December 31, 2020 were $10.6 million compared to $19.4 million during the year ended December 31, 2019.

The Company primarily sells finished AGGRASTAT® to drug wholesalers. These wholesalers subsequently sell AGGRASTAT® to hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of AGGRASTAT® may result in sales of AGGRASTAT® to wholesalers that do not track directly with demand for the product at hospitals. The Company has set up a portal called Medicure Direct to market the Company's branded and generic products directly to hospitals and pharmacies with initial sales occurring during the fourth quarter of 2020 through this initiative.

Hospital demand for AGGRASTAT® has been lower during the year ended December 31, 2020 when compared to the prior year, however the number of hospital customers using AGGRASTAT® continued to remain strong leading to patient market share held by the product of approximately 65% as of December 31, 2020. The Company's commercial team continues to work on expanding its customer base, however this continued focus has not directly resulted in corresponding revenue increases as the Company continues to face increased competition resulting from further genericizing of the Integrilin market which has created pricing pressures on AGGRASTAT® combined with lower hospital demand for the product including a reduction in procedures being performed as a result of COVID-19. The Company continues to expect strong patient market share despite reduced revenue from the AGGRASTAT® brand and diversifying revenues away from a single product became increasingly important to the Company.

All of the Company's sales are denominated in U.S. dollars and the U.S. dollar improved in value against the Canadian dollar during the year ended December 31, 2020 when compared to the year ended December 30, 2019, however this improvement was mainly experienced in the first half of 2020 with US dollar exchange rates declining in the second half of 2020 compared to 2019, particularly in the fourth quarter. This led to increased AGGRASTAT® revenues, offset by the increasing price pressures facing AGGRASTAT® when comparing the two periods as well as decreases in demand.

Net ZYPITAMAG® product sales for year ended December 31, 2020 were $453,000 compared to $183,000 for the year ended December 31, 2019.

The Company primarily sells ZYPITAMAG® to drug wholesalers. These wholesalers subsequently sell ZYPITAMAG® to pharmacies who in turn sell the product to patients. The Company expects ZYPITAMAG® revenues to grow throughout 2020 and beyond. Beginning in the second quarter, the Company launched a direct to patient online pharmacy program which resulted in sales of ZYPITAMAG® being made directly to pharmacy customers. The increase in revenue from ZYPITAMAG® resulted from increased demand and usage of the product experienced during 2020 as a result of the Company's sales and marketing initiatives implemented since acquiring control of the product.

The Company recorded initial sales during the year ended December 31, 2020 totaling $116,000 from SNP which became available in the US market in late 2019. The Company primarily sells finished SNP to drug wholesalers. These wholesalers subsequently sell SNP to hospitals where health care providers administer the drug to patients. Wholesaler management decisions to increase or decrease their inventory of SNP may result in sales of SNP to wholesalers that do not track directly with demand for the product at hospitals. The Company has set up a portal called Medicure Direct to market the Company's branded and generic products directly to hospitals and pharmacies with initial sales expected to occur in the fourth quarter of 2020 through this initiative.

As a result of the acquisition of Marley Drug, which was completed on December 17, 2020, the Company recorded revenue of $340,000 during the year ended December 31, 2020 pertaining to the Marley Drug in store and mail order pharmaceutical business. Marley Drug sells pharmaceutical and over the counter products directly to patients in a retail setting and has a strong mail order business throughout the United States.

During the year ended December 31, 2020, ReDS™ contributed revenue of $95,000 from the sale of the product in the United States compared to $618,000 for the year ended December 30, 2020. On August 20, 2020, the Company announced the termination of the marketing and distribution agreement with Sensible for the marketing of the ReDS Pro device in the United States. In connection with the termination, Sensible and the Company have entered into a transition agreement which provides additional compensation to the Company for sales to customer leads provided by the Company. The Company expects minimal sales under the transition agreement in 2021 before its expiry.

E. Off-balance Sheet Arrangements

As of December 31, 2020, the Company does not have any off-balance sheet arrangements, other than those disclosed below.

F. Contractual Obligations

The following tables set forth the Company's contractual obligations as of December 31, 2020:

	Contractual Obligations Payment Due by Period						
(in thousands of CDN$)	Total	2021	2022	2023	2024	2025	Thereafter
Accounts Payable and Accrued Liabilities	$ 6,979	$ 6,979	$ —	$ —	$ —	$ —	$ —
Income Taxes Payable	164	164	—	—	—	—	—
Lease Obligation	1,748	351	354	356	358	162	167
Acquisition Payable	1,911	637	637	637	—	—	—
Holdback Payable	1,876	1,876	—	—	—	—	—
Contingent consideration	1,976	1,925	51	—	—	—	—
Purchase Agreement Commitments	3,319	1,649	1,288	191	191	—	—
Total	$17,973	$13,581	$2,330	$1,184	$ 549	$ 162	$ 167

Payments in connection with the Company's royalty obligation, as described below, are excluded from the table above.

Commitments

The Company has entered into a manufacturing and supply agreement to purchase a minimum quantity of AGGRASTAT® unfinished product inventory totaling US$150,000 annually (based on current pricing) until 2024 and a minimum quantity of AGGRASTAT® finished product inventory totaling US$218,000 annually (based on current pricing) until 2022 and €525,000 annually (based on current pricing) until 2022.

Subsequent to December 31, 2020 and effective January 1, 2021, the Company renewed its business and administration services agreement with GVI, as described in note 17(b) to the consolidated financial statements, under which the Company is committed to pay $7,000 per month or $85,000 per year for a one-year term.

Contracts with contract research organizations are payable over the terms of the associated agreements and clinical trials and timing of payments is largely dependent on various milestones being met, such as the number of patients recruited, number of monitoring visits conducted, the completion of certain data management activities, trial completion, and other trial related activities.

On October 31, 2017, the Company acquired an exclusive license to sell and market PREXXARTAN® (valsartan) oral solution in the United States and its territories with a seven-year term, with extensions to the term available, which had been granted tentative approval by the FDA, and which was converted to final approval during 2017. The Company acquired the exclusive license rights for an upfront payment of US$100, with an additional US$400 payable on final FDA approval and will be obligated to pay royalties and milestone payments from the net revenues of PREXXARTAN®. The US$400,000 payment is on hold pending resolution of the dispute between the licensor and the third-party manufacturer of PREXXARTAN® is recorded within accounts payable and accrued liabilities on the consolidated statements of financial position.

On December 14, 2017 the Company acquired an exclusive license to sell and market a branded cardiovascular drug, ZYPITAMAG® (pitavastatin magnesium) in the United States and its territories for a term of seven years with extensions to the term available. The Company had entered into a profit-sharing arrangement resulting in a portion of the net profits from ZYPITAMAG® being paid to the licensor. No amounts are due and/or payable pertaining to profit sharing on this product and the profit-sharing arrangement was eliminated with the Company's acquisition of ZYPITAMAG® on September 30, 2019.

The Company periodically enters into research agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the consolidated financial statements with respect to these indemnification obligations.

As a part of the Birmingham debt settlement described in note 12, beginning on July 18, 2011, the Company is obligated to pay a royalty to Birmingham based on future commercial AGGRASTAT® sales until 2023. The royalty is based on 4% of the first $2.0 million of quarterly AGGRASTAT® sales, 6% on the portion of quarterly sales between $2.0 million and $4.0 million and 8% on the portion of quarterly sales exceeding $4.0 million payable within 60 days of the end of the preceding three-month periods ended February 28, May 31, August 31 and November 30. Birmingham has a one-time option to switch the royalty payment from AGGRASTAT® to a royalty on the sale of MC-1. Management has determined there is no value to the option to switch the royalty to MC-1 as the product is not commercially available for sale and the extended long-term development timeline associated with commercialization of the product. Royalties for the year ended December 31, 2020 totaled $441,000 (2019 – $1.0 million; 2018 – $1.7 million) with payments made during the year ended December 31, 2020 of $326,000 (2019 – $1.4 million; 2018 – $1.5 million).

Beginning with the acquisition of ZYPITAMAG® (note 8), completed on September 30, 2019, the Company is obligated to pay royalties on any commercial net sales of ZYPITAMAG® to Zydus subsequent to the acquisition date. During the year ended December 31, 2020, the Company accrued $15,000 (2019 – $2,000, 2018 – nil) in royalties in regards to ZYPITAMAG® which is recorded within cost of goods sold on the statement of net (loss) income and comprehensive (loss) income and had $10,000 (2019 – $2,000) recorded within accounts payable and accrued liabilities on the statement of financial position as at December 31, 2020.

The Company is obligated to pay royalties on any future commercial net sales of PREXXARTAN® to the licensor of PREXXARTAN®. To date, no royalties are due and/or payable.

In the normal course of business, the Company may from time to time be subject to various claims or possible claims. Although management currently believes there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are inherently uncertain and management's view of these matters may change in the future.

During 2018, the Company was named in a civil claim in Florida from the third-party manufacturer of PREXXARTAN® against the licensor. The claim disputed the rights granted by the licensor to the Company with respect to PREXXARTAN®. The claim against the Company has since been withdrawn, however the dispute between the licensor and the third-party manufacturer continues.

On September 10, 2015, the Company submitted a supplemental New Drug Application ("sNDA") to the FDA to expand the label for AGGRASTAT®. The label change is being reviewed and evaluated based substantially on data from published studies. If the label change submission were to be successful, the Company will be obligated to pay €300 over the course of a three-year period in equal quarterly instalments following approval. On July 7, 2016, the Company announced it received a Complete Response Letter stating the sNDA cannot be approved in its present form and requested additional information. The payments are contingent upon the success of the filing and as such the Company has not recorded any amount in the consolidated statements of net (loss) income and comprehensive (loss) income pertaining to this contingent liability.

During 2015, the Company began a development project of a cardiovascular generic drug in collaboration with Apicore. The Company has entered into a supply and development agreement under which the Company holds all commercial rights to the drug. In connection with this project, the Company is obligated to pay Apicore 50% of net profit from the sale of this drug. On August 13, 2018, the Company announced that the FDA has approved its ANDA for SNP, a generic intravenous cardiovascular product and the product became available commercially during the third quarter of 2019. To date, no amounts are due and/or payable pertaining to profit sharing on this product.

Claims and Possible Claims

In the normal course of business, the Company may from time to time be subject to various claims or possible claims. Although management currently believes that aside from the information noted below, there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are inherently uncertain and management's view of these matters may change in the future.

There are currently no claims outstanding against the Company.

G. Safe Harbor

Statements in Item 5.E and Item 5.F of this Annual Report on Form 20-F that are not statements of historical fact, constitute "forward-looking statements." See "Forward-Looking Statements" on page 1 of this Annual Report. Our Company is relying on the safe harbor provided in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, in making such forward-looking statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Directors and Senior Management

The members of the board of directors and senior officers of the Company including a brief biography of each are as follows:

Dr. Albert D. Friesen, Winnipeg, Manitoba, Canada - Director, Chairman and Chief Executive Officer

The founder, President, CEO and Chair of the Board of Medicure Inc., Dr. Friesen holds a Ph.D. in protein chemistry from the University of Manitoba. Dr. Friesen played a key role in founding several health industry companies including the first employee and President of the Winnipeg Rh Institute for over 20 years, where he oversaw the development of WinRho (then acquired by Cangene Inc. and more recently by Emergent BioSolutions), ABI Biotechnology (acquired by Apotex Inc.), Viventia Biotech Inc., Genesys Pharma Inc., Waverley Pharma Inc. DiaMedica Inc, Miraculins Inc., Kane Biotech Inc. and KAM Scientific Inc. Dr. Friesen has experience in the establishment of pharmaceutical production facilities and has also managed and initiated the research and clinical development of several pharmaceutical candidates. Dr. Friesen is a founder of the Industrial Biotechnology Association of Canada (IBAC) and past Chairman of its board of directors and former member of the Industrial Advisory Committee to the Biotechnology Research Institute in Montreal. In addition to his role with the Company, Dr. Friesen is currently the President and Chairman of Genesys Venture Inc., a biotech incubator, based in Winnipeg and a member of the Board of Directors of Waverley Pharma Inc, a TSX-V listed company. Dr. Friesen provides his services to the Company through A.D. Friesen Enterprises Ltd., his private consulting corporation. Dr. Friesen served as both CEO and President of Medicure Inc. Dr. Friesen's date of birth is May 19, 1947.

Dr. Arnold Naimark, Winnipeg, Manitoba, Canada - Director

Dr. Arnold Naimark, O.C., O.M., M.D., L.L.D., F.R.C.P.(C), F.R.S.C, FCAHS, FAAAS,. has had a distinguished career in biomedical research, medicine and higher education. He is President Emeritus and Dean of Medicine Emeritus and Professor of Medicine and Physiology at the University of Manitoba. He is currently Director of the Centre for the Advancement of Medicine, Chair of Genome Prairie Immediate Past-Chair of CancerCare Manitoba. Dr. Naimark serves on the National Statistics Council of Canada and is Vice-Chair of the Statistics Canada Audit Committee. He was formerly on the Research Council of the Canadian Institute for Advanced Research, Chair of Health Canada's Ministerial Science Advisory Board, Member of the International Advisory Committee on Research of the Alberta Cancer Board, Vice-Chair of the Manitoba Health Research Council and Director of the Robarts Research Institute. He is the founding Chairman of the North Portage Development Corporation, the Canadian Health Services Research Foundation and the Canadian Biotechnology Advisory Committee. He has served as President of several academic bodies including, the Canadian Physiological Society, the Canadian Society for Clinical Investigation, the Association of Canadian Medical Colleges, the Association of Universities and Colleges of Canada and as Chairman of the Association of Commonwealth Universities. Dr. Naimark is an Officer of the Order of Canada, a Member of the Order of Manitoba and a Fellow of the Royal College of Physicians and Surgeons of Canada, the Royal Society of Canada, and the Canadian Academy of Health Sciences. He is recipient of the G. Malcolm Brown Award of the Royal College of Physicians and Surgeons and Medical Research Council of Canada, the Osler Award, the Distinguished Service Award of Ben Gurion University, the Symons Award of the Association of Commonwealth Universities; and of honorary doctorates from Mount Allison University and the University of Toronto, and of several other awards and distinctions related to his professional, academic and civic activities. Date of birth is August 24, 1933.

Gerald P. McDole, Mississauga, Ontario, Canada, MBA – Director

Mr. McDole is currently a director of one Canadian healthcare company. Mr. McDole is Past President of AstraZeneca Canada Inc. He was named President and CEO of AstraZeneca Canada Inc.'s pharmaceutical operations in 1999 and immediately led the merger of Astra Pharma and Zeneca Pharma Inc. Prior to this, Mr. McDole was president and CEO of Astra Pharma Inc., a position he assumed in 1985 after having served as Executive Vice-President. Mr. McDole is a member of the Canadian Healthcare Marketing Hall of Fame, and has been recognized by Canadian Healthcare Manager Magazine with the Who's Who in Healthcare Award in the pharmaceutical category. In recognition of Mr. McDole's outstanding contributions to the biotech and pharmaceutical industries, the University of Manitoba established The Gerry McDole Fellowship in Health Policy and Economic Growth. Mr. McDole holds a Bachelor of Science and a Certificate of Business Management from the University of Manitoba, an MBA from Simon Fraser University, and a Business Administration diploma from the University of Toronto. Date of birth is January 25, 1940.

Peter Quick, Mill Neck, New York, USA - Director

Peter Quick has over 30 years experience in the securities and financial services industries. He is a recognized leader in the securities industry with experience in the domestic and international equities market, equities market making, market structure reform, trading technology and clearing operations. Mr. Quick is a Partner of Burke and Quick Partners Holdings LLP, the parent company of Burke & Quick Partners LLC a broker dealer. Mr. Quick was President at the American Stock Exchange from 2000 to 2005. Prior to joining the American Stock Exchange, he served as President of Quick & Reilly Inc., a Quick & Reilly subsidiary and a national discount brokerage firm. He also served as President of Quick & Reilly/Fleet Securities. Mr. Quick is a graduate from the University of Virginia with a B.S. in Engineering and attended Stanford University's Graduate School of Petroleum Engineering. He served four years active duty from 1978 to 1982 as an Officer in the United States Navy. He is the former Chairman and a current member of the Board of Directors of Gain Capital (GCAP: NYSE) and a member of the Boards of Trustees of First of Long Island Corporation (FLIC: NASDAQ) and First National Bank of Long Island. He is a member of the Board of Directors of Fund for the Poor. Mr. Quick serves as the Mayor of the Incorporated Village of Mill Neck, NY. He is a former member of the Board of Alliance Capital Money Market Fund, Chicago Stock Exchange Inc (CHX), The Depository Trust & Clearing Corporation (DTCC), The Midwest Trust Company, Securities Industry Automation Corporation (SIAC), National Security Clearing Corporation, The American Stock Exchange and the National Association of Security Dealers Inc), Quick & Reilly, Inc., (NYSE: BQR), Reckson Associates Realty Corp (NYSE: RX) and The Bear Stearns Current Yield Fund (AMEX:YYY). He is a former Chairman of the Board of Governors of St. Francis Hospital, Roslyn, NY and Mercy Medical Center, Rockville Centre, NY. Date of birth is February 11, 1956.

Brent Fawkes, Winnipeg, Manitoba, Canada - Director

Mr. Fawkes is a Chartered Professional Accountant with over 20 years of experience in accounting and finance. Mr. Fawkes is currently the Vice President of Finance with Standard Aero Limited, one of the world's largest independent providers of a variety of aerospace services serving a diverse array of customers in business and general aviation, airline, military, helicopter, components and energy markets. In his current role, Mr. Fawkes is responsible for the oversight of the finance department including external reporting, budgeting and planning and treasury management. Date of birth is December 21, 1969.

Manon Harvey, Kelowna, British Columbia, Canada - Director

Ms. Manon Harvey joined the UBC Okanagan Campus as Director, Integrated Planning and Chief Budget Officer in January 2019 where she is responsible for supporting the University's mission through long range financial planning, financial advice and effective resource allocation strategies. For the prior 21 years as Vice-President, Finance and Corporate Services for the Canada Foundation for Innovation, Manon was responsible for the finance function, human resources, information technology, and administrative services. She was an Officer of the CFI Board of Directors, and served as the Secretary and Treasurer. Ms Harvey is a CPA, CA, with membership in British Columbia. She has her ICD.D designation from the Institute of Corporate Directors. Manon holds a Bachelor of Commerce (*summa cum laude*) from the University of Ottawa. For over 10 years, until June 2014, she was both a member of the Board of Directors, as well as the Chair of the Audit Committee, for Hydro Ottawa. She is an external member of the Departmental Audit Committee (DAC) of the RCMP.

Neil Owens – President and Chief Operating Officer

Dr. Neil Owens is responsible for implementing Medicure's strategic plans and overseeing day-to-day operations including the advancement and management of new and existing pharmaceutical products. Dr. Owens has worked with Medicure since 2014, serving in various positions of escalating responsibility within Medical Affairs, and most recently as Director, Scientific Affairs. His responsibilities have included providing scientific input and expertise to support manufacturing, product development and clinical studies, as well as KOL engagement and team management. Dr. Owens holds a Bachelor of Science and a Ph.D. in Chemistry from the University of Manitoba and has Postdoctoral experience with the European Institute of Chemistry and Biology (Bordeaux, France). His research background has focused on organic & medicinal chemistry, and the overall application of science towards solving health-related issues.

James Kinley – Chief Financial Officer

Effective September 21, 2011 Mr. James Kinley was appointed as CFO of the Company, replacing Dawson Reimer, who has served as Chief Financial Officer in an interim capacity since July 15, 2011 until Mr. Kinley's appointment. Mr. Kinley's services are provided to the Company through a Consulting Agreement. Previous to his time at Genesys Venture Inc. and the Company, he was Manager, Financial Reporting at Manitoba Telecom Services Inc. and was involved in all aspects of financial reporting, including publicly filed documents such as their financial statements. James is a CPA, CA and holds a Bachelor of Commerce (Hons.) degree from the University of Manitoba. Date of birth is July 9, 1978.

Management

Dr. Albert D. Friesen - Chairman, Chief Executive Officer and Director: Dr. Friesen directs the overall business management of the Company (see "Directors and Senior Management" under this item).

Dr. Neil Owens - President and Chief Operating Officer: Dr. Owens is responsible for the day to day operations of the Company (see "Directors and Senior Management" under this item).

James Kinley - Chief Financial Officer: Mr. Kinley is responsible for the Company's financial management and accounting practices (see "Directors and Senior Management" under this item).

B. Compensation

Compensation paid to the directors, and executive officers of the Company during the year ended December 31, 2020, is described below and stock-based compensation described in Item 6(E) below:

The Company recorded $57,000 in fees paid or payable to Board members for attendance at meetings between January 1, 2020 and December 31, 2020 and the chairs of the Audit and Finance Committee and executive compensation, nominating and corporate governance committee were paid an additional $5,000 each for services as committee chairs.

On October 1, 2001, a compensation agreement was entered into between the Company and A.D. Friesen Enterprises Ltd., a corporation owned by Dr. Friesen and subsequently amended on October 1, 2003, October 1, 2005, October 1, 2006, October 1, 2007, July 18, 2011, July 18, 2016, January 1, 2017 and January 1, 2019. For the years ended December 31, 2020 and 2019, the Company recorded payable to A.D. Friesen Enterprises Ltd., $331,000 and 331,000, respectively, in consulting compensation, including taxable benefits. Dr. Friesen is eligible for an annual bonus, if certain objectives of the Company are met, as determined by the Board of Directors. During the year ended December 31, 2018, a bonus of $31,500 was accrued to Dr. Friesen, which was paid to him during the year ended December 31, 2019. No bonus was been accrued as at December 31, 2020 or 2019.

Dawson Reimer served as the Company's as President and Chief Operating Officer and received a salary of $205,000 payable in equal semi-monthly installments and a bonus at the discretion of the Board of Directors of the Company. On May 9, 2016, the Company announced that the employment agreement with the Company's President and Chief Operating Officer had been terminated, effective immediately. Mr. Reimer was paid $73,000 up to the date of his termination and $222,000 pertaining to severance during the year ended December 31, 2016. All amounts pertaining to this severance were paid during 2016 and there is no additional liability in this regard.

Neil Owens serves the Company as President and Chief Operating Officer beginning on July 1, 2019 and received a salary of $68,000 for during the year ended December 31, 2019 in relation to the portion of the year he was the President and Chief Operating Officer. For the year ended December 31, 2020, the President and Chief Operating Officer received a salary of $155,000 and a bonus of $15,000.

Effective January 1, 2016, the business and administration services agreement with GVI no longer included the Chief Financial Officer's services and the Company signed a consulting agreement with its Chief Financial Officer, through JFK Enterprises Ltd., a company owned by the Chief Financial Officer, for a one-year term, at a rate of $135,000 annually. During the year ended December 31, 2016, the Company recorded a bonus of $10,000 to its Chief Financial Officer. Effective January 1, 2017, consulting agreement with the Chief Financial Officer, through JFK Enterprises Ltd., a company owned by the Chief Financial Officer, was renewed for a one-year term, at a rate of $155,000 annually. During the year ended December 31, 2017, the Company recorded a bonus of $200,000 to its Chief Financial Officer. Effective January 1, 2018, the Company renewed its consulting agreement with its Chief Financial Officer, through JFK Enterprises Ltd., for a one-year term, at a rate of $155,000 annually. Effective June 1, 2018, this consulting agreement was converted into an employment agreement with the Chief Financial Officer. For the year ended December 31, 2019, the Chief Financial Officer received a salary of $185,000. For the year ended December 31, 2020, the Chief Financial Officer received a salary of $175,000 and a bonus of $10,000.

Graeme Merchant served the Company as Vice President, Commercial Operations until the conclusion of his employment in September 2017 and received a salary of $161,000 during the year ended December 31, 2016.

During the year ended December 31, 2020, the Company paid directors a total of Nil (December 31, 2019: Nil; December 31, 2018: Nil, December 31, 2017: Nil and December 31, 2016: Nil) for consulting fees.

The Company has agreed to provide its independent directors $2,000 for each quarterly board meeting they personally attend ($1,000 via telephone), and $1,500 for each quarterly executive compensation, nominating and corporate governance committee meeting or audit and finance committee meeting they attend that is not held in conjunction with a regular Board meeting.

For fiscal 2011 and prior, due to the Company's financial position, the board had offered and committed not to request, and has therefore not received, any compensation for their services as independent directors. Subsequent to the debt settlement that occurred on July 18, 2011, the Company began paying the Board members this amount owing and had paid $54,000 during fiscal 2013 relating to these accrued amounts. During fiscal 2013, the members of the Board of Directors agreed to further defer payments on amounts owing. Beginning on February 22, 2013 and until June 30, 2015, these amounts bore interest at a rate of 5.5% per annum. For the year ended December 31, 2015, $5,000 (seven months ended December 31, 2014 –$10,000 and year ended May 31, 2014 – $15,000) was recorded within finance expense in relation to these amounts payable to the members of the Company's Board of Directors. No interest was paid or recorded pertaining to amounts owing to the Board of Directors for the years ended December 31, 2020 or 2019. As at December 31, 2020, the Company had $14,000 (2019 – nil, 2018 - $5,000) of accrued compensation owing to the independent members of the Board of Directors relating to Directors fees.

On July 11, 2014, the Company announced that, subject to all necessary regulatory approvals, it entered into shares for debt agreements with certain members of the Board of Directors, pursuant to which the Company issued 106,490 of its common shares at a deemed price of $1.98 per common share to satisfy $211,000 of outstanding amounts owing to the Company's Board of Directors. The shares were issued on January 9, 2015.

On January 27, 2015, the Company announced that, subject to all necessary regulatory approvals, it has entered into shares for debt agreements with certain members of the Board of Directors, pursuant to which the Company issued 75,472 of its common shares at a deemed price of $1.44 per common share to satisfy $109,000 of outstanding amounts owing to these individuals. The shares were issued on March 20, 2015.

The Company does not provide any cash compensation for its directors who are also officers of the Company for their services as directors.

No pension, retirement fund and other similar benefits have been set aside for the officers and directors of the Company.

C. Board Practices

The Board of Directors presently consists of six directors, who were all elected at the Company's annual general meeting of the shareholders held on June 22, 2020. Each director holds office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the By-Laws of the Company, or pursuant to the provisions of the *Canada Business Corporations Act*.

Dr. Albert D. Friesen has served as a director of the Company since September 1997. Dr. Arnold Naimark has served as a director of the Company since March 2000. Gerald McDole has served as a director of the Company since January 2004. Peter Quick has served as a director of the Company since November 2005. Brent Fawkes has served as a director of the Company since January 2013. Manon Harvey has served as a director of the Company since May 2019.

As discussed in more detail below, the Board of Directors maintains an Audit and Finance Committee and an Executive Compensation, Nominating and Corporate Governance Committee.

Corporate Governance

The Canadian Securities Administrators (the "**CSA**") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument NI 58-101 *Disclosure of Corporate Governance Practices*, which prescribes certain disclosure by the Company of its corporate governance practices. The Company's approach to corporate governance is set forth below.

The Board believes that a clearly defined system of corporate governance is essential to the effective and efficient operation of the Company. The system of corporate governance should reflect the Company's particular circumstances, having always as its ultimate objective, the best long-term interests of the Company and the enhancement of value for all shareholders.

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Executive Compensation, Nominating and Corporate Governance Committee has reviewed the independence of each director on the basis of the definition in section 1.4 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Board has determined, after reviewing the roles and relationships of each of the directors, that Dr. Arnold Naimark, Brent Fawkes, Gerald McDole, Manon Harvey and Peter Quick are independent from the Company. Only Dr. Albert Friesen is deemed to not be independent from the Company. As part of every regularly scheduled Board and committee meeting, the independent directors are given the opportunity to meet separately from management and the non-independent director. Board committees are entirely composed of independent directors who meet without management when required.

The Board has an orientation program in place for new directors which the Board feels is appropriate having regard to the current makeup of the Board. Each director receives relevant corporate and business information on the Company, the Board, and its committees. The directors regularly meet with Management and are given periodic presentations on relevant business issues and developments.

Presentations are made to the Board from time to time to educate and keep it informed of changes within the Company and of regulatory and industry requirements and standards.

The Company's Board has adopted a Code of Ethics applicable to directors, officers and employees, copies of which are available on the Company's website (www.medicure.com). A copy may also be obtained upon request to the Secretary of the Company at its head office, 2-1250 Waverley Street, Winnipeg, Manitoba, R3T 6C6. The ECNCG Committee regularly monitors compliance with the Code of Ethics and also ensures that Management encourages and promotes a culture of ethical business conduct.

Audit and Finance Committee

Pursuant to Section 171 of the *Canada Business Corporations Act* (the "Act"), the Company is required to have an Audit Committee. Section 171(1) of the Act requires the directors of a reporting corporation to elect from among their number a committee composed of not fewer than three directors, of whom a majority must not be officers or employees of the corporation or an affiliate of the corporation. Section 171(3) of the Act provides that, before financial statements are approved by the directors, they must be submitted to the audit committee for review. Section 171(4) of the Act provides that the auditor must be given notice of, and has the right to appear before and to be heard at, every meeting of the audit committee, and must appear before the audit committee when requested to do so by the committee. Finally, section 171(5) of the Act provides that on the request of the auditor, the audit committee must convene a meeting of the audit committee to consider any matters the auditor believes should be brought to the attention of the directors or members.

Pursuant to section 6.1 of NI 52-110, the Company is exempt from the requirements of Parts 3 and 5 of NI 52-110 for the year ended December 31, 2018, by virtue of the Company being a "venture issuer" (as defined in NI 52-110).

Part 3 of NI 52-110 prescribes certain requirements for the composition of audit committees of non-exempt companies that are reporting issuers under Canadian provincial securities legislation. Part 3 of NI 52-110 requires, among other things that an audit committee be comprised of at three directors, each of whom, is, subject to certain exceptions, independent and financially literate in accordance with the standards set forth in NI 52-110.

Part 5 of NI 52-110 requires an annual information form that is filed by a non-exempt reporting issuer under National Instrument 51-102 – *Continuous Disclosure Obligations*, as adopted the CSA, to include certain disclosure about the issuer's audit committee, including, among other things: the text of the audit committee's charter; the name of each audit committee member and whether or not the member is independent and financially literate; whether a recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the issuer's board of directors, and the reasons for the board's decision; a description of any policies and procedures adopted by the audit committee for the engagement of non-audit services; and disclosure of the fees billed by the issuer's external auditor in each of the last two fiscal years for audit, tax and other services.

Notwithstanding the exemption available under section 6.1 of NI 52-110, as at the date hereof, the Audit and Finance Committee is comprised of four independent directors: Brent Fawkes (Chair), Gerald McDole, Dr. Arnold Naimark, Manon Harvey and Peter Quick. The relevant experience of each member is described above. (See "Item 6 - *Directors, Senior Management and Employees*".)

As a result of their education and experience, each member of the audit committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and

- an understanding of internal controls and procedures for financial reporting.

Under the Sarbanes-Oxley Act of 2002, the independent auditor of a public Company is prohibited from performing certain non-audit services. The Audit and Finance Committee has adopted procedures and policies for the pre-approval of non-audit services, as described in the Audit and Finance Committee Charter reproduced below.

AUDIT AND FINANCE COMMITTEE CHARTER

GENERAL FUNCTIONS, AUTHORITY, AND ROLE

The purpose of the Audit and Finance Committee (the "Committee") is to oversee the accounting, financial reporting and disclosure processes of the Company and the audits of its financial statements, and thereby assist the Board of Directors of the Company (the "Board") in monitoring the following:

(1) the integrity of the financial statements of the Company;

(2) compliance by the Company with ethical policies and legal and regulatory requirements related to financial reporting and disclosure;

(3) the appointment, compensation, qualifications, independence and performance of the Company's internal and external auditors;

(4) the performance of the Company's independent auditors;

(5) performance of the Company's internal controls and financial reporting and disclosure processes; and

(6) that management of the Company has assessed areas of potential significant financial risk to the Company and taken appropriate measures.

The Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Committee has the authority to independently retain, and set and pay compensation to, special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Company, its independent legal counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee has the power to create specific sub-committees with all of the power to conduct or authorize investigations into any matters within the scope of the mandate of the sub-committee, with full access to all books, records, facilities and personnel of the Company, its auditors and its legal advisors.

In the course of fulfilling its specific responsibilities hereunder, the Committee has authority to, and must, maintain free and open communication between the Company's independent auditor, Board and Company management. The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board.

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate, and in accordance with International Financial Reporting Standards ("IFRS"). This is the responsibility of management and the independent auditor. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company's Code of Ethics. Any responsibilities that the Committee has the power to act upon, may be recommended to the Board to act upon.

MEMBERSHIP

The membership of the Committee will be as follows:

The Committee shall consist of a minimum of three members of the Board, appointed from time to time, each of whom is affirmatively confirmed as independent by the Board in accordance with the definition of independence for audit committee members set out in Appendix I hereto, with such affirmation disclosed in the Company's Management Information Circular for its annual meeting of shareholders. All members of the Committee should be "financially literate", as defined in Appendix I, and at least one of the members shall be an "audit committee financial expert" as defined in as defined in Appendix I.

The Board will elect, by a majority vote, one member as chairperson. In the absence of the Chair of the Committee, the members shall appoint an acting Chair.

The members of the Committee shall meet all independence and financial literacy requirements of The TSX Venture Exchange, and the requirements of such other securities exchange or quotations system or regulatory agency as may from time to time apply to the Company.

Any member of the Committee may be removed and replaced at any time by the Board and will automatically cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies in the Committee by election from among the members of the Board. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

A quorum shall be a majority of the members provided that if the number of members is an even number, one half of the number plus one shall constitute a quorum.

A member of the Committee may not, other than in his or her capacity as a member of the Committee, the Board, or any other Board committee, accept any consulting, advisory, or other compensatory fee from the Company, and may not be an affiliated person of the Company or any subsidiary thereof.

RESPONSIBILITIES

The responsibilities of the Committee shall be as follows:

Frequency of Meetings

Meet quarterly or more often as may be deemed necessary or appropriate in its judgment, either in person or telephonically.

The Committee will meet with the independent auditor at least annually, either in person or telephonically.

Reporting Responsibilities

Provide to the Board proper Committee minutes.

Report Committee actions to the Board with such recommendations as the Committee may deem appropriate.

Committee and Charter Evaluation

The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Whistleblower Mechanism

Adopt and review annually a procedure through which employees and others can confidentially and anonymously inform the Committee regarding any concerns about the Company's accounting, internal accounting controls or auditing matters. The procedure shall include responding to and the retention of, any such complaints.

Legal Responsibilities

Perform such functions as may be assigned by law, by the Company's certificate of incorporation, memorandum, articles or similar documents, or by the Board.

INDEPENDENT AUDITOR

Nomination, Compensation and Evaluation

The Company's independent auditor is ultimately accountable to the Committee and the Board and shall report directly to the Committee. The Committee shall review the independence and performance of the auditor and annually recommend to the Board the appointment and compensation of the independent auditor or approve any discharge of auditor when circumstances warrant.

Review of Work

The Committee is directly responsibility for overseeing the work of the independent auditor engaged to prepare or issue an audit report or perform other audit, review or attest services for the Company, including the resolution of disagreements between management and the independent auditor regarding financial reporting.

Approval in Advance of Related Party Transactions

Pre-approval of all "related party transactions," which are transactions or loans between the Company and a related party involving goods, services, or tangible or intangible assets that are:

(1) material to the Company or the related party; or

(2) unusual in their nature or conditions.

A related party includes an affiliate, major shareholder, officer, other key management personnel or director of the Company, a company controlled by any of those parties or a family member of any of those parties.

Engagement Procedures for Audit and Non-Audit Services

Approve in advance all audit services to be provided by the independent auditor. Establish policies and procedures that establish a requirement for approval in advance of the engagement of the independent auditor to provide permitted non-audit services provided to the Company or its subsidiary entities and to prohibit the engagement of the independent auditor for any activities or services not permitted by any of the Canadian provincial securities commissions, the Securities Exchange Commission ("SEC") or any securities exchange on which the Company's shares are traded including any of the following non-audit services:

- Bookkeeping or other services related to accounting records or financial statements of the Company;
- Financial information systems design and implementation consulting services;
- Appraisal or valuation services, fairness opinions, or contributions-in-kind reports;

- Actuarial services;
- Internal audit outsourcing services;
- Any management or human resources function;
- Broker, dealer, investment advisor, or investment banking services;
- Legal services;
- Expert services related to the auditing service; and
- Any other service the Board determines is not permitted.

Hiring Practices

Review and approve the Company's hiring policy regarding the partners, employees and former partners and employees of the present and former independent auditor of the Company. Ensure that no individual who is, or in the past three years has been, affiliated with or employed by a present or former auditor of the Company or an affiliate, is hired by the Company as a senior officer until at least three years after the end of either the affiliation or the auditing relationship.

Independence Test

Take reasonable steps to confirm the independence of the independent auditor, which shall annually include:

- Ensuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
- Considering and discussing with the independent auditor any relationships or services provided to the Company, including non-audit services, that may impact the objectivity and independence of the independent auditor; and
- As necessary, taking, or recommending that the Board take, appropriate action to oversee the independence of the independent auditor and evaluate whether it is appropriate to rotate the independent auditor on a regular basis.

Audit and Finance Committee Meetings

Notify the independent auditor of every Committee meeting and permit the independent auditor to appear and speak at those meetings.

At the request of the independent auditor, convene a meeting of the Committee to consider matters the auditor believes should be brought to the attention of the directors or shareholders.

Keep minutes of its meetings and report to the Board for approval of any actions taken or recommendations made.

Restrictions

Confirm with management and the independent auditor that no restrictions are placed on the scope of the auditors' review and examination of the Company's accounts.

OTHER PROFESSIONAL CONSULTING SERVICES

Engagement Review

As necessary, consider with management the rationale and selection criteria for engaging professional consulting services firms.

Ultimate authority and responsibility to select, evaluate and approve professional consulting services engagements.

AUDIT AND REVIEW PROCESS AND RESULTS

Scope

Consider, in consultation with the independent auditor, the audit scope, staffing and planning of the independent auditor.

Review Process and Results

Consider and review with the independent auditor the matters required to be discussed by such auditing standards as may be applicable.

Review and discuss with management and the independent auditor at the completion of annual and quarterly examinations, if any:

- The Company's audited and unaudited financial statements and related notes;
- The Company's Management Discussion & Analysis ("MD&A") and news releases related to financial results;
- The Company's management certifications of the financial statements and accompanying MD&A as required under applicable securities laws;
- The Company's annual information form ("AIF"), if one is prepared and filed.
- The independent auditor's audit of the financial statements and its report thereon;
- Any significant changes required in the independent auditor's audit plan;
- The appropriateness of the presentation of any non-IFRS related financial information;
- Any serious difficulties or disputes with management encountered during the course of the audit; and
- Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.

Review the management letter, if any, delivered by the independent auditor in connection with the audit.

Following such review and discussion, if so determined by the Committee, recommend to the Board that the annual financial statements be included in the Company's annual report.

Review and discuss with management and the independent auditor the adequacy of the Company's internal accounting and financial controls that management and the Board have established and the effectiveness of those systems, and inquire of management and the independent auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.

Meet separately with the independent auditor and management, as necessary or appropriate, to discuss any matters that the Committee or any of these groups believe should be discussed privately with the Committee.

Review and discuss with management and the independent auditor the accounting policies which may be viewed as critical, including all alternative treatments for financial information within IFRS that have been discussed with management, and review and discuss any significant changes in the accounting policies of the Company and industry accounting and regulatory financial reporting proposals that may have a significant impact on the Company's financial reports.

Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Company's financial statements.

Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

Review with the Company's legal counsel legal matters that may have a material impact on the financial statements, the Company's financial compliance policies and any material reports or inquiries received from regulators or governmental agencies related to financial matters.

SECURITIES REGULATORY FILINGS

Review filings with the Canadian provincial securities commissions and the SEC and other published documents containing the Company's financial statements.

Review, with management, prior to public disclosure, the Company's financial statements and MD&A and related press releases. The chairperson of the Committee may represent the entire Committee for purposes of this review.

Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the disclosure stated above, and periodically assess the adequacy of those procedures.

RISK ASSESSMENT

Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

Assess risk areas and policies to manage risk including, without limitation, environmental risk, insurance coverage and other areas as determined by the Board from time to time.

Review and discuss with management, and approve changes to, the Company's Corporate Investment Policy.

LIMITATION ON DUTIES OF AUDIT AND FINANCE COMMITTEE

In contributing to the Committee's discharging of its duties under this charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject.

ADOPTION OF CHARTER

This charter was originally adopted by the Board on August 23, 2004 and revised on January 17, 2012.

APPENDIX I

GLOSSARY OF TERMS

"Independent" means a director who has no direct or indirect material relationship with the Company or its subsidiaries.

A "**material relationship"** is a relationship which could, in the view of the Board of the Company, be reasonably expected to interfere with the exercise of the person's independent judgment.

For greater certainty, certain individuals will be deemed not to be independent:

a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;

b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;

c) an individual who is a partner of, or employed by the Company's internal or external auditor or who was, within the last three years, a partner or employee of that audit firm and personally worked on the Company's audit within that time. For this purpose, "partner" does not include a fixed income partner;

d) an individual whose child or stepchild shares a home with the individual or whose spouse, is a partner of the Company's internal or external auditor, or is an employee of the audit firm and participates in its audit, assurance or tax compliance practice or who was within the last three years a partner or employee of the audit firm and personally worked on the Company's audit within that time. For this purpose, "partner" does not include a fixed income partner;

e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company's current executive officers serve or served at the same time on the entity's compensation committee; and

f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than $75,000 in direct compensation from the Company during any 12 month period within the last three years. For purposes hereof, direct compensation does not include remuneration for acting as a member of the Board or of any Board committee or remuneration consisting of fixed amounts of compensation under a retirement plan for prior service provided that such compensation is not contingent on any way on continued service.

For purposes hereof, "**Company"** includes Medicure Inc. and any subsidiaries thereof.

Notwithstanding the foregoing, a person will not be considered to have a material relationship with the Company solely because he or she:

a) has previously acted as an interim chief executive officer of the issuer, or

b) acts, or has previously acted, as a chair or vice-chair of the Board or any Board committee, on a part-time basis.

Meaning Of "Independence" For Audit Committees

In addition to the requirement of being an Independent Director as described above, members of the Audit Committee will not be considered "independent" for that purpose where the individual:

a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or subsidiary of the Company, other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time or vice-chair of the Board or any Board Committee; or

b) is an affiliated entity (as defined in National Instrument 52-110 Audit Committees) of the Company or any of its subsidiaries.

For purposes hereof, indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by (i) an individual's spouse, minor child or stepchild, or child or stepchild who shares the individual's home, or (ii) an entity in which such individual is a partner, member, executive officer or managing director (or comparable position) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Company or any subsidiary of the Company. Notwithstanding the foregoing, compensatory fees do not include receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Meaning of "financially literate"

For purposes hereof, an individual is financially literate if he or she has 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 Company's financial statements.

Meaning of "audit committee financial expert"

An "audit committee financial expert" means a person who has the following attributes:

(1) An understanding of generally accepted accounting principles and financial statements;

(2) The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

(3) Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;

(4) An understanding of internal controls over financial reporting;

(5) An understanding of audit committee functions.

A person shall have acquired such attributes through:

(1) Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

(2) Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;

(3) Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or

(4) Other relevant experience.

The Audit and Finance Committee Charter was approved for the year ended December 31, 2020 on December 11, 2019.

Executive Compensation, Nominating and Corporate Governance Committee

The Executive Compensation, Nominating and Corporate Governance Committee is responsible for determining the compensation of executive officers of the Company. The current members of the Committee are Dr. Arnold Naimark (Chair), Gerald McDole, Manon Harvey, Peter Quick and Brent Fawkes, none of whom is a current or former executive officer of the Company. The Committee meets at least once a year.

The Committee has developed a policy to govern the Company's approach to corporate governance issues and provides a forum for concerns of individual directors about matters not easily or readily discussed in a full board meeting, e.g., the performance of management. The Committee ensures there is a clear definition and separation of the responsibilities of the Board, the Committees of the Board, the Chief Executive Officer and other management employees. It also ensures there is a process in place for the orientation and education of new directors and for continuing education of the Board. The Committee also assesses the effectiveness of the Board and its committees on an ongoing ad hoc basis. It also reviews at least annually the Company's responsiveness to environmental impact, health and safety and other regulatory standards.

The Committee reviews the objectives, performance and compensation of the Chief Executive Officer at least annually and makes recommendations to the Board for change. The Committee makes recommendations based upon the Chief Executive Officer's suggestions regarding the salaries and incentive compensation for senior officers of the Company. The Committee also reviews significant changes to compensation, benefits and human resources policies and compliance with current human resource management practices, such as pay equity, performance review and staff development. The Committee is responsible for reviewing and recommending changes to the compensation of directors as necessary.

The charter of the Executive Compensation, Nominating and Corporate Governance Committee can be found on the Company's website at www.medicure.com.

D. Employees

In addition to the individuals disclosed in Section A. Directors and Senior Management of this item, the Company has 29 employees through Medicure as at December 31, 2020. During the year ended December 31, 2020, the Company's total employment decreased from the previous year as part of the Company's cost curtailment activities.

E. Share Ownership

The following table discloses the number of shares (each share possessing identical voting rights), stock options and percent of the shares outstanding held by the directors and officers of the Company, and their respective affiliates, directly and indirectly, at December 31, 2020.

Title of Class	*Identity of Person or Group*	*Amount Owned*	*Percentage of Class*
Common shares	Dr. Albert D. Friesen[(1)]	2,420,827[(1)]	23.61%
Common shares	Dr. Arnold Naimark	39,194	0.38%
Common shares	Gerald P. McDole	48,950	0.48%
Common shares	Peter Quick	28,150	0.27%
Common shares	Brent Fawkes	12,376	0.12%
Common shares	Manon Harvey	—	—
Common shares	Dr. Neil Owens	2,000	0.02%
Common shares	James Kinley	47,100	0.46%

(1) Dr. Albert D. Friesen holds 721,267 shares personally or in an RRSP, a Canadian individual retirement plan. The rest of the shares are held by ADF Family Holding Corp. ADF Enterprises Inc., his wife Mrs. Leona M. Friesen, and CentreStone Ventures Limited Partnership Fund. Dr. Friesen is the General Partner of CentreStone Ventures Limited Partnership Fund.

Incentive Stock Options

The Company has established an Incentive Stock Option Plan (the ''**Plan**'') for its directors, key officers, employees and consultants. Options granted pursuant to the Plan will not exceed a term of ten years and are granted at an option price and on other terms which the directors determine is necessary to achieve the goal of the Plan and in accordance with regulatory requirements, including those of the TSX Venture Exchange. Each option entitles the holder thereof to purchase one (1) Common Share of the Company on the terms set forth in the Plan and in such purchaser's specific stock option agreement. The option price may be at a discount to market price, which discount will not, in any event, exceed that permitted by any stock exchange on which the Company's Common Shares are listed for trading.

The number of Common Shares allocated to the Plan, the exercise period for the options, and the vesting provisions for the options will be determined by the board of directors of the Company from time to time. The Company's stock option plan allowed for the issuance of stock options to purchase up to a maximum of 20% of the outstanding common shares at the time of approval of the stock option plan, which resulted in a fixed number of stock options allowed to be granted totaling 2,934,403. The Plan was adopted by the shareholders of the Company on June 22, 2016.

The Common Shares issued pursuant to the exercise of options, when fully paid for by a participant, are not included in the calculation of Common Shares allocated to or within the Plan. Should a participant cease to be eligible due to the loss of corporate office (being that of an officer or director) or employment, the option shall cease for varying periods not exceeding 90 days. Loss of eligibility for consultants is regulated by specific rules imposed by the directors when the option is granted to the appropriate consultant. The Plan also provides that estates of deceased participants can exercise their options for a period not exceeding one year following death.

The following table discloses the stock options beneficially held by the directors and officers of the Company, and their respective affiliates, directly and indirectly, as of December 31, 2020. The stock options are subject to the Plan and are for shares of Common Stock of the Company.

Name of Person	Number of Shares Subject to Issuance	Exercise Price per Share	Expiry Date
Dr. Albert D. Friesen	5,000	$ 6.16	April 7, 2021
	414,000	$ 1.50	July 18, 2021
	15,000	$ 7.20	December 19, 2022
	100,000	$ 7.30	January 31, 2023
	15,000	$ 4.95	June 26, 2024
	7,500	$ 1.90	July 7, 2024
	9,000	$ 1.90	March 27, 2025
Dr. Arnold Naimark	4,000	$ 6.16	April 7, 2021
	5,000	$ 7.20	December 19, 2022
	45,000	$ 0.30	May 10, 2023
	5,000	$ 4.95	June 26, 2024
	4,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Gerald P. McDole	4,000	$ 6.16	April 7, 2021
	5,000	$ 7.20	December 19, 2022
	45,000	$ 0.30	May 10, 2023
	5,000	$ 4.95	June 26, 2024
	4,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Peter Quick	4,000	$ 6.16	April 7, 2021
	5,000	$ 7.20	December 19, 2022
	45,000	$ 0.30	May 10, 2023
	5,000	$ 4.95	June 26, 2024
	4,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Brent Fawkes	4,000	$ 6.16	April 7, 2021
	5,000	$ 7.20	December 19, 2022
	45,000	$ 0.30	May 10, 2023
	5,000	$ 4.95	June 26, 2024
	4,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025
Manon Harvey	15,000	$ 4.95	June 26, 2024
Dr. Neil Owens	3,000	$ 3.90	November 25, 2020
	1,050	$ 6.16	April 7, 2021
	4,000	$ 7.20	December 19, 2022
	100,000	$ 4.95	June 26, 2024
	3,500	$ 1.90	July 7, 2024
	1,350	$ 1.90	March 27, 2025
James Kinley	4,000	$ 6.16	April 7, 2021
	100,000	$ 7.20	December 19, 2022
	15,000	$ 4.95	June 26, 2024
	7,500	$ 1.90	July 7, 2024
	7,200	$ 1.90	March 27, 2025

On June 26, 2019, the Company announced that the Board of Directors had approved the grant of an aggregate of 262,000 stock options to certain directors, officers, employees and management company employees of the Company pursuant to its stock option plan. These options, which were subject to the approval of the TSX Venture Exchange, are set to expire on the fifth anniversary of the date of grant and were issued at an exercise price of $4.95 per share. Of the stock options granted 180,000 were granted to officers and directors of the Company.

On February 1, 2018, the Company announced that its Board of Directors had approved the grant of 100,000 stock options to an officer of the Company pursuant to its stock option plan. These options, which were subject to the approval of the TSX-V, are set to expire on the fifth anniversary of the date of grant and were issued at an exercise price of $7.30 per share.

During the year ended December 31, 2019, Gerald McDole, Arnold Naimark and Peter Quick each exercised 667 stock options to acquire 667 common shares of the Company each at an exercise price of $0.60.

During the year ended December 31, 2018, James Kinley exercised 45,000 stock options to acquire 45,000 common shares of the Company at an exercise price of $0.30.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

As of December 31, 2020, the following table sets forth the beneficial ownership of the Company's common shares by each person known by the Company to own beneficially more than 5% of the issued and outstanding common shares of the Company. Information as to shares beneficially owned, directly or indirectly, by each nominee or over which each nominee exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective nominees individually. The Company does not know the majority of the ultimate beneficial owners of these common shares.

Title of Class	*Identity of Person or Group*	*Amount Owned* [3]	*Percentage of Class*
Common shares	Dr. Albert D. Friesen Winnipeg, Manitoba	2,420,827[1]	23.61%
Common shares	MM Asset Management Inc. Toronto, Ontario	2,410,567	23.51%

Notes:

(1) Dr. Albert Friesen holds 781,267 shares personally or in an RRSP. The rest of the shares are held by ADF Family Holding Corp., his wife Mrs. Leona M. Friesen, and CentreStone Ventures Limited Partnership Fund. Dr. Friesen is the General Partner of CentreStone Ventures Limited Partnership Fund.

To the best of the Company's knowledge, it is not owned or controlled, directly or indirectly, by another Company, by any foreign government or by any other natural or legal person severally or jointly.

As of December 31, 2019, the total number of issued and outstanding common shares of the Company beneficially owned by the directors and executive officers of the Company as a group was 2,598,597 (or 25.35% of common shares).

To the best of the Company's knowledge, there are no arrangements, the operation of which at a subsequent date will result in a change in control of the Company.

The major shareholders do not have any special voting rights.

Insider Reports under Canadian Securities Legislation

Since the Company a reporting issuer under the Securities Acts of each of the provinces of Canada, certain "insiders" of the Company (including its directors, certain executive officers, and persons who directly or indirectly beneficially own, control or direct more than 10% of its common shares) are generally required to file insider reports of changes in their ownership of the Company's common shares five days following the trade under National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as adopted by the Canadian Securities Administrators. Insider reports must be filed electronically five days following the date of the trade at www.sedi.ca. The public is able to access these reports at www.sedi.ca.

The U.S. rules governing the ownership threshold above which shareholder ownership must be disclosed are more stringent than those discussed above. Section 13 of the Exchange Act imposes reporting requirements on persons who acquire beneficial ownership (as such term is defined in the Rule 13d-3 under the Exchange Act) of more than 5 per cent of a class of an equity security registered under Section 12 of the Exchange Act. In general, such persons must file, within 10 days after such acquisition, a report of beneficial ownership with the Securities and Exchange Commission containing the information prescribed by the regulations under Section 13 of the Exchange Act. This information is also required to be sent to the issuer of the securities and to each exchange where the securities are traded.

B. Related Party Transactions

Except as disclosed below, the Company has not, since January 1, 2015, and does not at this time propose to:

(1) enter into any transactions which are material to the Company or a related party or any transactions unusual in their nature or conditions involving goods, services or tangible or intangible assets to which the Company or any of its former subsidiaries was a party;

(2) make any loans or guarantees directly or through any of its former subsidiaries to or for the benefit of any of the following persons:

(a) enterprises directly or indirectly through one or more intermediaries, controlling or controlled by or under common control with the Company;

(b) associates of the Company (unconsolidated enterprises in which the Company has significant influence or which has significant influence over the Company) including shareholders beneficially owning 10% or more of the outstanding shares of the Company;

(c) individuals owning, directly or indirectly, shares of the Company that gives them significant influence over the Company and close members of such individuals families;

(d) key management personnel (persons having authority in responsibility for planning, directing and controlling the activities of the Company including directors and senior management and close members of such directors and senior management); or

(e) enterprises in which a substantial voting interest is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence.

On July 18, 2011, the Company entered into a consulting agreement with A.D. Friesen Enterprises Ltd. pursuant to which Dr. Albert Friesen serves the Company as its Chief Executive Officer. The agreement is for a term of five years, at a rate of $180,000 annually. Dr. Friesen is also eligible for a yearly merit/performance bonus, if any, that the Company's board of directors, in its sole discretion, may authorize. Effective July 18, 2016, the Company renewed its consulting agreement with its Chief Executive Officer, through A.D. Friesen Enterprises Ltd., a company owned by the Chief Executive Officer. for a term of five years, at a rate of $300,000 annually, increasing to $315,000 annually, effective January 1, 2017 and increasing to $331,000 annually, effective January 1, 2019. The Company may terminate this agreement at any time upon 120 days' written notice. As at December 31, 2020 and 2019, there were no amounts included in accounts payable and accrued liabilities payable to A. D. Friesen Enterprises Ltd. as a result of this consulting agreement. Any amounts payable to A. D. Friesen Enterprises Ltd. are unsecured, payable on demand and non-interest bearing.

During the year ended December 31, 2018, the Company recorded a bonus of $32,000 to its Chief Executive Officer which was recorded within general and administrative expenses. During the year ended December 31, 2017, the Company recorded a bonus of $125,000 to its Chief Executive Officer which is recorded within the gain on the sale of Apicore, which was paid during fiscal 2018. During the year ended December 31, 2016, the Company recorded a bonus of $54,000 to its Chief Executive Officer which is recorded within selling, general and administrative expenses. During the year ended December 31, 2015, the Company recorded a bonus of $100,000 to its Chief Executive Officer which is recorded within selling, general and administrative expenses.

On July 11, 2014, the Company announced that, subject to all necessary regulatory approvals, it has entered into shares for debt agreements with its Chief Executive Officer, Dr. Albert Friesen and certain members of the Board of Directors, pursuant to which the Company will issue 205,867 of its common shares at a deemed price of $1.98 per common share to satisfy $408,000 of outstanding amounts owing to CEO and members of the Company's Board of Directors. The shares were issued on January 9, 2015.

The Company may terminate the consulting agreement with the CEO for any reason and at any time upon 120 days' written notice. In relation to the consulting agreement with A.D. Friesen Enterprises Ltd. the Company recorded consulting fees payable to A.D. Friesen Enterprises Ltd. During the year ended December 31, 2020, the Company recorded a total of $331,000 to A.D. Friesen Enterprises Ltd. December 31, 2019, the Company recorded a total of $331,000 to A.D. Friesen Enterprises Ltd. During the year ended December 31, 2018 and 2017, the Company recorded a total of $315,000, respectively, to A.D. Friesen Enterprises Ltd. During the year ended December 31, 2016, the Company recorded a total of $300,000 to A.D. Friesen Enterprises Ltd. During the year ended December 31, 2015, the Company recorded a total of $186,000 to A.D. Friesen Enterprises Ltd.

Dr. Friesen, a director, the Chairman and the Chief Executive Officer of the Company is also the majority shareholder in a management services company, Genesys Venture Inc. ("**GVI**") which entered into a management services agreement with the Company as of October 1, 2010. Effective January 1, 2012, the Company entered into a new business and administration services agreement with GVI under which the Company is committed to pay $15,833.33 per month or $190,000 per annum along with an additional $500 per month for each office space it requests and is given access to by GVI. The agreement was for an initial term of one year and shall be automatically renewed for succeeding terms of one year. Either party may terminate the agreement at any time after June 30, 2012, upon 90 days written notice to the other party. The Chief Financial Officer's services, accounting, payroll, human resources, and information technology are provided pursuant to this agreement. The agreement was renewed for the 2013 and 2014 calendar years. Effective November 1, 2014, the business and administration services agreement was renegotiated for a further 14 month term ending December 31, 2015 at a rate of $17,917 per month, or $215,000 per year. Effective January 1, 2016, the Company entered into a new business and administration services agreement with GVI, under which the Company is committed to paying $7,000 per month or $85,000 per year for a one year term and the agreement no longer includes the services of the Chief Financial Officer. Effective January 1, 2017, the Company renewed its business and administration services agreement with GVI, under which the Company is committed to pay $7,000 per month or $85,000 per year for a one-year term and effective January 1, 2018, this agreement was renewed for an additional one-year term. Effective January 1, 2019, this agreement was renewed for an additional one-year term. Effective January 1, 2020, this agreement was renewed for an additional one-year term.

Effective November 1, 2014, the Company entered into a sub-lease with GVI to lease office space at a rate of $170,000 per annum for three years ending October 31, 2017. The lease was amended on May 1, 2016 and increased the leased area covered under the lease agreement at a rate of $212,000 per annum until October 31, 2019. The leased area covered under the lease was again increased, effective November 1, 2018 at a rate of $306,000 per annum until the end of the term of the lease. Effective November 1, 2019, the Company modified and extended its sub-lease with GVI to lease a reduced amount of office space at a rate of $238,000 per annum for three years ending October 31, 2022 with an 18-month renewal period available.

During the year ended December 31, 2020 the Company paid GVI, a company controlled by the Chief Executive Officer, a total of $85,000 (2019 – $85,000; 2018 – $85,000; 2017 – $85,000, 2016 - $85,000) for business administration services, $238,000 (2019 - $295,000, 2018 - $228,000, 2017 – $212,000; 2016 – $223,000) in rental costs and $37,000 (2019 - $47,000, 2018 - $47,000, 2017 – $44,000; 2016 – $42,000) for commercial and information technology support services. As described in note 17(a) to the Company's audited consolidated financial statements included in this annual report, the business administration services summarized above are provided to the Company through a consulting agreement with GVI. The business administration services summarized above are provided to the Company through a consulting agreement with GVI. Until December 31, 2015, the GVI agreement included the Chief Financial Officer's services to the Company, as well as accounting, payroll, human resources and some information technology services. The business and administration services agreement entered into effective January 1, 2016 and subsequently no longer includes the Chief Financial Officer's services, which effective January 1, 2016, have been paid directly by the Company through a consulting or employment agreement.

Dr. Friesen, a director, the Chairman and the Chief Executive Officer of the Company also owns a clinical research organization, GVI Clinical Development Solutions Inc. ("**GVI CDS**") which entered into the following clinical research contracts with the Company;

Nature of Agreement	Effective Date	Terms
Regulatory affairs support	June 22, 2009	Services provided as needed on an hourly basis
Pharmacovigilance and medical affairs support	January 1, 2014	Monthly retainer of $2,000, plus hourly charges for pharmacovigilance services outside base services.
Pharmacovigilance and medical affairs support	January 1, 2014	Monthly retainer of $1,250, plus hourly charges for pharmacovigilance services outside base services.
Quality assurance support	June 1, 2010	Services provided as needed on an hourly basis.
Clincial services	May 1, 2010	Services provided as needed on an hourly basis.

During the year ended December 31, 2020, the Company paid GVI CDS $202,000 (2019 - $406,000, 2018 - $858,000, 2017 – $716,000; 2016 – $592,000) for clinical research services.

The Company also has a consulting agreement with CanAm Bioresearch Inc. ("**CanAm**"), a company controlled by a close family member of Dr. Friesen's to provide contract research services. During the year ended December 31, 2020, the Company paid CanAm $7,000 (2019 - $133,000, 2018 - $393,000, 2017 – $458,000; 2016 – $560,000) for research and development services.

These transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Beginning on February 22, 2013 and until June 30, 2015, the amounts owing to GVI, GVI CDS and CanAm bore interest at a rate of 5.5% per annum. For the year ended December 31, 2017 and 2016, there was no interest charged on these amounts payable to related parties. For the year ended December 31, 2015 $5,000 was recorded within finance expense in relation to these amounts payable to related parties.

As at December 31, 2020, included in accounts payable and accrued liabilities is $56,000 (2019 - $95,000) payable to GVI, $99,000 (2019 – $56,000) payable to GVI CDS, and $7,000 (2019 – nil) payable to CanAm. These amounts are unsecured, payable on demand and non-interest bearing.

As at December 31, 2020, the Company had $14,000 (2019 – nil) recorded within accounts payable and accrued liabilities relating to amounts payable to the members of the Company's Board of Directors for services provided.

Effective January 1, 2018, the Company renewed its consulting agreement with its Chief Financial Officer, through JFK Enterprises Ltd., a company owned by the Chief Financial Officer of the Company, for a one-year term, at a rate of $155,000 annually. The agreement could have been terminated by either party, at any time, upon 30 days written notice. Any amounts payable to JFK Enterprises Ltd. were unsecured, payable on demand and non-interest bearing. Effective June 1, 2018, this consulting agreement was converted into an employment agreement with the Chief Financial Officer.

C. Interests of Experts and Counsel

Not applicable

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements or Other Financial Information

Financial Statements

The consolidated financial statements of the Company as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 have been prepared in accordance with IFRS, as issued by the IASB, and are included under Item 18 of this Annual Report. The consolidated financial statements including related notes are accompanied by the report of the Company's independent registered public accounting firm, Ernst & Young LLP as at and for the year ended December 2020 and PricewaterhouseCoopers LLP as at December 31, 2019 and for the years ended December 31, 2019 and 2018.

Legal Proceedings

There are currently no claims outstanding against the Company.

On February 13, 2019, the Company announced that it had received notice from the purchaser of Medicure's interests in Apicore of potential claims against funds held back in respect of representations and warranties under the Apicore sale agreement. The notice did not contain sufficiently detailed information to enable Medicure to assess the merits of the claims with the maximum exposure of the claims being the total holdback receivable. The Company continued to proceed diligently to investigate the potential claims and attempt to satisfactorily resolve them with a view to having the holdback funds released. In conjunction with the sale of Medicure's interests in Apicore, representation and warranty insurance was obtained by the purchaser that could result in mitigation of the potential claims.

On December 5, 2019, the Company announced that it had reached a settlement agreement with the purchaser of the Company's interests in Apicore with respect to the amounts heldback under the Apicore sale agreement. A settlement agreement was reached under which Medicure received a net payment of US$5.1 million in relation to the holdback receivable.

On December 5, 2019, the Company announced it had filed a patent infringement action against Nexus in the U.S. District Court for the Northern District of Illinois, alleging infringement of the '660 patent. On November 18, 2020, the Company announced the settlement of its ongoing patent infringement action against Nexus in the U.S. District Court for the Northern District of Illinois, which alleged infringement of the '660 patent. As part of the settlement, Nexus has acknowledged that the '660 patent is valid, enforceable and infringed. The settlement results in the Company entering into a license agreement with Nexus with anticipated launch dates for Nexus' generic products of November 1, 2022 for the 5 mg strength and January 1, 2023 for the 12.5 mg strength. The remaining terms of the settlement are confidential.

The patent infringement action is in response to Nexus' filing of an ANDA seeking approval from the FDA to market a generic version of AGGRASTAT® before the expiration of the '660 patent.

The '660 patent is listed in the FDA's orange book with an expiry date of May 1, 2023. Medicure defended the '660 patent and pursued the patent infringement action against Nexus and will continue all other legal options available to protect its product.

Previously, on November 16, 2018, the Company filed a patent infringement action against Gland Pharma Ltd. ("**Gland**") in the U.S. District Court for the District of New Jersey, alleging infringement of the '660 patent. The patent infringement actions were in response to Gland's filing of an ANDA seeking approval from the FDA to market a generic version of AGGRASTAT® before the expiration of the '660 patent.

During 2018, the Company was named in a civil claim in Florida from the third-party manufacturer of PREXXARTAN® against Carmel. The claim disputed the rights granted by Carmel to the Company with respect to PREXXARTAN®. The Company believed the claim against it was without merit and intended to defend itself against the claim. The claim against the Company has been subsequently withdrawn, however the dispute between the third-party manufacturer and Carmel continues.

Aside from the above, there are no additional legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings and those involving any third party, which may have, or have had in the recent past, significant effects on the Company's financial position or profitability. There are no additional significant legal proceedings to which the Company is a party, nor to the best of the knowledge of the Company's management are any legal proceedings contemplated.

Dividend Policy

The Company has not paid dividends in the past and it has no present intention of paying dividends on its shares as it anticipates that all available funds will be invested to finance the growth of its business. The directors of the Company will determine if and when dividends should be declared and paid in the future based upon the Company's financial position at the relevant time. All of the Company's Shares are entitled to an equal share of any dividends declared and paid.

B. Significant Changes

There have been no significant changes to the accompanying financial statements since December 31, 2019, except as disclosed in this Annual Report on Form 20-F.

ITEM 9. THE OFFERING AND LISTING

A. Listing Details

On October 24, 2011, the Company's common shares commenced trading on the TSX-V under the symbol "MPH".

By Articles of Amendment filed by the Company under the *Canada Business Corporations Act* on November 1, 2012, the Company's issued and outstanding common shares were consolidated on the basis of one post-consolidation common share for every fifteen pre-consolidation common shares. The Company's name and trading symbol did not change as a result of the consolidation. The Company's common shares were reduced from 182,947,595 to 12,196,508 issued and outstanding as a result of the consolidation. The trading prices presented here have not been adjusted to reflect the consolidation.

The following table sets forth for the periods indicated the price history of the Company's common shares on the TSX-V.

	TSX-V High ($)	TSX-V Low ($)
Fiscal Quarter Ended		
December 31, 2020	1.25	0.70
September 30, 2020	1.39	0.83
June 30, 2020	2.80	0.93
March 31, 2020	4.40	1.50
December 31, 2019	5.24	3.00
September 30, 2019	5.02	4.15
June 30, 2019	6.35	4.68
March 31, 2019	6.90	5.95
December 31, 2018	7.15	5.71
September 30, 2018	7.38	6.60
June 30, 2018	7.55	5.90
March 31, 2018	7.40	6.70
December 31, 2017	8.71	6.90
September 30, 2017	8.45	7.50
June 30, 2017	9.82	6.50
March 31, 2017	10.55	8.52

B. Plan of Distribution

Not applicable.

C. Markets

The Company's common shares are listed for trading on the TSX-V under the symbol "MPH". Certain market makers also trade the Company's common shares on the OTC Pink Market, under the symbol "MCUJF".

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable

B. Memorandum and Articles of Association

1. Objects and Purposes of the Company

The Articles of Continuance (as amended, the "**Articles**") and the By-Laws of the Company place no restrictions upon the Company's objects and purposes.

2. Directors

Under applicable Canadian law, the directors and officers of the Company, in exercising their powers and discharging their duties, must act honestly and in good faith with a view to the best interests of the Company. The directors and officers must also exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Section 4.18 of By-Law No.1A of the Company (the "**By-Law**") provides that a director shall not be disqualified by reason of his office from contracting with the Company or a subsidiary thereof. Subject to the provisions of the *Canada Business Corporations Act* (the "**Act**"), a director shall not by reason only of his office be accountable to the Company or its shareholders for any profit or gain realized from a contract or transaction in which he has an interest. Such contract or transaction shall not be voidable by reason only of such interest, or by reason only of the presence of a director so interested at a meeting, or by reason only of his presence being counted in determining a quorum at a meeting of the directors at which such a contract or transaction is approved, provided that a declaration and disclosure of such interest shall have been made at the time and in the manner prescribed by section 120 of the Act, and the director so interested shall have refrained from voting as a director on the resolution approving the contract or transaction (except as permitted by the Act) and such contract shall have been reasonable and fair to the Company and shall have been approved by the directors or shareholders of the Company as required by section 120 of the Act.

The Company's Articles provide that the Company's board shall consist of a minimum of one and a maximum of 15 directors. The exact number of directors to form the board, between the minimum and maximum number of directors prescribed by the Articles, is determined from time to time by the board. Section 4.01 of the By-Law states that the quorum of the board shall be a majority of the board, or such other number of directors as the board may from time to time determine. No business shall be transacted at a meeting unless a quorum is present.

Section 3.01 of the By-Law states that the board may, without the authorization of the shareholders:

i) borrow money upon the credit of the Company;

ii) issue, reissue, sell or pledge debt obligations of the Company, including bonds, debentures, notes or other evidences of indebtedness or guarantees, whether secured or unsecured;

iii) subject to section 44 of the Act, give a guarantee on behalf of the Company to secure performance of any present or future indebtedness, liability or obligation of any person; and

iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company.

The borrowing powers of the directors can be varied by amending the By-Law of the Company.

There is no provision in the By-Law imposing a requirement for retirement or non-retirement of directors under an age limit requirement.

Section 4.02 of the By-law states that a director need not be a shareholder to be qualified as a director. However, section 4.02 also provides that at least 25% of the directors shall be resident Canadians unless the Company has less than four directors, in which case at least one director must be a resident Canadian.

Under section 4.03 of the By-law, directors are to be elected yearly by ordinary resolution to hold office until the close of the next annual meeting of shareholder. If directors fail to be elected at any such meeting of shareholders, then the incumbent directors continue in office until their successors are elected.

3. Shares

The Articles of the Company provide that the Company is authorized to issue an unlimited number of shares designated as Common Shares, Class A Common Shares and Preferred Shares. Except for meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series, each holder of the Common and Class A shares is entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Company. Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Company, the holders of the Common and Class A shares are also entitled to receive dividends if, as and when declared by the directors of the Company and are entitled to share equally in the remaining property of the Company upon liquidation, dissolution or winding-up of the Company.

The Preferred Shares may from time to time be issued in one or more series and, subject to the following provisions, and subject to the sending of articles of amendment in respect thereof, the directors may fix from time to time and before issue a series of Preferred Shares, the number of shares which are to comprise that series and the designation, rights, privileges, restrictions and conditions to be attached to that series of Preferred Shares including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment of dividends, the redemption, purchase and/or conversion, and any sinking fund or other provisions.

The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Preferred Shares of every other series and be entitled to preference over the Common and Class A Common Shares and over any other shares of the Company ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given other preferences, not inconsistent with these articles, over the Common Shares and Class A Common Shares and any other shares of the Company ranking junior to the Preferred Shares of a series as may be fixed in accordance with terms outlined above.

If any cumulative dividends or amounts payable on the return of capital in respect of a series of Preferred Shares are not paid in full, all series of Preferred Shares shall participate rateably in respect of accumulated dividends and return of capital.

Unless the directors otherwise determine in the articles of amendment designating a series of Preferred Shares, the holder of each share or a series of Preferred Shares shall not, as such, be entitled to receive notice of or vote at any meeting of shareholders, except as otherwise specifically provided in the Act.

4. Rights of Shareholders

Under the Act, shareholders of the Company are entitled to examine, during its usual business hours, the Company's articles and by-laws, notices of directors and change of directors, any unanimous shareholder agreements, the minutes of meetings and resolutions of shareholders and the list of shareholders.

Shareholders of the Company may obtain a list of shareholders upon payment of a reasonable fee and sending an affidavit to the Company or its transfer agent stating, among other things, that the list of shareholders will not be used by any person except in connection with an effort to influence the voting of shareholders of the Company, an offer to acquire shares of the Company or any other matter relating to the affairs of the Company.

Under the Act, shareholders of the Company may apply to a court having jurisdiction directing an investigation to be made of the Company. If it appears to the court that the formation, business or affairs of the Company were conducted for fraudulent or unlawful purposes, or that the powers of the directors were exercised in a manner that is oppressive or unfairly disregards the interests of the shareholders, the court may order an investigation to be made of the Company.

To change the rights of holders of stock, where such rights are attached to an issued class or series of shares, requires the consent by a separate resolution of the holders of the class or series of shares, as the case may be, requiring a majority of two-thirds of the votes cast.

The Company is organized under the laws of Canada. The majority of the Company's directors, officers, and affiliates of the Company, as well as the experts named in this registration statement, are residents of Canada and, to the best of the Company's knowledge, all or a substantial portion of their assets and all of the Company's assets are located outside of the United States. As a result, it may be difficult for shareholders of the Company in the United States to effect service of process on the Company or these persons above within the United States, or to realize in the United States upon judgments rendered against the Company or such persons. Additionally, a shareholder of the Company should not assume that the courts of Canada (i) would enforce judgments of U.S. courts obtained in actions against the Company or such persons predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States, or (ii) would enforce, in original actions, liabilities against the Company or such persons predicated upon the U.S. federal securities laws or other laws of the United States.

Laws in the United States and judgments of U.S. courts would generally be enforced by a court of Canada unless such laws or judgments are contrary to public policy in Canada, are or arise from foreign penal laws or laws that deal with taxation or the taking of property by a foreign government and are not in compliance with applicable laws in Canada regarding the limitation of actions. Further, a judgment obtained in a U.S. court would generally be recognized by a court of Canada, except under the following examples:

i) the judgment was rendered in a U.S. court that had no jurisdiction according to applicable laws in Canada;

ii) the judgment was subject to ordinary remedy (appeal, judicial review and any other judicial proceeding which renders the judgment not final, conclusive or enforceable under the laws of the applicable state) or not final, conclusive or enforceable under the laws of the applicable state;

iii) the judgment was obtained by fraud or in any manner contrary to natural justice or rendered in contravention of fundamental principles of procedure; and

iv) a dispute between the same parties, based on the same subject matter has given rise to a judgment rendered in a court of Canada or has been decided in a third country and the judgment meets the necessary conditions for recognition in a court of Canada.

5. Meetings

Subject to the provisions of the Act, the annual general meeting of the shareholders shall be on such date in each year as the board of directors may determine, and a special meeting of the shareholders may be convened at any time by order of the President or by the board on their own motion or on the requisition of shareholders as provided for in the Act. Notice of the time and place of each meeting of shareholders shall be given not less than 21 days nor more than 60 days before the date of the meeting to each director and shareholder. A meeting of shareholders may be held without notice at any time and at any place provided a waiver of notice is obtained in accordance with section 136 of the Act. The quorum for the transaction of business at meetings of the shareholders shall consist of not less than two shareholders present or represented by proxy and holding in all not less than 10% percent of the outstanding shares entitled to vote at the meeting. At any meeting of shareholders, every person shall be entitled to vote who, at the time of the taking of a vote (or, if there is a record date for voting, at the close of business on such record date) is entered in the register of shareholders as the holder of one or more shares carrying the right to vote at such meeting, subject to the provisions of the Act.

6. Ownership of Securities

There are no limitations imposed by the Act, or by the Articles or By-Law or any other constituent document of the Company on the right of non-resident or foreign shareholders to own or vote securities of the Company. However, the Investment Canada Act (Canada) will prohibit implementation, or if necessary, require divestiture of an investment deemed "reviewable" under the *Investment Canada Act* (Canada) by an investor that is not a "Canadian" as defined in the *Investment Canada Act* (Canada), unless after review the Minister responsible for the *Investment Canada Act* (Canada) is satisfied that the "reviewable" investment is likely to be of net benefit to Canada.

The following discussion summarizes the principal features of the Investment Canada Act for a non-Canadian who proposes to acquire common shares of the Company. The discussion is general only; it is not a substitute for independent legal advice from an investor's own adviser; and, except where expressly noted, it does not anticipate statutory or regulatory amendments.

The Investment Canada Act is a federal statute of broad application regulating the establishment and acquisition of Canadian businesses by non-Canadians, including individuals, governments or agencies thereof, corporations, partnerships, trusts or joint ventures, Investments by non-Canadians to acquire control over existing Canadian businesses or to establish new ones are either reviewable or notifiable under the Investment Canada Act. If an investment by a non-Canadian to acquire control over an existing Canadian business is reviewable under the Investment Canada Act, the Investment Canada Act generally prohibits implementation of the investment unless, after review, the Minister of Industry is satisfied that the investment is likely to be of net benefit to Canada.

An investment in the Company's common shares by a non-Canadian, who is not a resident of a World Trade Organization ("**WTO**") member, would be reviewable under the *Investment Canada Act* (Canada) if it was an investment to acquire control of the Company and the value of the assets of the Company was CAN $5 million or more. An investment in common shares of the Company by a resident of a WTO member would be reviewable only if it was an investment to acquire control of the Company and the enterprise value of the assets of the Company was equal to or greater than a specified amount, which is published by the Minister after its determination for any particular year. This amount is currently CAN $1 billion (unless the WTO member is party to one of a list of certain free trade agreements, in which case the amount is currently CAN $1.5 billion); beginning January 1, 2019, both thresholds will be adjusted annually by a GDP (Gross Domestic Product) based index.

A non-Canadian would be deemed to acquire control of the Company for the purposes of the Investment Canada Act if the non-Canadian acquired a majority of the outstanding common shares (or less than a majority but controlled the Company in fact through the ownership of one-third or more of the outstanding common shares) unless it could be established that, on the acquisition, the Company is not controlled in fact by the acquirer through the ownership of such common shares. Certain transactions in relation to the Company's common shares would be exempt from review under the Investment Canada Act, including, among others, the following:

a) the acquisition of voting shares or other voting interests by any person in the ordinary course of that person's business as a trader or dealer in securities;

ii) the acquisition of control of the Company in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the provisions of the *Investment Canada Act* (Canada), if the acquisition is subject to approval under the *Bank Act* (Canada), the *Cooperative Credit Associations Act* (Canada), the *Insurance Companies Act* (Canada) or the *Trust and Loan Companies Act* (Canada); and

iii) the acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control of the Company, through the ownership of voting interests, remains unchanged.

7. Change in Control of Company

No provision of the Company's Articles or By-Law would have the effect of delaying, deferring, or preventing a change in control of the Company, and operate only with respect to a merger, acquisition or corporate restructuring of the Company or any of its subsidiaries. The Company no longer has a shareholder rights plan.

C. Material Contracts

The following are the material contracts of the Company, other than those mentioned elsewhere in this Form, to which the Company or any member of the group is a party, for the two years immediately preceding publication of this registration statement.

N/A

D. Exchange Controls

There is no law or governmental decree or regulation in Canada that restricts the export or import of capital, or affects the remittance of dividends, interest or other payments to a non-resident holder of Common Shares, other than withholding tax requirements. Any such remittances to United States residents are generally subject to withholding tax, however no such remittances are likely in the foreseeable future. (See "Item 10E - Taxation", below.)

Except as provided in the Investment Canada Act (Canada), which has rules regarding certain acquisitions of shares by non-residents, there is no limitation imposed by Canadian law, or by the Company's Articles or By-Law, or by any other constituent documents of the Company, on the right of a non-resident to hold or vote the Company's common shares. Investment Canada Act is a Canadian federal statute of broad application regulating the establishment and acquisition of Canadian businesses by non-Canadians, including individuals, governments or agencies thereof, corporations, partnerships, trusts or joint ventures. Investments by non-Canadians to acquire control over existing Canadian businesses or to establish new ones are either reviewable or notifiable under the Investment Canada Act. If an investment by a non-Canadian to acquire control over an existing Canadian business is reviewable under the Investment Canada Act, the Investment Canada Act generally prohibits implementation of the investment unless, after review, the Minister of Industry is satisfied that the investment is likely to be of net benefit to Canada.

E. Taxation

Material U.S. Federal Income Tax Considerations

The following is a summary of the anticipated material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of the Company's common shares ("**Common Shares**").

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder as a result of the acquisition, ownership, and disposition of Common Shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares for such U.S. Holder. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any particular U.S. Holder. Except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. Each U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences of the acquisition, ownership, and disposition of Common Shares.

No opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "**IRS**") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Common Shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, or contrary to, any position taken in this summary. In addition, because the authorities upon which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

Scope of this Summary

Authorities

This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention"), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Annual Report. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis, which could affect the U.S. federal income tax consequences described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive basis.

U.S. Holders

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Common Shares that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or resident of the U.S., (b) a corporation, or any other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S., any state in the U.S., or the District of Columbia, (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income, or (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

Non-U.S. Holders

For purposes of this summary, a "**non-U.S. Holder**" is a beneficial owner of Common Shares other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares to non-U.S. Holders. Accordingly, a non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences (including the potential application of and operation of any tax treaties) of the acquisition, ownership, and disposition of Common Shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares to U.S. Holders that are subject to special provisions under the Code, including the following U.S. Holders: (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) U.S. Holders that are dealers in securities or currencies or U.S. Holders that are traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) U.S. Holders that have a "functional currency" other than the U.S. dollar; (e) U.S. Holders that are liable for the alternative minimum tax under the Code; (f) U.S. Holders that own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (g) U.S. Holders that are subject to Section 451(b) of the Code; (h) U.S. Holders that acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (i) U.S. Holders that hold Common Shares other than as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment purposes); (j) U.S. Holders who are U.S. expatriates or former long-term residents of the United States; (k) U.S. Holders that own (directly, indirectly, or by attribution) 10% or more of the total combined voting power or value of the outstanding shares of the Company; or (l) corporations that accumulate earnings to avoid U.S. federal income tax. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding the U.S. federal, U.S. state and local, and non-U.S. tax consequences of the acquisition, ownership, and disposition of Common Shares.

If an entity that is classified as a partnership (or other "pass-through" entity) for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax consequences to such partnership (or other "pass-through" entity) and the partners of such partnership (or owners of such other "pass-through" entity) generally will depend on the activities of the partnership (or other "pass-through" entity) and the status of such partners (or owners). This summary does not address the U.S. federal income tax consequences for any such partner or partnership (or other "pass-through" entity or owner). Partners of entities that are classified as partnerships (or owners of other "pass-through" entities) for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal tax consequences of the acquisition, ownership, and disposition of Common Shares.

Tax Consequences Other than U.S. Federal Income Tax Consequences Not Addressed

This summary does not address the U.S. state and local, U.S. federal estate and gift, U.S. Medicare contribution, or non-U.S. tax consequences to U.S. Holders of the acquisition, ownership, and disposition of Common Shares. Each U.S. Holder should consult its own tax advisor regarding the U.S. state and local, U.S. federal estate and gift, U.S. Medicare contribution, and non-U.S. tax consequences of the acquisition, ownership, and disposition of Common Shares. (See "Taxation—Canadian Federal Income Tax Considerations for U.S. Residents" below).

U.S. Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Common Shares

Distributions on Common Shares

General Taxation of Distributions

Subject to the "passive foreign investment company" rules discussed below, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to Common Shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of the Company, as computed for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the Company, such distribution will be treated (a) first, as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Common Shares, and (b) thereafter, as gain from the sale or exchange of such Common Shares. (See more detailed discussion at "Disposition of Common Shares" below). The Company may not maintain calculations of earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by the Company with respect to Common Shares will constitute a dividend.

Reduced Tax Rates for Certain Dividends

A dividend paid by the Company generally will be taxed at the preferential tax rates applicable to long-term capital gains if (a) the Company is a "qualified foreign corporation" (as defined below), (b) the U.S. Holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on Common Shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date." The Company generally will be a "qualified foreign corporation" under Section 1(h)(11) of the Code (a "**QFC**") if (a) the Company is eligible for the benefits of the Canada-U.S. Tax Convention, or (b) Common Shares are readily tradable on an established securities market in the U.S.

However, even if the Company satisfies one or more of such requirements, the Company will not be treated as a QFC if the Company is a "passive foreign investment company," or "PFIC" (as defined below) for the taxable year during which the Company pays a dividend or for the preceding taxable year.

As discussed below, the Company does not believe that it was a PFIC for the taxable year ended December 31, 2019, and does not expect that it will be a PFIC for the taxable year ending December 31, 2020. (See more detailed discussion at "Additional Rules that May Apply to U.S. Holders" below). However, there can be no assurance that the IRS will not challenge the determination made by the Company concerning its PFIC status or that the Company will not be a PFIC for the current taxable year or any subsequent taxable year.

Accordingly, although the Company expects that it may be a QFC for the taxable year ending December 31, 2020, there can be no assurance that the IRS will not challenge the determination made by the Company concerning its QFC status, or that the Company will be a QFC for the taxable year ending December 31, 2020, or any subsequent taxable year.

If the Company is not a QFC, subject to the PFIC rules discussed below, a dividend paid by the Company to a U.S. Holder, including a U.S. Holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the dividend rules.

Distributions Paid in Foreign Currency

The amount of a distribution paid to a U.S. Holder in foreign currency generally will be equal to the U.S. dollar value of such distribution based on the exchange rate applicable on the date of receipt. A U.S. Holder that does not convert foreign currency received as a distribution into U.S. dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the U.S. dollar value of such foreign currency on the date of receipt. Such a U.S. Holder generally will recognize ordinary income or loss on the subsequent sale or other taxable disposition of such foreign currency (including an exchange for U.S. dollars).

Dividends Received Deduction

Dividends paid on Common Shares generally will not be eligible for the "dividends received deduction." The availability of the dividends received deduction is subject to complex limitations that are beyond the scope of this discussion, and a U.S. Holder that is a corporation should consult its own tax advisor regarding the dividends received deduction.

Disposition of Common Shares

Subject to the PFIC rules discussed below, a U.S. Holder will recognize capital gain or loss on the sale or other taxable disposition of Common Shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder's tax basis in the Common Shares sold or otherwise disposed of. A U.S. Holder's tax basis in Common Shares generally will be such U.S. Holder's U.S. dollar cost for such Common Shares. Such gain or loss will be long-term capital gain or loss if the Common Shares have been held for more than one year at the time of sale or other taxable disposition. Gain or loss recognized by a U.S. Holder on the sale or other taxable disposition of Common Shares generally will be treated as "U.S. source" for purposes of applying the U.S. foreign tax credit rules.

Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

The amount realized on a sale or other taxable disposition of Common Shares for an amount in foreign currency will generally be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognize U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date.

Foreign Tax Credit

A U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on Common Shares or gain from the sale or other taxable disposition of Common Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." In addition, this limitation is calculated separately with respect to specific categories of income. Dividends paid by the Company generally will constitute "foreign source" income and generally will be categorized as "passive income." The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisor regarding the foreign tax credit rules.

Information Reporting; Backup Withholding Tax

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of distributions with respect to, or proceeds arising from the sale or other taxable disposition of, Common Shares generally will be subject to information reporting and backup withholding tax, at the rate of 24%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on IRS Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding tax rules.

Additional Rules that May Apply to U.S. Holders

The Company believes it was a PFIC in one or more previous taxable years. If the Company is or becomes a PFIC, or U.S. Holders held Common Shares while the Company was a PFIC, the preceding sections of this summary may not describe the U.S. federal income tax consequences to U.S. Holders of the acquisition, ownership, and disposition of Common Shares.

Passive Foreign Investment Company

The Company generally will be a PFIC if, for a taxable year, (a) 75% or more of the gross income of the Company for such taxable year is passive income ("income test") or (b) on average for such taxable year, 50% or more of the assets held by the Company either produce passive income or are held for the production of passive income ("asset test"), based on the fair market value of such assets. Passive income includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Passive income does not include any interest, dividends, rents, or royalties that are received or accrued by the Company from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to the income of such related person that is not passive income. Assets that produce or are held for the production of passive income generally include cash, even if held as working capital or raised in a public offering, marketable securities and other assets that may produce passive income.

For purposes of the income test and asset test, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. , In addition, if the Company is a PFIC and owns shares of another foreign corporation that also is a PFIC ("subsidiary PFIC"), a disposition of the shares of such other foreign corporation or a distribution received from such other foreign corporation generally will be treated as an indirect disposition by a U.S. Holder or an indirect distribution received by a U.S. Holder, subject to the rules of Section 1291 of the Code discussed below. Accordingly, U.S. Holders should be aware that they could be subject to tax even if no distributions are received and no redemptions or other dispositions of Common Shares are made. To the extent that gain recognized on the actual disposition by a U.S. Holder of Common Shares or income recognized by a U.S. Holder on an actual distribution received on Common Shares was previously subject to U.S. federal income tax under these indirect ownership rules, such amount generally should not be subject to U.S. federal income tax.

If the Company is a PFIC, or a U.S. Holder held Common Shares while the Company was a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of Common Shares will depend on whether such U.S. Holder makes an election to treat the Company and any subsidiary PFIC as a "qualified electing fund" or "QEF" under Section 1295 of the Code (a "**QEF Election**") or a mark-to-market election for the Company under Section 1296 of the Code (a "**Mark-to-Market Election**"). A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election is referred to in this summary as a "Non-Electing U.S. Holder."

Under Section 1291 of the Code, any gain recognized on the sale or other taxable disposition of Common Shares, and any "excess distribution" (as defined in Section 1291(b) of the Code) paid on the Common Shares, must be ratably allocated to each day in a Non-Electing U.S. Holder's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to the current year and any year prior to the first year in which the Company was a PFIC generally will be subject to U.S. federal income tax as ordinary income in the current year. The amount of any such gain or excess distribution allocated to other years generally will be subject to U.S. federal income tax in the current year at the highest tax rate applicable to ordinary income in each such prior year, and a Non-Electing U.S. Holder will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

A U.S. Holder that makes a QEF Election generally will not be subject to the rules of Section 1291 of the Code discussed above. Instead, a U.S. Holder that makes a QEF Election generally will be subject to U.S. federal income tax on such U.S. Holder's pro rata share of (a) the "net capital gain" of the Company, which will be taxed as long-term capital gain to such U.S. Holder, and (b) the "ordinary earnings" of the Company, which will be taxed as ordinary income to such U.S. Holder. A U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax on such amounts for each taxable year in which the Company is a PFIC, regardless of whether such amounts are actually distributed to such U.S. Holder by the Company. Taxable gains on the disposition of Common Shares by a U.S. Holder that has made a timely and effective QEF Election are generally capital gains. Each U.S. Holder should consult its own tax advisor regarding the availability and desirability of, and procedure for, making a timely and effective QEF Election for the Company and any subsidiary PFIC.

A U.S. Holder that makes a Mark-to-Market Election generally will not be subject to the rules of Section 1291 of the Code discussed above. A U.S. Holder may make a Mark-to-Market Election only if Common Shares are "marketable stock" (as defined in Section 1296 (e) of the Code). A U.S. Holder that makes a Mark-to-Market Election will include in gross income, as ordinary income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares as of the close of such taxable year over (b) such U.S. Holder's tax basis in such Common Shares. A U.S. Holder that makes a Mark-to-Market Election will, subject to certain limitations, be allowed a deduction in an amount equal to the excess, if any, of (a) such U.S. Holder's adjusted tax basis in the Common Shares over (b) the fair market value of such Common Shares as of the close of such taxable year. Any gain recognized upon a disposition of Common Shares by a U.S. Holder who has made a Mark-to-Market Election generally will be treated as ordinary income, and any loss recognized upon a disposition generally will be treated as an ordinary loss to the extent of net mark-to-market income recognized for all prior taxable years. Any loss recognized in excess thereof will be taxed as a capital loss. Capital losses are subject to significant limitations under the Code. A Mark-to-Market election may not be made with respect to the stock of any subsidiary PFIC because such stock is not "marketable stock." Hence, a Mark-to-Market Election will not be effective to eliminate the application of the default rules of Section 1291 of the Code, described above, with respect to deemed dispositions of subsidiary PFIC stock or excess distributions with respect to a subsidiary PFIC. Each U.S. Holder should consult its own tax advisor regarding the availability and desirability of, and procedure for, making a timely and effective Mark-to-Market Election with respect to Common Shares.

The Company believes it was a PFIC in one or more prior taxable years but does not believe that it was a PFIC for the taxable years ended December 31, 2019 and December 31, 2018, and, based on current operations and financial projections, does not expect that it will be a PFIC for the taxable year ending December 31, 2020. The determination of whether the Company was, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, whether the Company will be a PFIC for the taxable year ending December 31, 2020, and each subsequent taxable year depends on the assets and income of the Company over the course of each such taxable year and, as a result, cannot be predicted with certainty as of the date of this Annual Report. Accordingly, there can be no assurance that the IRS will not challenge the determination made by the Company concerning its PFIC status or that the Company was not, or will not be, a PFIC for any taxable year.

If the Company meets the income test or asset test for any taxable year during which a U.S. Holder owns Common Shares, the Company will be treated as a PFIC with respect to such U.S. Holder for that taxable year and for all subsequent taxable years, regardless of whether the Company meets the PFIC income test or asset test for such subsequent taxable years, unless the U.S. Holder elects to recognize any unrealized gain in the Common Shares or makes a timely and effective QEF Election or Mark-to-Market Election.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisor regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL U.S. FEDERAL INCOME TAX CONSIDERATIONS APPLICABLE TO U.S. HOLDERS WITH RESPECT TO THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF COMMON SHARES. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN THEIR PARTICULAR CIRCUMSTANCES.

Canadian Federal Income Tax Considerations for United States Residents

The following, as of the date hereof, is a summary of the principal Canadian federal income tax considerations generally applicable to the holding and disposition of common shares by a holder (a) who, for the purposes of the Income Tax Act (Canada) (the "**Tax Act**") and at all relevant times, is not resident or deemed to be resident in Canada, deals at arm's length and is not affiliated with the Company, holds the common shares as capital property and does not use or hold, and is not deemed to use or hold, the common shares in the course of carrying on, or otherwise in connection with, a business in Canada, and (b) who, for the purposes of the *Canada - United States Income Tax Convention* (the "Convention") and at all relevant times, is a resident solely of the United States, has never been a resident of Canada, has not held or used (and does not hold or use) common shares in connection with a permanent establishment or fixed base in Canada, and who otherwise qualifies for the full benefits of the Convention. The Canada Revenue Agency has introduced special forms to be used in order to substantiate eligibility for benefits under the Convention, and affected holders should consult with their own advisers with respect to these forms and all relevant compliance matters.

Holders who meet all such criteria in clauses (a) and (b) above are referred to in this summary as a "U.S. Holder" or "U.S. Holders", and this summary only addresses such U.S. Holders. The summary does not deal with special situations, such as particular circumstances of traders or dealers, limited liability companies, tax-exempt entities, insurers, financial institutions (including those to which the mark-to-market provisions of the Tax Act apply), entities considered fiscally transparent under applicable law, or otherwise.

This summary is based on the current provisions of the Tax Act, and the regulations thereunder, all proposed amendments to the Tax Act and regulations publicly announced by the Minister of Finance (Canada) to the date hereof, the current provisions of the Convention and our understanding of the current administrative practices of the Canada Revenue Agency. It has been assumed that all currently proposed amendments to the Tax Act and regulations will be enacted as proposed and that there will be no other relevant change in any governing law, the Convention or administrative policy, although no assurance can be given in these respects. This summary does not take into account provincial, U.S. or other foreign income tax considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian income tax consequences. It is not intended as legal or tax advice to any particular U.S. Holder and should not be so construed. The tax consequences to a U.S. Holder will depend on that U.S. Holder's particular circumstances. All holders, including U.S. Holders or prospective U.S. Holders as defined above, should consult their own tax advisors with respect to the tax consequences applicable to them having regard to their own particular circumstances. The discussion below is qualified accordingly.

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the common shares must be converted into Canadian dollars based on the relevant exchange rate applicable thereto.

Dividends

Dividends paid or deemed to be paid or credited by the Company to a U.S. Holder are subject to Canadian withholding tax. In general terms, the Tax Act provides for withholding at the rate of 25% unless the holder is able to substantiate a reduced rate under an applicable tax treaty or convention.

The rate of withholding tax on dividends paid to a U.S. Holder who can substantiate eligibility for benefits under the Convention is generally limited to 15% of the gross amount of the dividends (or 5%, if the beneficial owner of the dividends is a company that owns at least 10% of the voting stock of the Company).

Dispositions

A U.S. Holder is generally not subject to tax under the Tax Act in respect of a capital gain realized on the disposition of a common share in the open market, unless the share is "taxable Canadian property" to the holder thereof and the U.S. Holder is not entitled to relief under the Convention.

Provided that the Company's common shares are listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the TSX Venture) at the time of disposition, a common share will generally not constitute taxable Canadian property to a U.S. Holder unless, at any time during the 60 month period ending at the time of disposition, (i) the U.S. Holder, persons with whom the U.S. Holder did not deal at arm's length, partnerships in which the U.S. Holder or such non-arm's length persons holds a membership interest directly or indirectly, or the U.S. Holder together with any of the foregoing, owned 25% or more of the issued shares of any class or series of the Company AND (ii) more than 50% of the fair market value of the share was derived directly or indirectly from certain types of assets, including real or immoveable property situated in Canada, Canadian resource properties or timber resource properties, and options, interests or rights in respect of any of the foregoing. Common shares may also be deemed to be taxable Canadian property under the Tax Act in certain other circumstances. A U.S. Holder who may hold common shares as taxable Canadian property should consult with the U.S. Holder's own tax advisors in advance of any disposition or deemed disposition of common shares under the Tax Act in order to determine whether any relief from tax under the Tax Act may be available by virtue of the Convention, and any related compliance procedures.

While intended to address material Canadian federal income tax considerations relevant to the holding or disposition of common shares by U.S. Holders, this summary is for general information purposes only, and is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of common shares. No opinion was requested by the Company, or is provided by its legal counsel and/or auditors. Accordingly, holders and prospective holders of common shares (including U.S. Holders as defined above) should consult their own tax advisors regarding the consequences of purchasing, owning, and disposing of common shares of the Company.

F. Dividends and Paying Agents

Not applicable

G. Statement by Experts

Not applicable

H. Documents on Display

Exhibits attached to this Annual Report are available for viewing on EDGAR, or may be inspected at the head office of Company at 2 – 1250 Waverley Street, Winnipeg, Manitoba, Canada R3T 6C6, during normal business hours. Copies of the Company's financial statements and other continuous disclosure documents required under Canadian securities legislation are available for viewing on the internet at www.sedar.com.

I. Subsidiary Information

Not applicable

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

The primary objective of the Company's investment activities is to preserve principal by maximizing the income the Company receives from such activities without significantly increasing risk. Securities that the Company invests in are generally highly liquid short-term investments such as term deposits with terms to maturity of less than one year.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk as it does not have any variable rate borrowings.

FOREIGN EXCHANGE RISK

The Company's primary currency of operations is the Canadian dollar. Its wholly-owned operating subsidiaries primary currency of operations is the US dollar. The Company has expenditures and holds investments denominated in US dollars. During the year ended December 31, 2020, it is estimated that approximately 80% of the Company's consolidated expenditures were denominated in a foreign currency, primarily being the US dollar and 100% of the Company's consolidated product revenues were denominated in the US dollar. To date the Company has not entered into any future or forward contracts, or other derivative instruments, for either hedging or speculative purposes, to mitigate the impact of foreign exchange fluctuations on these costs or revenues. Based on the above net exposures as at December 31, 2020, assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the U.S. dollar would result in a corresponding increase or decrease, respectively on the Company's net (loss) income of approximately $205,000.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's disclosure controls and procedures, as such term is defined in Rules 13(a)-13(e) and 15(d)-15(e) of the Exchange Act are designed to provide reasonable assurance that all relevant information is communicated to senior management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO. Based on this evaluation these officers concluded that as of the end of the period covered by this Annual Report on Form 20-F, our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by our company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. These disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management, including our company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The conclusion that the disclosure controls and procedures were not effective was due to the presence of a material weakness in internal control over financial reporting as identified below under the heading "Internal Controls over Financial Reporting Procedures". Management anticipates that such disclosure controls and procedures will not be effective until the material weakness is remediated.

Management's Annual Report on Internal Control over Financial Reporting

The management of the Company, including the CEO and CFO, is responsible for establishing and maintaining adequate internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). The Company's internal control system was designed to provide reasonable assurance to the Company's management and the board of directors regarding the reliability of financial reporting and preparation and fair presentation of published financial statements for external purposes in accordance with IFRS. Internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the design and operation of internal control over financial reporting as of December 31, 2020, based on the framework set forth in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that the Company's ICFR was not effective as at December 31, 2020 due to the following material weaknesses:

Due to the limited number of staff with an appropriate level of technical accounting knowledge, experience and training and the inability to attract outside expert advice on a cost-effective basis, there is a risk of material misstatements related to the accounting and reporting for complex and non-routine accounting and income tax transactions. This control deficiency creates a reasonable possibility that a material misstatement of the annual financial statements would not have been prevented or detected in a timely manner.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report is not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

Changes in Internal Control over Financial Reporting and Planned Remediation Activities

The Company has taken various steps during and prior to fiscal 2020 to address the material weaknesses within the Company's internal control environment in connection with the evaluation described in the preceding paragraph that occurred during the period covered by this Annual Report on Form 20-F which have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

The Company has made changes and improvements to the accounting software system used to record transactions in order to facilitate additional system-based controls over its financial transactions, results and processes. During fiscal 2020, the Company hired a controller, with a CPA designation and public practice experience, reporting to the chief financial officer of the Company, in order to facilitate additional segregation of duties in preparation and review in regards to accounting for complex transactions. Due to resource constraints and the present stage of the Company's development the Company does not have sufficient size and scale to warrant the hiring of additional staff to continue to correct this material weakness at this time, however the Company will use its improved accounting software and the increased capacity of its staff in the accounting and finance department to further develop, document, implement and test internal controls within the organization.

ITEM 16. RESERVED

Not applicable

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

As of December 31, 2020, Mr. Brent Fawkes CPA, CA, a non-employee director, was a member of the audit committee of the Company. The board of directors of the Company has determined that Mr. Fawkes (i) qualifies as an audit committee financial expert pursuant to Items 16A(b) and (c) of Form 20-F and (ii) is independent as defined in section 803 of the NYSE American Company Guide and Rule 10A-3 of the Exchange Act. In addition, all members of the audit committee are considered financially literate under applicable Canadian laws.

ITEM 16B. CODE OF ETHICS

On August 23, 2004, the Company adopted a written Code of Business Conduct and Ethics ("**Code of Ethics**") that applies to the Company's principal executive officer, principal financial officer and to all its other employees. These standards are a guide to help ensure that all of the Company's employees live up to high ethical standards. A copy of the Code of Ethics is maintained on the Company's website at www.medicure.com.

During the most recently completed fiscal year, the Company has neither: (a) amended its Code of Ethics; nor (b) granted any waiver (including any implicit waiver) form any provision of its Code of Ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

On October 16, 2020, the Company changed its auditors from PricewaterhouseCoopers LLP to Ernst & Young LLP.

In accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the Audit Committee's charter, all audit and audit-related work and all non-audit work performed by the chartered accountants, Ernst & Young LLP and PricewaterhouseCoopers LLP, is approved in advance by the Audit Committee, including the proposed fees for such work. The Audit Committee is informed of each service actually rendered that was approved through its pre-approval process.

(a) Audit fees

2020	2019
$194,000	$146,000

Audit fees consist of fees billed for the audit of the Company's annual financial statements.

(b) Audit-related fees

2020	2019
$—	$—

Audit-related fees consist of fees billed for accounting consultations.

(c) Tax fees

2020	2019
$—	$—

(d) All other fees

2020	2019
$—	$—

(e) Audit Committee's Pre-approval Policies

All Ernst & Young LLP services and fees are approved by the Audit Committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On May 16, 2018, the Company announced that the TSXV accepted the Company's notice of intention to make a NCIB. In the opinion of the Company, its common shares were trading at prices that did not reflect its underlying value. Accordingly, the Company believed that purchasing its common shares for cancellation, at the then present pricing, represented an opportunity to enhance value for its shareholders.

Under the terms of the NCIB, the Company could have acquired up to an aggregate of 794,088 common shares. The NCIB commenced on May 28, 2018 and ended on May 27, 2019. The actual number of common shares that could have been purchased, if any, and the timing of such purchases was determined by the Company. All common shares purchased by the Company were purchased on the open market through the facilities of TSXV by PI Financial Corp. ("**PI**") acting on behalf of the Company in accordance with the policies of the TSXV and were surrendered by the Company to its transfer agent for cancellation. The prices that the Company paid for common shares purchased was the market price of the shares at the time of purchase.

The Company also announced that it had entered into an automatic share purchase plan with PI (the "**Plan**") in order to facilitate repurchases of its common shares under the NCIB. Under the Plan, PI could purchase common shares under the NCIB at times when the Company would ordinarily not be permitted to do so, due to regulatory restrictions or self-imposed blackout periods.

Purchases under the Plan were made by PI based upon parameters prescribed by the TSXV, applicable Canadian securities laws and terms of the Plan.

During the year ended December 31, 2018 the Company repurchased and cancelled 441,400 common shares. The aggregate price paid for these common shares totaled $3.0 million. As a result of the NCIB, during the year ended December 31, 2018 the Company recorded $480,000 directly in its retained deficit representing the difference between the aggregate price paid for these common shares and a reduction of the Company's share capital totaling $3.5 million.

On May 30, 2019, the Company announced that the TSXV has accepted the Company's notice of intention to make a NCIB (the "**2019 NCIB**").

Under the terms of the 2019 NCIB, Medicure may acquire up to an aggregate of 761,141 common shares. In the opinion of the Company, its common shares had been trading at prices that did not reflect its underlying value. Accordingly, Medicure believed that purchasing its common shares for cancellation, at the then present pricing, represented an opportunity to enhance value for its shareholders.

As of May 29, 2019, the Company had 15,222,813 common shares outstanding, of which 6,758,666 common shares represented the public float of Medicure. Under TSXV policies, Medicure is entitled to purchase up to the maximum of 761,141 common shares, representing 5% of the common shares outstanding, over the 12-month period that the 2019 NCIB is in place.

The 2019 NCIB commenced on May 30, 2019 and will end on May 29, 2020, or on such earlier date as Medicure may complete its maximum purchases under the 2019 NCIB. The actual number of common shares which will be purchased, if any, and the timing of such purchases will be determined by the Company. All common shares purchased by the Company will be purchased on the open market through the facilities of TSXV by PI acting on behalf of the Company in accordance with the policies of the TSXV and will be surrendered by the Company to its transfer agent for cancellation. The prices that the Company will pay for common shares purchased will be the market price of the shares at the time of purchase.

The Company also announced that it had entered into an automatic share purchase plan with PI (the "**Plan**") in order to facilitate repurchases of its common shares under the 2019 NCIB. Under the Plan, PI may purchase common shares under the 2019 NCIB at times when the Company would ordinarily not be permitted to do so, due to regulatory restrictions or self-imposed blackout periods.

Purchases under the Plan will be made by PI based upon parameters prescribed by the TSXV, applicable Canadian securities laws and terms of the Plan.

During the year ended December 31, 2019, the Company purchased and cancelled 421,300 of its common shares between May 30, 2019 and December 31, 2019 for a total cost to the Company of $2.1 million under the 2019 NCIB.

The Company suspended the 2019 NCIB in connection with its commencement of a SIB and no subsequent purchases were completed under the 2019 NCIB for the remainder of 2019.

On November 4, 2019 the Company announced its intention to commence a SIB (the "Offer") pursuant to which the Company offered to purchase up to 4.0 million of its common shares (the "Common Shares") for cancellation at a set purchase price of $6.50 per Common Share for a total purchase price of up to $26.0 million in cash. The Offer commenced on November 13, 2019 and expired at 5:00 p.m. (Eastern Standard Time) on December 19, 2019.

A total of 10,154,952 Common Shares were properly deposited under the Offer and not withdrawn. As the Offer was oversubscribed, the Company purchased Common Shares deposited on a pro rata basis following the determination of the final results of the Offer. Tendering shareholders had approximately 39.4% of their tendered Common Shares purchased by the Company under the Offer. The Common Shares that were purchased under the Offer represented approximately 27.0% of the outstanding Common Shares as at the time that the Offer was commenced. After giving effect to the Offer, the Company had 10,804,013 Common Shares outstanding.

The Offer was funded from the Company's existing cash on hand. The Company believed Medicure's underlying value and its long-term growth prospects were not reflected in the trading price of its Common Shares prior to the announcement of the SIB. As such, Medicure believes that the purchase of Common Shares under the Offer represented a reasonable use of a portion of its significant cash resources resulting from the Company's successful purchase and subsequent sale of the Apicore business.

During the ten months ended October 31, 2019, the closing prices of the Common Shares on the TSX Venture Exchange ("TSXV") ranged from a low of $3.00 to a high of $6.85. The closing price of the Common Shares on the TSXV on November 1, 2019 (the last full trading day before the announcement of the SIB) was $3.22. The purchase price of $6.50 per Common Share represents a 101.9% premium over the closing price of the Common Shares on the TSXV on November 1, 2019.

The Offer was optional for all shareholders, who were free to choose whether to participate and how many Common Shares to tender. Shareholders who did not deposit their Common Shares (or whose Common Shares were not purchased under the Offer) realized a proportionate increase in their equity interest in the Company.

As more than 4.0 million Common Shares were properly tendered to the Offer, Medicure took-up and paid for the tendered Common Shares on a pro-rata basis according to the number of Common Shares tendered (with adjustments to avoid the purchase of fractional Common Shares). The Offer was not conditional upon any minimum number of Common Shares being tendered but was subject to various other conditions disclosed in the Offer Documents.

Neither the Company nor its board of directors made any recommendation to any shareholder whether to tender or refrain from tendering Common Shares. Shareholders were strongly urged to read and carefully evaluate all information in the Offer Documents and to consult their own broker or other financial and tax advisors prior to making any decision with respect to the Offer.

The Company had engaged Computershare Trust Company of Canada to act as the depositary (the "**Depository**") for the Offer. Any Common Shares deposited under the Offer but not purchased, including any Common Shares invalidly deposited, were returned to the depositing shareholders by the Depositary.

The full details of the Offer were described in the Company's offer to purchase and issuer bid circular dated November 1, 2019, as well as the related letter of transmittal and notice of guaranteed delivery, copies of which are available on SEDAR under the Company's profile at www.sedar.com and on EDGAR at www.sec.com.

On December 20, 2019, the Company completed the SIB pursuant to which the Company purchased 4.0 million of its common shares for cancellation at a set purchase price of $6.50 per common share for a total purchase price of $26 million in cash. The Company incurred an additional $139,000 on transaction costs related to the SIB for a total aggregate purchase price paid of $26.1 million. During the year ended December 31, 2019, the Company recorded $5.5 million directly in its deficit representing the difference between the aggregate price paid for these common shares and a reduction of the Company's share capital totaling $31.6 million.

On June 29, 2020, the Company announced that the TSX Venture Exchange ("**TSXV**") has accepted the Company's notice of intention to make a normal course issuer bid ("**NCIB**").

Under the terms of the NCIB, Medicure may acquire up to an aggregate of 533,116 common shares. In the opinion of the Company, its common shares have been trading at prices that do not reflect its underlying value. Accordingly, the Company believes that purchasing its common shares for cancellation, at present pricing, represents an opportunity to enhance value for its shareholders.

As of June 29, 2020, the Company had 10,662,313 common shares outstanding, of which 4,655,353 common shares represent the public float of the Company. Under TSXV policies, the Company is entitled to purchase up to the maximum of 533,116 common shares, representing 5% of the common shares outstanding, over the 12-month period that the NCIB is in place.

The NCIB commenced on June 30, 2020 and will end on June 29, 2021, or on such earlier date as the Company may complete its maximum purchases under the NCIB. The actual number of common shares which will be purchased, if any, and the timing of such purchases will be determined by the Company. All common shares purchased by the Company will be purchased on the open market through the facilities of TSXV by PI Financial Corp. ("**PI**") acting on behalf of the Company in accordance with the policies of the TSXV and will be surrendered by the Company to its transfer agent for cancellation. The prices that the Company will pay for common shares purchased will be the market price of the shares at the time of purchase.

The Company also announces that it has entered into an automatic share purchase plan (the "**Pla**n") with PI in order to facilitate repurchases of its common shares under the NCIB. Under the Plan, PI may purchase common shares at times when the Company would ordinarily not be permitted to do so, due to regulatory restrictions or self-imposed blackout periods.

Purchases under the Plan will be made by PI based upon parameters prescribed by the TSXV, applicable Canadian securities laws and terms of the Plan.

During period from June 30 2020 to December 31, 2020, that the 2020 NCIB was in place, the Company purchased and cancelled 411,000 common shares for a total cost of $364,000. The prices that the Company paid for the common shares purchased was the market price of the shares at the time of purchase.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

PricewaterhouseCoopers LLP ("PwC") were appointed the auditors of Medicure Inc., (the "Corporation") on November 21, 2018. The Corporations' shareholders approved at the last annual and special meeting of the shareholders of the Corporation held June 22, 2020 that PwC be re-appointed auditors of the Corporation until the next annual meeting.

The Board of Directors, upon the recommendation of the Audit and Finance Committee, decided not to renew PwC's appointment as auditor. The Audit and Finance committee reviewed the situation and determined that the appointment of Ernst & Young LLP ("EY") as auditors of the Corporation would be in the best interests of the Corporation. As such, the Company's Audit and Finance committee recommended that EY be appointed as the successor auditor and the Board of Directors approved the same on October 6, 2020.

There have been no reservations in the auditor's reports for the audits of the three most recently completed fiscal years.

There have been, in the opinion of the Corporation, no reportable events, as that term is defined in NI 51-102.

ITEM 16G. CORPORATE GOVERNANCE

Not applicable.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable. See "Item 18 – *Financial Statements*".

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements were prepared in accordance with IFRS, as issued by the IASB, and are presented in thousands of Canadian dollars.

The consolidated financial statements are in the following order:

1. Reports of Independent Registered Public Accounting Firms;
2. Consolidated Statements of Financial Position;
3. Consolidated Statements of Net (Loss) Income and Comprehensive (Loss) Income;
4. Consolidated Statements of Changes in Equity
5. Consolidated Statements of Cash Flows; and
6. Notes to Consolidated Financial Statements.

MANAGEMENT REPORT

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of Medicure Inc. (the "Company"). Management is responsible for the information and representations contained in these consolidated financial statements.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The significant accounting policies, which management believes are appropriate for the Company, are described in note 3 to these consolidated financial statements. The Company maintains a system of internal control and processes intended to provide reasonable assurance that assets are safeguarded and to ensure that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving these consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee of non-management Directors is appointed by the Board. The Audit Committee reviews the consolidated financial statements, audit process and financial reporting with management and with the external auditors and reports to the Board of Directors prior to the approval of the audited consolidated financial statements for publication.

Ernst & Young LLP, the Company's external auditors for the year ended December 31, 2020, who are appointed by the shareholders, audited the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) to enable them to express to the shareholders their opinion on these consolidated financial statements as at and for the year ended December 31, 2020. PricewaterhouseCoopers LLP, the Company's external auditors for the years ended December 31, 2019 and 2018, who were appointed by the shareholders, audited the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) to enable them to express to the shareholders their opinion on these consolidated financial statements for the years ended December 31, 2019 and 2018. The reports of Ernst & Young LLP and PricewaterhouseCoopers LLP follow.

/s/ Albert Friesen
Dr. Albert D. Friesen
Chief Executive Officer

/s/ James Kinley
Mr. James F. Kinley CPA CA
Chief Financial Officer

April 20, 2021

Report of independent registered public accounting firm

To the Shareholders and the Board of Directors of
Medicure Inc.

Opinion on the financial statements

We have audited the accompanying consolidated statement of financial position of **Medicure Inc.** [the "Company"] as of December 31, 2020, the related consolidated statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the year ended December 31, 2020, and the related notes [collectively referred to as the "consolidated financial statements"]. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) [the "PCAOB"] and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: [1] relate to accounts or disclosures that are material to the financial statements and [2] involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

A member firm of Ernst & Young Global Limited

Assessment of accrual for chargebacks

Description of the matter

As described in note 3[e] to the consolidated financial statements, revenues from product sales are recorded net of estimated chargebacks. Chargebacks result from wholesalers selling the Company's products to end hospitals at prices lower than the wholesaler acquisition cost, which results in variable consideration for the Company. The provision is calculated using historical chargeback experience, timing of actual chargebacks processed during the year, expected chargeback levels based on the remaining products in the wholesaler distribution channel and pricing differences. Estimated chargebacks are presented within accounts payable and accrued liabilities on the consolidated statement of financial position as of December 31, 2020.

Auditing the estimated chargeback accrual is complex and judgmental due to the level of uncertainty involved in management's estimates for product that remains in the wholesaler distribution channel as at December 31, 2020, the extent of product sales that were expected to be subject to chargebacks and pricing differences.

How we addressed the matter in our audit

To test the Company's estimated chargeback accrual, our audit procedures included, among others, testing the completeness, accuracy, and relevance of the underlying data used by management to estimate the accrual through reconciliation to third-party agreements and third-party reports indicating actual chargebacks. We evaluated the estimated wholesaler inventory levels by obtaining third-party distribution channel reports and assessing inventor turnover of each product at the wholesaler. We inspected wholesaler agreements and end hospital agreements and compared pricing differences to the chargeback rate used by management to estimate the accrual. We performed a retrospective review to determine the historical accuracy of management's estimates of chargebacks against actual results. We evaluated the monthly trailing analysis of actual chargebacks processed during the year. We performed sensitivity analyses to determine the effect of changes in assumptions on the chargeback accrual.

Valuation of ZYPITAMAG® intangible asset

Description of the matter

As described in notes 3[i] and 8 to the consolidated financial statements, intangible assets with finite lives include ZYPITAMAG® intangible assets. These intangible assets are assessed for recoverability whenever events or changes in circumstances indicate that the carrying amount of the intangible assets may exceed its recoverable amount. Due to lower than expected sales levels during the year and competitive market conditions, management determined that these factors may indicate that the carrying value of the ZYPITAMAG® intangible asset exceeds the recoverable amount, and accordingly performed an impairment test at December 31, 2020. The recoverable amount was determined using the fair value less costs of disposal method.

We identified the valuation of intangible assets related to ZYPITAMAG® as a critical audit matter because auditing the impairment analysis was complex due to the significant estimation uncertainty and judgment applied by management in determining the recoverable amount. The significant estimation uncertainty was primarily due to the sensitivity of underlying key assumptions related to sales volumes, net selling prices and discount rate, and the significant effect that changes in these assumptions would have on the recoverable amount of the intangible asset.

How we addressed the matter in our audit

To test the estimated recoverable amount of the intangible asset, we performed audit procedures that included, among others, assessing the methodology used by management in calculating the recoverable amount, and evaluating the significant assumptions and the underlying data used by management in the analysis. We evaluated the reasonableness of the Company's estimated sales volume by comparing to historical results, approved business initiatives and budgets, market research, and industry data; and we tested the net selling prices used by comparing to actual realized prices and relevant industry factors. We also used an internal valuation specialist to assist in our evaluation of the methodology used and discount rate used to determine the recoverable amount of the intangible asset. Furthermore, we performed sensitivity analyses of the significant assumptions to evaluate the potential change in the recoverable amount of the intangible asset resulting from hypothetical changes in underlying assumptions.

Valuation of intangible assets in acquisition of Marley Drug Inc.

Description of the matter

On December 17, 2020, the Company completed its acquisition of Marley Drug Inc. and recognized $6.5 million in finite-lived intangible assets as disclosed in note 4 to the consolidated financial statements. The transaction was accounted for as a business combination.

Auditing the Company's accounting for its acquisition of Marley Drug Inc. was complex due to the significant estimation required by management to determine the fair value of the intangible assets, which principally consisted of pharmacy licenses, customer lists, and brand name. The Company used a replacement cost method to measure the pharmacy licenses. The significant assumptions used to estimate the pharmacy licenses included estimated costs and estimated lost profit during the replacement period. The Company used a discounted cash flow model to measure the customer lists and the relief from royalty method to measure the brand name. The significant assumptions used to estimate the value of these intangible assets included discount rates, revenue growth rates, and attrition rates. These significant assumptions are forward looking and could be affected by future economic and market conditions.

How we addressed the matter in our audit

To test the estimated fair value of the finite-lived intangible assets, we performed audit procedures that included, among others, evaluating the Company's selection of the valuation methodology and testing the significant assumptions used in the model, including the completeness and accuracy of the underlying data. We compared the revenue growth rate assumptions to current industry, market and economic trends, to the historical results of the acquired business and to other guidelines used by companies within the same industry. We compared the estimated costs to obtain the licenses and estimated lost profit to historical information. We involved internal valuation specialists to assist in our evaluation of the discount rate, the attrition rates, and the royalty rate. In addition, we performed sensitivity analyses of significant assumptions to evaluate the change in the fair value of the finite-lived intangible assets.

We have served as the Company's auditor since 2020.

Ernst & Young LLP

Winnipeg, Canada
April 20, 2021

Chartered Professional Accountants

A member firm of Ernst & Young Global Limited

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Medicure Inc.

Opinion on the Financial Statements

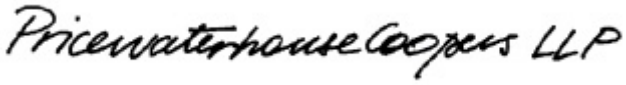
We have audited the accompanying consolidated statement of financial position of Medicure Inc. and its subsidiaries (together, the Company) as of December 31, 2019 and the related consolidated statements of net (loss) income and comprehensive (loss) income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.



Chartered Professional Accountants

Winnipeg, Canada
April 15, 2020

We have served as the Company's auditor from 2018 to 2020

PricewaterhouseCoopers LLP
One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020

Consolidated Statements of Financial Position
(expressed in thousands of Canadian dollars, except per share amounts)

As at December 31	Note	2020	2019
Assets			
Current assets:			
Cash and cash equivalents		**$ 2,716**	$ 12,965
Restricted cash	**4**	**1,394**	—
Accounts receivable	**5**	**5,253**	10,216
Inventories	**6**	**5,139**	6,328
Prepaid expenses		**1,174**	1,855
Total current assets		**15,676**	31,364
Non-current assets:			
Property and equipment	**4 & 7**	**1,640**	1,282
Intangible assets	**4 & 8**	**13,596**	9,599
Goodwill	**4**	**2,986**	—
Other assets	**4**	**156**	39
Total non-current assets		**18,378**	10,920
Total assets		**$ 34,054**	$ 42,284
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		**$ 6,979**	$ 9,384
Current portion of royalty obligation	**10**	**362**	872
Current portion of acquisition payable	**4 & 8**	**637**	649
Holdback payable	**4**	**1,876**	—
Current portion of contingent consideration	**4**	**1,925**	—
Current income taxes payable	**15**	**164**	517
Current portion of lease obligation	**4 & 11**	**367**	240
Total current liabilities		**12,310**	11,662
Non-current liabilities			
Royalty obligation	**10**	**335**	1,176
Acquisition payable	**8**	**1,132**	1,655
Contingent consideration	**4**	**51**	—
Lease obligation	**4 & 11**	**1,080**	849
Total non-current liabilities		**2,598**	3,680
Total liabilities		**14,908**	15,342
Equity:			
Share capital	**14(b)**	**80,917**	85,364
Warrants	**14(d)**	**—**	1,949
Contributed surplus		**10,294**	8,028
Accumulated other comprehensive income		**(6,497)**	(5,751)
Deficit		**(65,568)**	(62,648)
Total Equity		**19,146**	26,942
Total liabilities and equity		**$ 34,054**	$ 42,284
Commitments and contingencies	***17(a) & 17(d)***		

On behalf of the board

"Dr. Albert D. Friesen"
Director

"Mr. Brent Fawkes"
Director

See accompanying notes to the consolidated financial statements

Consolidated Statements of Net (Loss) Income and Comprehensive (Loss) Income
(expressed in thousands of Canadian dollars, except per share amounts)

For the year ended December 31	Note	2020	2019	2018
Revenue, net				
Product sales, net		**$11,610**	$ 20,173	$29,109
Cost of goods sold	**6 & 8**	**6,480**	7,272	4,152
Gross profit		**5,130**	12,901	24,957
Expenses				
Selling	**12**	**5,359**	13,399	15,580
General and administrative	**12**	**4,579**	3,395	3,922
Research and development	**12**	**3,299**	4,349	6,681
		13,237	21,143	26,183
Other expense (income):				
Revaluation of holdback receivable	**13**	**—**	3,623	1,473
Impairment loss on intangible assets	**8**	**—**	6,321	—
		—	9,944	1,473
Finance (income) costs:				
Finance (income) expense, net	**10 & 16**	**(765)**	(1,115)	(1,061)
Foreign exchange (gain) loss, net		**(497)**	2,570	(6,461)
		(1,262)	1,455	(7,522)
Net (loss) income before income taxes		**$ (6,845)**	$(19,641)	$ 4,823
Income tax (expense) recovery				
Current	**15**	**—**	(22)	(678)
Deferred	**15**	**—**	(123)	(219)
		—	(145)	(897)
Net (loss) income		**$ (6,845)**	$(19,786)	$ 3,926
Item that may be reclassified to profit or loss				
Exchange differences on translation of foreign subsidiaries:		**(746)**	(683)	595
Item that will not be reclassified to profit and loss				
Revaluation of investment in Sensible Medical at FVOCI	**9**	**—**	(6,336)	—
Comprehensive (loss) income		**$ (7,591)**	$(26,805)	$ 4,521
(Loss) earnings per share				
Basic	**14(e)**	**$ (0.64)**	$ (1.32)	$ 0.25
Diluted	**14(e)**	**$ (0.64)**	$ (1.32)	$ 0.24

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity
(expressed in thousands of Canadian dollars, except per share amounts)

	Note	Attributable to shareholders of the Company					
		Share Capital	Warrants	Contributed Surplus	Accumulated other comprehensive income (loss)	Equity (Deficit)	Total
Balance, December 31, 2019		**$85,364**	**$ 1,949**	**$ 8,028**	**$ (5,751)**	**$(62,648)**	**$26,942**
Net loss for the year ended December 31, 2020		**—**	**—**	**—**	**—**	**(6,845)**	**(6,845)**
Other comprehensive income for the year ended December 31, 2020		**—**	**—**	**—**	**(746)**	**—**	**(746)**
Transactions with owners, recorded directly in equity							
Buy-back of common shares under normal course issuer bid	**14(b)**	**(4,447)**	**—**	**—**	**—**	**3,925**	**(522)**
Transfer on expiry of warrants	**14(d)**	**—**	**(1,949)**	**1,949**	**—**	**—**	**—**
Share-based compensation	**14(c)**	**—**	**—**	**317**	**—**	**—**	**317**
Total transactions with owners		**(4,447)**	**(1,949)**	**2,266**	**—**	**3,925**	**(205)**
Balance, December 31, 2020		**$80,917**	**—**	**10,294**	**(6,497)**	**(65,568)**	**19,146**

(continued on next page)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity (continued)
(expressed in thousands of Canadian dollars, except per share amounts)

	Note	Attributable to shareholders of the Company					
		Share Capital	Warrants	Contributed Surplus	Accumulated other comprehensive income (loss)	Equity (Deficit)	Total
Balance, December 31, 2018		**$122,887**	**$ 1,949**	**$ 7,628**	**$ 1,268**	**$(50,138)**	**$ 83,594**
Net loss for the year ended December 31, 2019		**—**	**—**	**—**	**—**	**(19,786)**	**(19,786)**
Other comprehensive income for the year ended December 31, 2019		**—**	**—**	**—**	**(7,019)**	**—**	**(7,019)**
Transactions with owners, recorded directly in equity							
Buy-back of common shares under normal course issuer bid	**14(b)**	**(5,955)**	**—**	**—**	**—**	**1,810**	**(4,145)**
Buy-back of common shares under substantial issuer bid	**14(b)**	**(31,605)**	**—**	**—**	**—**	**5,466**	**(26,139)**
Stock options exercised	**14(c)**	**37**	**—**	**(17)**	**—**	**—**	**20**
Share-based compensation	**14(c)**	**—**	**—**	**417**	**—**	**—**	**417**
Total transactions with owners		**(37,523)**	**—**	**400**	**—**	**7,276**	**(29,847)**
Balance, December 31, 2019		**$ 85,364**	**$ 1,949**	**$ 8,028**	**$ (5,751)**	**$(62,648)**	**$ 26,942**

	Note	Attributable to shareholders of the Company					
		Share Capital	Warrants	Contributed Surplus	Accumulated other comprehensive income	Equity (Deficit)	Total
Balance, December 31, 2017		$125,734	$ 1,949	$ 6,897	$ 673	$(54,544)	$80,709
Net income for the year ended December 31, 2018		—	—	—	—	3,926	3,926
Other comprehensive income for the year ended December 31, 2018		—	—	—	595	—	595
Transactions with owners, recorded directly in equity							
Buy-back of common shares under normal course issuer bid	14(b)	(3,501)	—	—	—	480	(3,021)
Stock options exercised	14(c)	654	—	(291)	—	—	363
Share-based compensation	14(c)	—	—	1,022	—	—	1,022
Total transactions with owners		(2,847)	—	731	—	480	(1,636)
Balance, December 31, 2018		$122,887	$ 1,949	$ 7,628	$ 1,268	$(50,138)	$83,594

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows
(expressed in thousands of Canadian dollars, except per share amounts)

For the year ended December 31	Note	2020	2019	2018
Cash (used in) provided by:				
Operating activities:				
Net (loss) income for the year		**$ (6,845)**	$(19,786)	$ 3,926
Adjustments for:				
Current income tax expense (recovery)	**15**	**—**	22	678
Deferred income tax expense (recovery)	**15**	**—**	123	219
Impairment of property and equipment	**7**	**—**	95	—
Impairment of intangible assets	**8**	**—**	6,321	—
Revaluation of holdback receivable	**13**	**—**	3,623	1,473
Amortization of property and equipment	**7**	**307**	485	103
Amortization of intangible assets	**8**	**2,466**	1,438	196
Share-based compensation	**14(c)**	**317**	417	1,022
Write-down of inventories	**6**	**682**	1,983	95
Finance (income) expense, net	**16**	**(765)**	(1,115)	(1,061)
Unrealized foreign exchange (gain) loss		**(497)**	362	(5,323)
Change in the following:				
Accounts receivable		**5,081**	(318)	(1,341)
Inventories		**723**	(4,072)	(1,259)
Prepaid expenses		**703**	842	(1,793)
Other assets		**—**	78	—
Accounts payable and accrued liabilities		**(3,802)**	(4,992)	7,132
Interest received (paid), net	**16**	**22**	1,685	255
Income taxes paid	**15**	**(306)**	(477)	(2,041)
Royalties paid	**10**	**(326)**	(1,355)	(1,539)
Cash flows (used in) from operating activities		**(2,240)**	(14,641)	742
Investing activities:				
Acquisition of Marley Drug, Inc, net of cash acquired	**4**	**(7,238)**	—	—
Investment in Sensible Medical	**9**	**—**	(6,337)	—
Proceeds from Apicore Sale Transaction		**—**	—	65,235
Receipt of holdback receivable funds	**13**	**—**	6,719	—
Redemptions (purchase) of short-term investments		**—**	47,747	(44,100)
Acquisition of property and equipment	**7**	**(2)**	(186)	(197)
Acquisition of intangible assets	**8**	**—**	(13,660)	(1,281)
Cash flows from investing activities		**(7,240)**	34,283	19,657
Financing activities:				
Repurchase of common shares under substantial issuer bid	**14(b)**	**—**	(26,139)	—
Repurchase of common shares under normal course issuer bid	**14(b)**	**(522)**	(4,145)	(3,021)
Proceeds from exercise of stock options	**14(c)**	**—**	20	363
Repayment of lease liability		**(244)**	—	—
Cash flows used in financing activities		**(766)**	(30,264)	(2,658)
Foreign exchange (loss) gain on cash held in foreign currency		**(3)**	(552)	1,138
(Decrease) increase in cash		**(10,249)**	(11,174)	18,879
Cash and cash equivalents, beginning of period		**12,965**	24,139	5,260
Cash and cash equivalents, end of period		**$ 2,716**	$ 12,965	$ 24,139

See accompanying notes to the consolidated financial statements.

1. Reporting entity

Medicure Inc. (the "Company") is a company domiciled and incorporated in Canada and as of October 24, 2011, its Common Shares are listed on the TSX Venture Exchange ("TSX-V"). Prior to October 24, 2011 and beginning on March 29, 2010, the Company's Common Shares were listed on the NEX board of the TSX-V. Prior to March 29, 2010, the Company's Common Shares were listed on the Toronto Stock Exchange. Additionally, the Company's shares were listed on the American Stock Exchange (later called NYSE Amex and now called NYSE MKT) on February 17, 2004 and the shares ceased trading on the NYSE Amex effective July 3, 2008. The Company remains a U.S. Securities and Exchange Commission registrant. The address of the Company's registered office is 2-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

The Company is a biopharmaceutical company engaged in the research, development and commercialization of human therapeutics. Through its subsidiary Medicure International, Inc., the Company has rights to the commercial product AGGRASTAT® Injection (tirofiban hydrochloride) in the United States and its territories (Puerto Rico, U.S. Virgin Islands, and Guam). AGGRASTAT®, a glycoprotein GP IIb/IIIa receptor antagonist, is used for the treatment of acute coronary syndrome including unstable angina, which is characterized by chest pain when one is at rest, and non-Q-wave myocardial infarction.

In September 2019 the Company acquired ownership of ZYPITAMAG® from Cadila Healthcare Ltd., India ("Zydus") for the U.S. and Canadian markets. Under terms of the agreement, the Company previously had acquired U.S. marketing rights with a profit-sharing arrangement in December 2017. With this acquisition the Company obtained full control of the product including marketing and pricing negotiation for ZYPITAMAG®. ZYPITAMAG® is used for the treatment of patients with primary hyperlipidemia or mixed dyslipidemia and was approved in July 2017 by the U.S. Food and Drug Administration ("FDA") for sale and marketing in the United States. On May 1, 2018 ZYPITAMAG® was made available in retail pharmacies throughout the United States.

On December 17, 2020, the Company, through its subsidiary, Medicure Pharma Inc. acquired and began operating Marley Drug, Inc. ("Marley Drug"), a leading specialty pharmacy serving customers across the United States.

The Company's ongoing research and development activities include the continued development and further implementation of a new regulatory, brand and life cycle management strategy for AGGRASTAT® and the development of additional cardiovascular products. The Company continues to seek to acquire or license additional cardiovascular products.

2. Basis of preparation of financial statements

(a) Statement of compliance

These consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on April 20, 2021.

(b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for contingent consideration and the investment in Sensible Medical which are measured at fair value.

2. Basis of preparation of financial statements (continued)

(b) Basis of presentation (continued)

On March 11, 2020, the COVID -19 outbreak was declared a pandemic by the World Health Organization. The outbreak and efforts to contain the virus may have a significant impact on the Company's business. The COVID-19 outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. A prolonged economic shutdown could result in purchase order delays or the inability to collect receivables and it is possible that in the future there will be negative impacts on the Company's operations that could have a material adverse effect on its financial results. Although the Company has adjusted some of its operating procedures in response to COVID-19, operations have not experienced any significant negative impact to date. The extent to which the pandemic impacts future operations and financial results, and the duration of any such impact, depends on future developments, which are highly uncertain and unknown at this time.

(c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand dollar except where indicated otherwise. The Company has rounded comparative figures, which were previously presented as rounded to the nearest dollar, to the nearest thousand dollar to conform to current year presentation. Additionally, certain of the comparative figures have been reclassified to conform with the current year presentation, namely for the current year presentation selling expenses have been presented separately from general and administration expenses on the statements of net (loss) income and comprehensive (loss) income.

(d) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas where management has made critical judgments in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the determination and allocation of the purchase price of Marley Drug and the determination of the Company's and its subsidiaries' functional currencies.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements for the year ended December 31, 2020:

- Note 3(c)(iii): The valuation of the royalty obligation
- Note 3(e): The accruals for returns, chargebacks, rebates and discounts
- Note 3(i): The measurement and useful lives of intangible assets
- Note 3(o): The measurement of the amount and assessment of the recoverability of income tax assets and income tax provisions
- Note 3(q): The measurement and valuation of intangible assets and contingent consideration acquired and recorded as business combinations.
- Note 3(r): The incremental borrowing rate ("IBR") used in the valuation of leases.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over the investee and when the Company is exposed, or has the rights, to variable returns from the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control and include wholly owned subsidiaries, Medicure International Inc., Medicure Pharma Inc., Medicure U.S.A. Inc., Medicure Mauritius Limited, Medicure Pharma Europe Limited and Apigen Investments Limited. Additionally, beginning on December 17, 2020, Marley Drug, Inc, became a subsidiary of Medicure Pharma Inc. and is consolidated with these financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany transactions and balances and unrealized gains and losses from intercompany transactions have been eliminated.

(b) Foreign currency

Items included in the financial statements of each of the Company's consolidated subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the respective functional currencies of the Company and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary items that are not carried at fair value are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The results and financial position of the Company's foreign operations that have a functional currency different from the Company's functional and presentation currency are translated into Canadian dollars as follows:

(i) assets and liabilities of foreign operations are translated at the closing rate at the date of the consolidated statement of financial position;

(ii) revenue and expenses of foreign operations for each year are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenue and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences for foreign operations are recognized in other comprehensive income in the cumulative translation account.

When a foreign operation is disposed of, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of net income and comprehensive income, as part of the gain or loss on sale where applicable.

3. Significant accounting policies (continued)

(c) Financial instruments

(i) Financial Assets

Initial recognition and measurement

Upon recognition of a financial asset, classification is made based on the business model for managing the asset and the asset's contractual cash flow characteristics. The financial asset is initially recognized at its fair value and subsequently classified and measured as (i) amortized cost; (ii) FVOCI; or (iii) FVTPL. Financial assets are classified as FVTPL if they have not been classified as measured at amortized cost or FVOCI. Upon initial recognition of an equity instrument that is not held-for-trading, the asset is recorded as FVTPL unless the Company irrevocably designates the presentation of subsequent changes in the fair value of such equity instrument as FVOCI.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest. Cash and cash equivalents, restricted cash, accounts receivable and other assets are classified within this category.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with changes in fair value therein recognized in the statement of net (loss) income. There are presently no assets classified within this category.

Financial assets at FVOCI

Financial assets measured at FVOCI are carried in the statement of financial position at fair value with changes in fair value therein recognized in the statement of comprehensive (loss) income. The Investment in Sensible Medical was designated within this category.

(ii) Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when the contractual rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Financial liabilities

Initial recognition and measurement

The Company recognizes a financial liability on the trade date in which it becomes a party to the contractual provisions of the instrument at fair value plus any directly attributable costs. Financial liabilities are subsequently measured at amortized cost or FVTPL, and are not subsequently reclassified. The Company's financial liabilities are accounts payable and accrued liabilities, royalty obligation, acquisition payable and holdback which are recognized on an amortized cost basis. Financial liabilities measured at FVTPL include contingent consideration resulting from business combinations as defined by IFRS 9.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

The royalty obligation was recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest rate method at each reporting date. Estimating fair value for this liability required determining the most appropriate valuation model which was dependent on its underlying terms and conditions. This estimate also required determining expected revenue from AGGRASTAT® sales and an appropriate discount rate and making assumptions about them.

The acquisition payable liabilities were recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest rate method at each reporting date. Estimating fair value for these liabilities required determining an appropriate discount rate.

Contingent consideration resulting from a business combination are valued at fair value at the acquisition date as part of the business combination and subsequently fair valued as described in the business combination policy below.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. Typically, fair value is determined by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximize the use of observable inputs. When observable valuation inputs are not available, significant judgement is required through determining the valuation technique to apply, the valuation techniques such as discounted cash flow analysis and selecting inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

(vi) Transaction costs

Transaction costs for all financial instruments measured at amortized cost, the transaction costs are included in the initial measurement of the financial asset or financial liability and are amortized using the effective interest rate method over a period that corresponds with the term of the financial instruments. Transaction costs for financial instruments classified as FVTPL are recognized as an expense in professional fees, in the period the cost was incurred.

(vii) Embedded Derivatives

For financial liabilities measured at amortized cost, under certain conditions, an embedded derivative must be separated from its host contract and accounted for as a derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. For financial assets at FVTPL, any embedded derivatives are not separated from its host contract.

(d) Impairment of financial assets

An “expected credit loss” impairment model applies to financial assets which requires a loss allowance to be recorded on financial assets measured at amortized cost based on their expected credit losses. An estimate is made to determine the present value of future cash flows associated with the asset, and if required, an impairment loss is recorded. The impairment loss reduces the carrying value of the impaired financial asset to the value of the estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate is recorded either directly or through the use of an allowance account and the resulting impairment loss is recorded in profit or loss. The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. For accounts receivable, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

3. Significant accounting policies (continued)

(e) Revenue from contracts with customers

As of December 31, 2020, excluding Marley Drug, the Company has three commercially available products that generated revenue for the year ended December 31, 2020, AGGRASTAT®, ZYPITAMAG® and Sodium Nitroprusside (the "**Products**") which it sells to United States customers. The Products are sold to wholesalers for resale as well as directly to hospitals and pharmacies; with AGGRASTAT® and Sodium Nitroprusside primarily being sold by the wholesalers to hospitals, while ZYPITAMAG® is primarily sold by wholesalers to pharmacies. Revenue from the sale of the Products is recognized upon the receipt of goods by the wholesaler, or the hospital or pharmacy in the case of a direct sale, the point in time in which title and control of the transferred goods pass from the Company to the customer. At this point in time, the customer has gained the sole ability to route the goods, and there are no unfulfilled obligations that could affect the customer's acceptance of the goods. Delivery of the product occurs when the goods have been received at the customer in accordance with the terms of the sale.

During 2019, the Company sold ReDS™ medical devices directly to end users. Revenue from the sale of ReDS™ was recognized upon the receipt of goods by the end user, the point in time in which title and control of the transferred goods pass from the Company to the customer. At this point in time, the customer has gained the sole ability to benefit from the product, and there are no unfulfilled obligations that could affect the customer's acceptance of the goods. Delivery of the product occurs when the goods have been shipped to the customer and the customer has accepted the products in accordance with the terms of the sale.

Sales are made subject to certain discounts available for prompt payment, volume discounts, rebates or chargebacks. Revenue from these sales is recognized based on the price specified per the pricing terms of the sales invoices, net of the estimated discounts, rebates or chargebacks. Variable consideration is based on historical information, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A liability is included within accounts payable and accrued liabilities and is measured for expected payments that will be made to the customers for the discounts in which they are entitled. Sales do not contain an element of financing as sales are made with credit terms within the normal operating cycle of the date of the invoice, which is consistent with market practice.

Through Marley Drug, the Company operates a retail pharmacy and mail order pharmacy business selling pharmaceuticals directly to end users being individual patients. Revenue for in store sales is recognized upon payment by the customer. This is the point where all performance obligations have been met in regards to the product sold. Revenue for mail order sales is recognized upon the shipment of the products to the customer, generally at the time the product is picked up from the Company's premises by the carrier. This is the point where all performance obligations have been met in regards to the product sold.

(f) Cash and cash equivalents

The Company considers all liquid investments purchased with a maturity of three months or less at acquisition to be cash and cash equivalents, which are carried and classified at amortized cost.

(g) Inventories

Inventories consist of unfinished product (raw material in the form of API and packaging materials) and finished commercial product, which are available for sale either to wholesale, pharmacy and hospital customers or through Marley Drug direct to patients, and are measured at the lower of cost and net realizable value.

The cost of inventories is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. When the circumstances that previously caused inventories to be written down below cost no longer exist, or when there is clear evidence of an increase in selling prices, the amount of the write-down previously recorded is reversed.

3. Significant accounting policies (continued)

(h) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses and reversals. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The costs of the day-to-day servicing of property and equipment are recognized in the consolidated statements of net (loss) income and comprehensive (loss) income in the period in which they are incurred.

(ii) Amortization

Amortization is recognized in profit or loss over the estimated useful lives of each part of an item of property and equipment in a manner that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Asset	Basis	Rate
Computers, pharmacy equipment, office equipment, furniture and fixtures	Straight-line	20% to 25%
Leasehold improvements	Straight-line	Term of lease
ReDS™ demonstration units	Straight-line	33%
Right of use assets	Straight-line	Term of lease

Amortization methods, useful lives and residual values are reviewed at each period end and adjusted if appropriate.

(i) Intangible assets

Intangible assets that are acquired separately are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred.

Product licenses are amortized on a straight-line basis over the contractual term of the acquired license. Pharmacy licenses are amortized on a straight-line basis over their estimated useful life of approximately seven years. Patents and drug approvals are amortized on a straight-line basis over the legal life of the respective patent, ranging from five to twenty years, or its economic life, if shorter. Brand names are amortized on a straight-line basis over the estimated economic life of the brand name estimated at ten years. Trademarks are amortized on a straight-line basis over the legal life of the respective trademark, being ten years, or its economic life, if shorter. Customer lists are amortized on a straight-line basis over a period of seven to twelve years, or their economic life, if shorter.

Amortization on product licenses commences when the intangible asset is available for use, which would typically be in connection with the commercial launch of the associated product under the license.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. The cost of servicing the Company's patents and trademarks are expensed as incurred.

The amortization method and amortization period of an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates in the consolidated statements of net (loss) income and comprehensive (loss) income.

3. Significant accounting policies (continued)

(j) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No development costs have been capitalized to date.

Research and development expenses include all direct and indirect operating expenses supporting the products in development.

Clinical trial expenses are a component of the Company's research and development costs. These expenses include fees paid to contract research organizations, clinical sites, and other organizations who conduct research and development activities on the Company's behalf. The amount of clinical trial expenses recognized in a period related to clinical agreements are based on estimates of the work performed using an accrual basis of accounting. These estimates incorporate factors such as patient enrolment, services provided, contractual terms, and prior experience with similar contracts.

(k) Government assistance

Government assistance, in the form of grants or the Canada Emergency Wage Subsidy, are recognized at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government assistance toward current expenses is recorded as a reduction of the related expenses in the period the expenses are incurred. Government assistance towards property and equipment is deducted from the cost of the related property and equipment. The benefits of investment tax credits for scientific research and experimental development expenditures ("SR&ED") incurred directly by the Company are recognized in the period the qualifying expenditure is made, provided there is reasonable assurance of recoverability. SR&ED investment tax credits receivable are recorded at their net realizable value.

(l) Impairment of non-financial assets

The Company assesses at each reporting period whether there is an indication that a non-financial asset may be impaired. An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. Impairment losses are recognized in net income and comprehensive income. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount is the greater of the asset's or CGU's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs to sell, an appropriate valuation model is used. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

For assets other than goodwill, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill are not reversed in future periods.

3. Significant accounting policies (continued)

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Long-term employee benefits

An accrual is recognized for benefits accruing to employees when it is probable that settlement will be required and it is capable of being measured reliably. Accruals recognized in respect of employee benefits which are not due to be settled within one year are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date. As of December 31, 2020, the employee benefit accrual represents deferred compensation and is recorded within other long-term liabilities.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognized as a personnel expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

For share-based payment arrangements with non-employees, the expense is recorded over the service period until the options vest. Once the options vest, services are deemed to have been received.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of the cancellation and any expense not yet recognized for the award (being the total expense as calculated at the grant date) is recognized immediately. This includes any awards where vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled award and new awards are treated as if they were a modification of the original awards.

(n) Finance income and finance costs

Finance costs comprise interest expense on borrowings which are recognized in net income and comprehensive income using the effective interest rate method, accretion on the royalty obligation, prepayment fees on the early repayment of long-term debt and amortization of deferred debt issue costs using the effective interest rate method, offset by any finance income which is comprised of interest income on funds invested and is recognized as it accrues in net income and comprehensive income, using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis.

3. Significant accounting policies (continued)

(o) Income taxes

The Company and its subsidiaries are generally taxable under the statutes of their country of incorporation.

Income tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current taxes are the expected tax receivable or payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax receivable or payable in respect of previous years.

The Company follows the liability method of accounting for deferred taxes. Under this method, deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred taxes are not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company has provided for income taxes, including the impacts of tax legislation in various jurisdictions, in accordance with guidance issued by accounting regulatory bodies, the Canada Revenue Agency, the U.S. Internal Revenue Service, the Barbados Revenue Authority, the Mauritius Revenue Authority, as well as other state and local governments through the date of the issuance of these consolidated financial statements. Additional guidance and interpretations can be expected and such guidance, if any, could impact future results. While management continues to monitor these matters, the ultimate impact, if any, as a result of the application of any guidance issued in the future cannot be determined at this time.

The Company and its subsidiaries file federal income tax returns in Canada, the United States, Barbados and other foreign jurisdictions, as well as various provinces and states in Canada and the United States, respectively. Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Given the Company operates within a complex structure internationally, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expenses recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions are based on various factors, such as interpretations of tax regulations by each taxable entity and the responsible tax authority. The Company and its subsidiaries have open tax years, primarily from 2011 to 2020, with significant taxing jurisdictions, including Canada, the United States and Barbados. These open years contain certain matters that could be subject to differing interpretations of applicable tax laws and regulations and tax treaties, as they relate to the amount, timing or inclusion of revenues and expenses, or the sustainability of income tax positions of the Company and its subsidiaries. Certain of these tax years may remain open indefinitely.

Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective company's domicile. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognized subsequently if information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill if it occurred during the measurement period or in profit or loss, when it occurs subsequent to the measurement period.

3. Significant accounting policies (continued)

(p) Earnings per share

The Company presents basic earnings per share ("EPS") data for its common voting shares. Basic EPS is calculated by dividing the profit or loss attributable to common voting shareholders of the Company by the weighted average number of common voting shares outstanding during the period, adjusted for the Company's own shares held. Diluted EPS is computed similar to basic EPS except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercise were used to acquire common shares at the average market price during the reporting periods.

(q) Business combinations and goodwill

The Company adopted amendments to IFRS 3 with a date of application of January 1, 2020. The IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on January 1, 2020. Consequently, transactions that occurred in prior periods do not need to be reassessed.

The Company's adoption of the amendments to IFRS 3 did not have a significant impact on the Company's consolidated financial statements for the year ended December 31, 2020.

Business combinations are accounted for using the acquisition method. The consideration for an acquisition is measured at the fair values of the assets transferred, the liabilities assumed and the equity interests issued at the acquisition date. Transaction costs that are incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed as incurred. Identified assets acquired and liabilities and contingent liabilities assumed are measured initially at fair values at the date of acquisition. On an acquisition-by-acquisition basis, any non-controlling interest is measured either at fair value of the non-controlling interest or at the fair value of the proportionate share of the net assets acquired.

Contingent consideration is measured at fair value on acquisition date and is included as part of the consideration transferred. The fair value of the contingent consideration liability is remeasured at each reporting date with the corresponding gain or loss being recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of fair value of the cost of the business combinations over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated statements of net income and comprehensive income. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of the acquisition.

***(r)* Leases**

At inception of a contract, the Company must assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company must assess whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset. As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

3. Significant accounting policies (continued)

(r)* Leases *(continued)

(i) Right-of-use asset

The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made and any initial direct costs incurred at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

(ii) Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee; the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early. The Company has elected to not include non-lease components related to premises leases in the determination of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

(iii) Estimating the IBR

The Company cannot readily determine the interest rate implicit in its lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

***(s)* New standard not yet adopted**

Amendments to International Accounting Standard ("IAS") 1 – presentation of financial statements:

In January 2020, the IAS issued an amendment to IAS 1 Presentation of Financial Statements that clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period. The amendment applies to annual reporting periods beginning on or after January 1, 2023. The Company does not expect the amendments to have a significant impact on the consolidated financial statements upon adoption.

4. Business combinations

On December 17, 2020, the Company acquired 100% of issued and outstanding shares of Marley Drug, a leading specialty pharmacy serving more than 30,000 customers across the United States for cash consideration of $7,781, of which $1,374 was held back and is recorded on the statement of financial position of the Company as restricted cash with an offsetting liability recorded as a holdback payable to be released in connection with the forgiveness of Marley Drug's loan under the Paycheck Protection Program ("PPP") from the United States Small Business Administration ("SBA") and general representations and warranties one year after the acquisition date. An additional $504 was recorded as a holdback payable and will become payable once all state licenses have effectively been transferred to the Company, net of 90-day adjustments to true-up cash and working capital targets for the transaction.

(expressed in thousands of Canadian dollars, except per share amounts)

4. Business combinations (continued)

As well, the purchase agreement included contingent consideration of additional payments to the seller based on the achievement of certain future performance targets of Marley Drug. The first contingent consideration ("One Year Payment") is based on a one-year revenue target up to USD$1.7 million based on Marley Drugs' historical revenues. The second contingent consideration ("Earn Out Payments") is based on certain revenue milestone targets over a two-year period within Marley Drug. The contingent consideration period commences on the successful transfer of all licenses, unless it is triggered early by the seller. The One-Year Payment has been recorded within current portion of contingent consideration on the statement of financial position with an estimated fair value of $1,922. The Earn Out Payments have been recorded within contingent consideration on the statement of financial position with an estimated fair value of $51. The fair value of the contingent consideration was estimated using probability weighted scenarios and a discount rate of 12%.

Prior to the acquisition, Marley Drug had obtained a PPP loan from the United States SBA totaling $353 which remained a liability as of the acquisition date. The PPP loan has been fair valued at zero at the acquisition date as the amount was expected to be forgiven in full. Subsequent to December 31, 2020, the PPP loan was forgiven and the restricted cash and holdback payable of $353 was released to the seller in the transaction.

The following table summarizes the finalized fair values of the identifiable assets and liabilities as at the date of the acquisition:

Net assets acquired	
Cash and cash equivalents	$ 542
Restricted cash	20
Accounts receivable	104
Inventories	215
Prepaid expenses	22
Property and equipment, including right of use asset	664
Pharmacy licenses	1,183
Customer lists	4,860
Brand name	495
Goodwill	2,991
Other assets	131
Accounts payable and accrued liabilities	(416)
Current portion of lease obligation	(98)
Lease obligation	(455)
Net assets acquired	$10,258

Summary of purchase consideration	
Net cash paid	6,407
Holdback payable	1,878
Contingent consideration	1,973
Purchase consideration	$10,258

(expressed in thousands of Canadian dollars, except per share amounts)

4. Business combinations (continued)

Transaction costs relating to the Marley Drug acquisition were $421 and were included in general and administrative expenses for the year ended December 31, 2020.

From the date of acquisition to December 31, 2020, Marley Drug contributed to the 2020 results $340 of revenue and $7 of net income before income taxes. If the acquisition had taken place as at January 1, 2020, revenue in 2020 would have increased by $9.8 million and net income before income taxes in 2020 would have increased by approximately $1.2 million after considering the amortization of the intangible assets acquired in the transaction.

5. Accounts receivable

As at December 31	2020	2019
Trade accounts receivable	**$5,097**	$10,136
Other accounts receivable	**156**	80
	$5,253	$10,216

As at December 31, 2020, there were three customers with amounts owing greater than 10% of the Company's accounts receivable which totaled 95% in aggregate (Customer A – 38%, Customer B – 23%, Customer C – 34%).

As at December 31, 2019, there were three customers with amounts owing greater than 10% of the Company's accounts receivable which totaled 96% in aggregate (Customer A – 41%, Customer B – 28%, Customer C – 27%).

6. Inventories

As at December 31	2020	2019
Finished commercial product available-for-sale	**$4,032**	$5,273
Finished retail pharmacy product available for sale	**216**	—
Unfinished product and packaging materials	**891**	1,055
	$5,139	$6,328

Inventories expensed as part of cost of goods sold during the year ended December 31, 2020 amounted to $3,355 (2019 – $3,585; 2018 – $3,862). During the year ended December 31, 2020, the Company wrote-off inventory of $682 (2019 – $1,983; 2018 – $95) that had expired or was otherwise unusable through cost of goods sold on the statement of (loss) income and comprehensive (loss) income.

(expressed in thousands of Canadian dollars, except per share amounts)

7. Property and equipment

Cost	Computers and equipment	Leasehold improvements	ReDS™ Demonstration units	Right of use assets	Total
At December 31, 2018	$ 470	$ 168	$ —	$ —	$ 638
Impact of adoption of IFRS 16 (Note 11)	—	—	—	677	677
Additions	50	2	134	685	871
Impairment	—	—	(130)	—	(130)
Effect of movements in exchange rates	—	—	(4)	—	(4)
At December 31, 2019	**$ 520**	**$ 170**	**$ —**	**$ 1,362**	**$ 2,052**
Acquisition under business combinations (note 4)	**117**	**0**	**0**	**547**	**664**
Additions	**2**	**0**	**0**	**0**	**2**
Disposals	**(96)**	**0**	**0**	**0**	**(96)**
Effect of movements in exchange rates	**0**	**0**	**0**	**(1)**	**(1)**
At December 31, 2020	**$ 543**	**$ 170**	**$ 0**	**$ 1,908**	**$ 2,621**

Accumulated amortization and impairment losses	Computer and office equipment	Leasehold improvements	ReDS™ Demonstration units	Right of use assets	Total
At December 31, 2018	$ 212	$ 110	$ —	$ —	$ 322
Amortization	111	60	37	277	485
Impairment	—	—	(35)	—	(35)
Effect of movements in exchange rates	—	—	(2)	—	(2)
At December 31, 2019	**$ 323**	**$ 170**	**$ —**	**$ 277**	**$ 770**
Amortization	**88**	**—**	**—**	**219**	**307**
Disposals	**(96)**	**—**	**—**	**—**	**(96)**
At December 31, 2020	**$ 315**	**$ 170**	**$ —**	**$ 496**	**$ 981**

Carrying amounts	Computer and office equipment	Leasehold improvements	ReDS™ Demonstration units	Right of use assets	Total
At December 31, 2019	$ 197	$ —	$ —	$ 1,085	$ 1,282
At December 31, 2020	**$ 228**	**$ 0**	**$ 0**	**$ 1,412**	**$ 1,640**

During the year ended December 31, 2020, amortization of property and equipment totaling $10 and $297 (2019 – $485 and nil; 2018 – $103 and nil) is within selling expenses and general and administration expenses, respectively, on the consolidated statements of net (loss) income and comprehensive (loss) income.

During the year ended December 31, 2019, an impairment of property and equipment totaling $95 is included within general and administrative expenses on the consolidated statements of net (loss) income and comprehensive (loss) income pertaining to an impairment of ReDS™ demonstration units in connection with the impairment of the ReDS™ license as described in note 9.

(expressed in thousands of Canadian dollars, except per share amounts)

8. Intangible assets

Cost	Licenses	Patents and Drug Approvals	Brand Names and Trademarks	Customer List	Total
At December 31, 2018	$ 1,910	$ 15,484	$ 4,365	$ 770	$ 22,529
Additions (note 9)	7,038	8,930	—	—	15,968
Impairment	(6,959)	—	—	—	(6,959)
Transfers within intangible assets	(1,854)	1,457	—	—	(397)
Effect of movements in exchange rates	(135)	(942)	(209)	(37)	(1,323)
At December 31, 2019	**$ —**	**$ 24,929**	**$ 4,156**	**$ 733**	**$ 29,818**
Acquisition under business combinations (note 4)	**1,183**	**0**	**495**	**4,860**	**6,538**
Effect of movements in exchange rates	**(2)**	**(491)**	**(83)**	**(22)**	**(598)**
At December 31, 2020	**$ 1,181**	**$ 24,438**	**$ 4,568**	**$ 5,571**	**$ 35,758**

Accumulated amortization and impairment losses	Licenses	Patents and Drug Approvals	Brand Names and Trademarks	Customer List	Total
At December 31, 2018	$ 205	$ 15,484	$ 4,365	$ 770	$ 20,824
Amortization	841	597	—	—	1,438
Impairment	(638)	—	—	—	(638)
Transfers within intangible assets	(397)	—	—	—	(397)
Effect of movements in exchange rates	(11)	(751)	(209)	(37)	(1,008)
At December 31, 2019	**$ —**	**$ 15,330**	**$ 4,156**	**$ 733**	**$ 20,219**
Amortization	**7**	**2,428**	**2**	**29**	**2,466**
Effect of movements in exchange rates	**0**	**(426)**	**(82)**	**(15)**	**(523)**
At December 31, 2020	**$ 7**	**$ 17,332**	**$ 4,076**	**$ 747**	**$ 22,162**

Carrying amounts	Licenses	Patents and Drug Approvals	Brand Names and Trademarks	Customer List	Total
At December 31, 2019	$ —	$ 9,599	$ —	$ —	$ 9,599
At December 31, 2020	**$ 1,174**	**$ 7,106**	**$ 492**	**$ 4,824**	**$13,596**

In September 2019 the Company acquired ownership of ZYPITAMAG® for the U.S. and Canadian markets. Under terms of the agreement, Zydus received an upfront payment of U.S. $5,000 (CDN $6,622) and U.S. $2,000 (CDN $2,649) in deferred payments to be paid in equal instalments annually over the next four years, as well as contingent payments on the achievement of milestones and royalties related to net sales. The Company previously had acquired U.S. marketing rights with a profit-sharing arrangement. With this acquisition the Company obtained full control of marketing and pricing negotiation for ZYPITAMAG®. Upon completion of the acquisition $8,930 was recorded within patents and drug approvals relating to the upfront and deferred payments and $1,457 was transferred from licenses to patents and drug approvals pertaining to the cost of the previously acquired license over ZYPITAMAG®. The fair value of the remaining deferred payments of $637 and $1,132 is recorded on the statement of financial position within current portion of acquisition payable and acquisition payable, respectively. The initial amortization period pertaining to the ZYPITAMAG® intangible assets was 4.3 years with the remaining amortization period being 3.1 years as at December 31, 2020.

8. Intangible assets (continued)

The Company had considered indicators of impairment as at December 31, 2020 and 2019.

As at December 31, 2020 and with respect to the intangible asset related to ZYPITAMAG®, management calculated its fair value less costs to sell using a discounted cash flow model (Level 3 in the fair value hierarchy) based upon financial forecasts prepared by management using a discount rate of 14.09%, a cumulative aggregate growth rate of 103% over three years following the acquisition of Marley Drug with a declining growth rate going forward and a nominal terminal value. The Company has concluded that there was no impairment as a result of the analysis for the year ended December 31, 2020 as the recoverable amount exceeded the carrying amount by approximately $301 at the high end of the reasonable range. However, the assessment identified that a reasonably possible change in the key assumption of the sales growth rate forecast results in the recoverable amount being less than the carrying value. A five percent reduction in the forecast or a one percent increase in the discount rate applied would result in the carrying value of the intangible asset exceeding the reasonable range of the recoverable amount.

The Company recorded a write-down of intangible assets related to the ReDS™ license during the year ended December 31, 2019 totaling $6,321 as a result of uncertainties with ReDS™ being experienced in regards to the length of the sales cycle and uptake of the product with customers, resulting in the Company's sales being below the committed amounts required by the exclusive marketing and distribution agreement regarding ReDS™. On August 20, 2020, the Company announced the termination of the marketing and distribution agreement with Sensible pertaining to the ReDS™ license for the marketing of the ReDS™ in the United States.

The Company did not record any write-down of intangible assets during the year ended December 31, 2018.

As at December 31, 2020, intangible assets pertaining to AGGRASTAT® were fully amortized.

For the year ended December 31, 2020, amortization of intangible assets totaling $2,428 (2019—$1,438 and 2018—$196) is recorded within cost of goods sold pertaining to the ZYPITAMAG® intangible assets. In connection with the acquisition described in note 4, beginning with the year ended December 31, 2020, $38 of amortization of intangible assets is recorded within selling expenses as a result of the amortization of the intangible assets pertaining to Marley Drug.

9. Investment in Sensible Medical

On January 24, 2019, the Company acquired a 9.36% equity interest (7.71% on a fully-diluted basis) in Sensible Medical Innovations Ltd. ("Sensible"), and concurrently entered into an exclusive marketing and distribution agreement with Sensible to market ReDS™ in the United States. The Company acquired the rights for US$10,000 (CDN$13,351) plus US$68 (CDN$91) in directly attributable costs.

On completion of the transaction, the Company recorded the initial fair value assigned to the investment in Sensible Medical at $6,337 with the remainder attributed to the rights associated with the distribution agreement accounted for within intangible assets and ReDS™ demonstration units which are recorded within property and equipment, $7,038 was recorded within intangible assets relating to the license acquired through the exclusive marketing and distribution agreement and $67 was recorded within property and equipment pertaining to ReDS™ demonstration devices acquired as part of the agreement.

The Company made an irrevocable election at initial recognition to recognize changes in the fair value of the investment in Sensible Medial through other comprehensive income (loss), as this is a strategic investment, and the Company considers this classification to be more relevant. As noted above, the initial fair value assigned to the investment upon initial recognition was $6,337. During the year ended December 31, 2019, the Company recorded other comprehensive loss of $6,336 associated with the change in fair value of the investment in Sensible Medical. This resulted in a carrying value as at December 31, 2020 and 2019 of one dollar. The change in the fair value of the investment in Sensible Medical is as a result of uncertainties with ReDS™ being experienced in regards to the length of the sales cycle and uptake of the product with customers resulting in lower-than-expected amounts being paid to Sensible Medical under the exclusive marketing and distribution agreement. The Company did not record any other comprehensive income associated with the change in fair value of the investment in Sensible Medical during the year ended December 31, 2020.

The license was being amortized over the term of the license agreement which was equal to ten years. During the year ended December 31, 2019, amortization of $641 was recorded within cost of goods sold. The Company recorded a write-down of intangible assets related to the ReDS™ license during the year ended December 31, 2019 totaling $6,321. The Company did not record any amortization for the year ended December 31, 2020 in relation to the ReDS™ license as it was fully impaired.

9. Investment in Sensible Medical (continued)

On August 19, 2020, the Company announced the termination of the marketing and distribution agreement with Sensible for the marketing of the ReDS™ in the United States. In connection with the termination, Sensible and the Company have entered into a transition agreement which provides additional compensation to the Company for sales to customer leads provided by Medicure.

The exclusive marketing and distribution agreement with Sensible included a period of co-exclusivity, whereby Sensible may sell, market, and distribute products directly to customers in select states of the United States using its own sales force. The Company is currently eligible to receive 20% of the revenue earned by Sensible from such sales during the co-exclusivity period, and may be eligible to receive up to 35% of the revenue earned by Sensible upon certain conditions being met. During the year ended December 31, 2020, the Company recorded revenue of $89 (2019—$289 and 2018—nil) relating to amounts payable from Sensible from sales made by their sales force under the exclusive marketing and distribution agreement.

10. Royalty obligation

On July 18, 2011, the Company settled its then existing long-term debt with Birmingham Associates Ltd. ("Birmingham"), an affiliate of Elliott Associates L.P., in exchange for i) $4,750 in cash; ii) 2,176,003 common shares of the Company; and iii) a royalty on future AGGRASTAT® sales until May 1, 2023. The royalty is based on 4% of the first $2,000 of quarterly AGGRASTAT® sales, 6% on the portion of quarterly sales between $2,000 and $4,000 and 8% on the portion of quarterly sales exceeding $4,000 payable within 60 days of the end of the preceding three-month periods ended February 28, May 31, August 31 and November 30. Birmingham has a one-time option to switch the royalty payment from AGGRASTAT® to a royalty on the sale of MC-1. Management determined there is no value to the option to switch the royalty to MC-1 as the product is not commercially available for sale and the extended long-term development timelines associated with commercialization of the product.

In accordance with the terms of the agreement, if the Company were to dispose of its AGGRASTAT® rights, the acquirer would be required to assume the obligations under the royalty agreement.

The royalty obligation was recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest rate method at each reporting date. This resulted in a carrying value as at December 31, 2020 of $697 (2019 – $2,048) of which $362 (2019 – $872) represents the current portion of the royalty obligation. The net change in the royalty obligation for the year ended December 31, 2020 of a recovery of $953 (2019 – recovery of $316, 2018 – expense of $355) is recorded within finance (income) expense on the consolidated statements of net (loss) income and comprehensive (loss) income. Royalties for the year ended December 31, 2020 totaled $441 (2019 – $1,023; 2018 – $1,654) with payments made during the year ended December 31, 2020 of $326 (2019 – $1,355; 2018 – $1,539).

11. Leases

Effective November 1, 2014, the Company entered into a sub-lease with Genesys Venture Inc. ("GVI"), a related party as described in note 17(b), to lease office space at a rate of $170 per annum for three years ending October 31, 2017, with an 18-month renewal period available. The lease was amended on May 1, 2016 and increased the leased area covered under the lease agreement at a rate of $212 per annum until October 31, 2019 with an 18-month renewal period available. The leased area covered under the lease was again increased, effective November 1, 2018 at a rate of $306 per annum until the end of the term of the lease. Effective November 1, 2019, the Company modified and extended its sub-lease with GVI to lease a reduced amount of office space at a rate of $238 per annum for three years ending October 31, 2022 with a 28-month renewal period available. The discount rate used by the Company in calculating the lease obligation relating to the ROU asset is five percent.

In connection with the acquisition of Marley Drug, the Company acquired a lease obligation and corresponding right of use asset. The lease is for Marley Drug's 3,280 square foot retail space. The original lease was signed in May of 2006 for a period of ten years with two, five-year extension periods. An addendum to the lease allowed for the first extension which was used starting April 1, 2017 with the second five-year extension available for an additional five years to April 2027. The current rate in the lease is $87 per annum. The discount rate used by the Company in calculating the lease obligation relating to the ROU asset is three percent.

(expressed in thousands of Canadian dollars, except per share amounts)

Minimum payments under the leases at December 31, 2020 are as follows:

2021	$ 327
2022	330
2023	331
2024	333
2025	136
2026	99
2027	33
	$1,589

12. Government assistance

During the year ended December 31, 2020, the Company recorded $860 (2019 – nil, 2018—nil) in government assistance resulting from the Canada Emergency Wage Subsidy. The funding has been recorded as a reduction of the related salary expenditures with $595, recorded within selling expenses, $159 recorded within general and administrative expenses and $106 recorded within research and development expenses for the year ended December 31, 2020. As at December 31, 2020, $85 of government assistance is recorded in accounts receivable (December 31, 2019—nil).

13. Holdback receivable

The Company had a holdback receivable of US$10 million, which originated on October 2, 2017 as a part of the Apicore Sale Transaction. The holdback receivable was initially recorded at its fair value of $11,941 and subsequently was measured at FVTPL. Additionally, the Company had an amount recorded as other long-term liability on the statement of financial position which was payable to the former President and Chief Executive Officer of Apicore upon receipt of the holdback receivable.

On February 13, 2019, the Company received notice from the Buyer in the Apicore Sales Transaction of potential claims against the holdback receivable in respect of representations and warranties under the Apicore Sales Transaction, with the maximum exposure of the claims being the total holdback receivable. The Company proceeded diligently to investigate the potential claims and attempt to satisfactorily resolve them with a view to having the holdback receivable released. The Buyer did not make the required payments on the holdback receivable in February 2019 and April 2019.

In consideration of the uncertainty associated with the potential claims asserted by the Buyer, the Company reduced the carrying value of the holdback receivable by $1,473 on the consolidated statement of financial position as at December 31, 2018.

On December 5, 2019, the Company reached a settlement agreement with the Buyer in the Apicore Sales Transaction with respect to the amounts heldback under the Apicore Sales Transaction. A settlement agreement was reached under which the Company received US$5,100 (CDN$6,719) in relation to the holdback receivable. In connection with this settlement the amounts owing to former President and Chief Executive Officer of Apicore totaling US$880 (CDN$1,165) which were recorded within other long-term liabilities were settled by the Buyer. Immediately prior to the settlement, the Company reduced the carrying value on the statement of financial position of the holdback receivable by $3,623 to the net recoverable value from the negotiated settlement.

(expressed in thousands of Canadian dollars, except per share amounts)

14. Capital Stock

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares, an unlimited number of Class A common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, and the directors may fix prior to each series issued, the designation, rights, privileges, restrictions and conditions attached to each series of preferred shares.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common Shares	Amount
Balance, December 31, 2018	15,547,812	$122,887
Shares issued upon exercise of stock options (13(c))	8,001	37
Shares repurchased and cancelled under a normal course issuer bid[(1)]	(751,800)	(5,955)
Shares repurchased and cancelled under a substantial issuer bid[(2)]	(4,000,000)	(31,605)
Balance, December 31, 2019	10,804,013	$ 85,364
Shares repurchased and cancelled under a normal course issuer bid[(1)]	(552,700)	(4,447)
Balance, December 31, 2020	**10,251,313**	**$ 80,917**

(1) On May 16, 2018, the Company announced that the TSX-V accepted the Company's notice of its intention to make a normal course issuer bid (the "2018 NCIB"). Under the terms of the 2018 NCIB, the Company could have acquired up to an aggregate of 794,088 common shares, representing five percent of the common shares outstanding at the time of the application, over the twelve-month period that the 2018 NCIB was in place. The 2018 NCIB commenced on May 28, 2018 and ended on May 27, 2019. During the twelve months of the 2018 NCIB, the Company purchased and cancelled 771,900 common shares for a total cost of $5,085. The prices that the Company paid for the common shares purchased was the market price of the shares at the time of purchase.

On May 30, 2019, the Company announced that the TSX-V accepted the Company's notice of intention to make an additional normal course issuer bid (the "2019 NCIB"). Under the terms of the 2019 NCIB, the Company may acquire up to an aggregate of 761,141 common shares, representing five percent of the common shares outstanding at the time of the application, over the twelve-month period that the 2019 NCIB is in place. The 2019 NCIB commenced on May 30, 2019 and ended on May 29, 2020. During the twelve months of the 2019 NCIB, the Company purchased and cancelled 563,000 common shares for a total cost of $2,235. The prices that the Company paid for the common shares purchased was the market price of the shares at the time of purchase.

On June 29, 2020, the Company announced that the TSX-V accepted the Company's notice of its intention to make a normal course issuer bid (the "2020 NCIB"). Under the terms of the 2020 NCIB, the Company may acquire up to an aggregate of 533,116 common shares, representing five percent of the common shares outstanding at the time of the application, over the twelve-month period that the 2020 NCIB will be in place. The 2020 NCIB commenced on June 30, 2020 and will end on June 29, 2021, or on such earlier date as the Company may complete its maximum purchases allowed under the 2020 NCIB.

During the year ended December 31, 2020, the Company repurchased and cancelled 552,700 (2019 – 751,800), common shares as a result of the 2019 NCIB and 2020 NCIB. The aggregate price paid for these common shares totaled $522 (2019—$4,145). During the year ended December 31, 2020 the Company recorded $3,925 (2019—$1,810) directly in its deficit representing the difference between the aggregate price paid for these common shares and a reduction of the Company's share capital totaling $4,447 (2019—$5,955).

(expressed in thousands of Canadian dollars, except per share amounts)

14. Capital Stock (continued)

(2) On December 20, 2019, the Company completed a Substantial Issuer Bid ("SIB") pursuant to which the Company purchased 4,000,000 of its common shares for cancellation at a set purchase price of $6.50 per common share for a total purchase price of $26,000 in cash. The Company incurred an additional $139 on transaction costs related to the SIB for a total aggregate purchase price paid of $26,139. During the year ended December 31, 2019, the Company recorded $5,466 directly in its deficit representing the difference between the aggregate price paid for these common shares and a reduction of the Company's share capital totaling $31,605.

(c) Stock option plan

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees and consultants as a form of compensation. The number of common shares reserved for issuance of stock options is limited to a maximum of 2,934,403 common shares of the Company at any time. The stock options generally have a maximum term of between five and ten years and vest within a five-year period from the date of grant.

Changes in the number of options outstanding during the year ended December 31, 2020 is as follows:

Year ended December 31, 2020	Options	Weighted average exercise price
Balance, beginning of period	**1,428,408**	**$ 3.67**
Forfeited, cancelled or expired	**(101,450)**	**(5.06)**
Balance, end of period	**1,326,958**	**$ 3.57**
Options exercisable, end of period	**1,110,958**	**$ 3.12**

Changes in the number of options outstanding during the years ended December 31, 2019 and 2018 are as follows:

Year ended December 31	2019		2018	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	1,394,642	$ 3.91	1,602,127	$ 3.58
Granted	262,000	4.95	200,000	7.25
Exercised	(8,001)	(2.45)	(206,885)	(1.76)
Forfeited, cancelled or expired	(220,233)	(6.75)	(200,600)	(6.85)
Balance, end of period	1,428,408	$ 3.67	1,394,642	$ 3.91
Options exercisable, end of period	1,059,308	$ 2.88	1,044,892	$ 2.80

(expressed in thousands of Canadian dollars, except per share amounts)

14. Capital Stock (continued)

(c) Stock option plan (continued)

Options outstanding at December 31, 2020 consist of the following:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Options outstanding weighted average exercise price	Number exercisable
$0.30	185,000	2.35 years	$ 0.30	185,000
$0.31 - $3.00	536,933	1.29 years	$ 1.59	536,933
$4.01 - $5.00	216,800	3.49 years	$ 4.95	87,200
$5.01 - $7.30	388,225	1.77 years	$ 7.09	301,825
$0.30 - $7.30	1,326,958	1.94 years	$ 3.57	1,110,958

Compensation expense related to stock options granted during the year or from previous periods under the stock option plan for the year ended December 31, 2020 is $317 (2019 – $417; 2018 – $1,022). The compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model. The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The compensation expense for the years ended December 31, 2020, 2019 and 2018 was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model:

Years ended December 31:	2019	2018
Expected option life	4.4 years	4.4 years
Risk free interest rate	1.40%	1.92%-2.04%
Dividend yield	nil	nil
Expected volatility	47.10%	85.14%-93.72%

(d) Warrants

On November 17, 2016 in connection with a term loan entered into to fund an acquisition, the Company issued 900,000 warrants to the lenders, exercisable for a 48-month period following the issuance of the loan at a price of $6.50 per share. The fair value of the warrants issued in connection with the loan was $2,066 net of its pro-rata share of financing costs of $117 and were recorded in equity with a corresponding balance recorded as deferred financing costs which is netted against the associated long-term debt which has since been repaid in full. These warrants expired on November 17, 2020 without exercise.

(expressed in thousands of Canadian dollars, except per share amounts)

14. Capital Stock (continued)

(d) Warrants (continued)

Changes in the number of warrants outstanding during the years ended December 31, 2020, 2019, and 2018 are as follows:

Years ended December 31	2020		2019		2018	
	Warrants	**Weighted average exercise price**	Warrants	Weighted average exercise price	Warrants	Weighted average exercise price
Balance, beginning of period	**900,000**	**$ 6.50**	900,000	$ 6.50	900,000	$ 6.50
Expired	**(900,000)**	**(6.50)**	—	—	—	—
Balance, end of period	—	—	900,000	$ 6.50	900,000	$ 6.50
Warrants exercisable, end of period	—	—	900,000	$ 6.50	900,000	$ 6.50

(e) Per share amounts

The following table reflects the calculation of basic and diluted (loss) earnings per share for the years ended December 31, 2020, 2019 and 2018:

Year ended December 31	2020	2019	2018
Basic net (loss) earnings	**$ (0.64)**	$ (1.32)	$ 0.25
Diluted net (loss) earnings	**$ (0.64)**	$ (1.32)	$ 0.24

The following table reflects the (loss) income used in the basic and diluted (loss) earnings per share computations for the years ended December 31, 2020, 2019 and 2018:

Year ended December 31	2020	2019	2018
Net (loss) earnings	**$ (6,845)**	$ (19,786)	$ 3,926

The following table reflects the share data used in the denominator of the basic and diluted (loss) earnings per share computations for the years ended December 31, 2020, 2019 and 2018:

Year ended December 31	2020	2019	2018
Weighted average shares outstanding for basic (loss) earnings per share	**10,686,041**	14,998,540	15,791,396
Effects of dilution from:			
Stock options	—	—	772,267
Weighted average shares outstanding for diluted (loss) earnings per share	**10,686,041**	14,998,540	16,563,663

Effects of dilution from 1,326,958 stock options (2019 – 1,428,408, 2018 – 622,375) were excluded in the calculation of weighted average shares outstanding for diluted (loss) earnings per share for the year ended December 31, 2020 as they are anti-dilutive. Additionally, for the year ended December 31, 2019 and 2018, 900,000 warrants were excluded in the calculations of weighted average shares outstanding for diluted (loss) earnings per as they were anti-dilutive.

(expressed in thousands of Canadian dollars, except per share amounts)

15. Income taxes

The Company did not recognize any current income tax expense for the year ended December 31, 2020 (2019 – $22; 2018 – $678) and did not recognize any deferred income tax expense for the year ended December 31, 2020 (2019 – $123, 2018 – $219).

As at December 31, 2020 and 2019, deferred tax assets have not been recognized with respect to the following table. The scientific research and experimental development deferred tax assets expire between 2025 and 2028.

As at December 31	2020	2019
Deferred tax assets		
Scientific research and experimental development	**$3,358**	$2,640
Non-capital losses	**2,356**	207
Other	**595**	1,781
Investment in Sensible	**—**	855
Holdback receivable	**—**	688
Total deferred tax assets	**$6,309**	$6,171

The reconciliation of the Canadian statutory rate to the income tax rate applied to the net (loss) income for the years ended December 31, 2020, 2019 and 2018 to the income tax expense is as follows:

Year ended December 31	2020	2019	2018
(Loss) Income for the year			
Canadian	**$ (519)**	$ (7,013)	$ 3,440
Foreign	**(6,326)**	(12,628)	1,383
	$(6,845)	$(19,641)	$ 4,823

Year ended December 31	2020	2019	2018
Canadian federal and provincial income taxes at 27% (2019 – 27%; 2018 – 27%)	**$ 1,848**	$ 5,303	$(1,302)
Permanent differences and other items	**(159)**	(330)	26
Foreign tax rate in foreign jurisdictions	**(1,551)**	(1,308)	85
Change in unrecognized deferred tax assets	**(138)**	(3,810)	294
	—	$ (145)	$ (897)

The foreign tax rate differential is the difference between the Canadian federal and provincial statutory income tax rate and the tax rates in Barbados (2.50%), Mauritius (15.00%), Ireland (12.50%) and the United States (21.00%) that is applicable to income or losses incurred by the Company's subsidiaries.

(expressed in thousands of Canadian dollars, except per share amounts)

15. Income taxes (continued)

At December 31, 2020, the Company has the following Canadian losses available for application in future years:

2037	$5,276
2040	2,666
	$7,942

At December 31, 2020, the Company has the following Barbados losses available for application in future years:

2022	$1,249
2028	2,355
2029	4,842
	$8,446

16. Finance income (expense)

During the years ended December 31, 2020, 2019 and 2018 the Company earned finance income (incurred finance expense) as follows:

Year ended December 31	2020	2019	2018
Interest income	**$ 43**	$ 886	$1,115
Remeasurement of royalty obligation	**953**	316	(355)
Accretion of acquisition payable	**(155)**	(41)	—
Change in fair value of contingent consideration	**(6)**	—	—
Bank charges and other interest	**(21)**	(24)	(25)
Finance expense from lease obligation	**(49)**	(22)	—
Remeasurement of holdback receivable	**—**	—	326
	$ 765	$1,115	$1,061

During the years ended December 31, 2020, 2019 and 2018, the Company received (paid) finance income (expense) as follows:

Year ended December 31	2020	2019	2018
Interest received	**$ 43**	$1,731	$ 279
Other interest, net and banking fees	**(21)**	(46)	(24)
	$ 22	$1,685	$ 255

(expressed in thousands of Canadian dollars, except per share amounts)

17. Commitments and contingencies

(a) Commitments

As at December 31, 2020, and in the normal course of business, the Company has obligations to make future payments representing contracts and other commitments that are known and committed as follows:

2021	$1,649
2022	1,288
2023	191
2024	191
2025	—
	$3,319

The Company has entered into a manufacturing and supply agreement to purchase a minimum quantity of AGGRASTAT® unfinished product inventory totaling US$150 annually (based on current pricing) until 2024 and a minimum quantity of AGGRASTAT® finished product inventory totaling US$218 annually (based on current pricing) until 2022 and €525 annually (based on current pricing) until 2022.

Subsequent to December 31, 2020 and effective January 1, 2021, the Company renewed its business and administration services agreement with GVI, as described in note 18(b), under which the Company is committed to pay $7 per month or $85 per year for a one-year term.

Contracts with contract research organizations are payable over the terms of the associated agreements and clinical trials and timing of payments is largely dependent on various milestones being met, such as the number of patients recruited, number of monitoring visits conducted, the completion of certain data management activities, trial completion, and other trial related activities.

On October 31, 2017, the Company acquired an exclusive license to sell and market PREXXARTAN® (valsartan) oral solution in the United States and its territories with a seven-year term, with extensions to the term available, which had been granted tentative approval by the U.S. Food and Drug Administration ("FDA"), and which was converted to final approval during 2017. The Company acquired the exclusive license rights for an upfront payment of US$100, with an additional US$400 payable on final FDA approval and will be obligated to pay royalties and milestone payments from the net revenues of PREXXARTAN®. The US$400 payment is on hold pending resolution of the dispute between the licensor and the third-party manufacturer of PREXXARTAN® described in note 17(d) and is recorded within accounts payable and accrued liabilities on the consolidated statements of financial position.

In December 2017, the Company acquired an exclusive license to sell and market a branded cardiovascular drug, ZYPITAMAG® (pitavastatin magnesium) in the United States and its territories for a term of seven years with extensions to the term available. The Company had entered into a profit-sharing arrangement resulting in a portion of the net profits from ZYPITAMAG® being paid to the licensor. No amounts are due and/or payable pertaining to profit sharing on this product and the profit-sharing arrangement was eliminated with the Company's acquisition of ZYPITAMAG® in September 2019 as described in note 8.

(b) Guarantees

The Company periodically enters into research agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the consolidated financial statements with respect to these indemnification obligations.

17. Commitments and contingencies (continued)

(c) Royalties

As a part of the Birmingham debt settlement described in note 12, beginning on July 18, 2011, the Company is obligated to pay a royalty to Birmingham based on future commercial AGGRASTAT® sales until 2023. The royalty is based on 4% of the first $2,000 of quarterly AGGRASTAT® sales, 6% on the portion of quarterly sales between $2,000 and $4,000 and 8% on the portion of quarterly sales exceeding $4,000 payable within 60 days of the end of the preceding three-month periods ended February 28, May 31, August 31 and November 30. Birmingham has a one-time option to switch the royalty payment from AGGRASTAT® to a royalty on the sale of MC-1. Management has determined there is no value to the option to switch the royalty to MC-1 as the product is not commercially available for sale and the extended long-term development timeline associated with commercialization of the product. Royalties for the year ended December 31, 2020 totaled $441 (2019 – $1,023; 2018 – $1,654) with payments made during the year ended December 31, 2020 of $326 (2019 – $1,355; 2018 – $1,539).

Beginning with the acquisition of ZYPITAMAG® (note 8), completed in September 2019, the Company is obligated to pay royalties on any commercial net sales of ZYPITAMAG® to Zydus subsequent to the acquisition date. During the year ended December 31, 2020, the Company accrued $15 (2019—$2, 2018 – nil) in royalties in regards to ZYPITAMAG® which is recorded within cost of goods sold on the statement of net (loss) income and comprehensive (loss) income and had $10 (2019—$2) recorded within accounts payable and accrued liabilities on the statement of financial position as at December 31, 2020.

The Company is obligated to pay royalties on any future commercial net sales of PREXXARTAN® to the licensor of PREXXARTAN®. To date, no royalties are due and/or payable.

(d) Contingencies

In the normal course of business, the Company may from time to time be subject to various claims or possible claims. Although management currently believes there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are inherently uncertain and management's view of these matters may change in the future.

During 2018, the Company was named in a civil claim in Florida from the third-party manufacturer of PREXXARTAN® against the licensor. The claim disputed the rights granted by the licensor to the Company with respect to PREXXARTAN®. The claim against the Company has since been withdrawn, however the dispute between the licensor and the third-party manufacturer continues.

On September 10, 2015, the Company submitted a supplemental New Drug Application ("sNDA") to the FDA to expand the label for AGGRASTAT®. The label change is being reviewed and evaluated based substantially on data from published studies. If the label change submission were to be successful, the Company will be obligated to pay €300 over the course of a three-year period in equal quarterly instalments following approval. On July 7, 2016, the Company announced it received a Complete Response Letter stating the sNDA cannot be approved in its present form and requested additional information. The payments are contingent upon the success of the filing and as such the Company has not recorded any amount in the consolidated statements of net (loss) income and comprehensive (loss) income pertaining to this contingent liability.

During 2015, the Company began a development project of a cardiovascular generic drug in collaboration with Apicore. The Company has entered into a supply and development agreement under which the Company holds all commercial rights to the drug. In connection with this project, the Company is obligated to pay Apicore 50% of net profit from the sale of this drug. On August 13, 2018, the Company announced that the FDA has approved its ANDA for SNP, a generic intravenous cardiovascular product and the product became available commercially during the third quarter of 2019. To date, no amounts are due and/or payable pertaining to profit sharing on this product.

(expressed in thousands of Canadian dollars, except per share amounts)

18. Related party transactions

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, President and Chief Executive Officer and Chief Financial Officer are key management personnel for all periods. Beginning on July 1, 2019, the Company appointed a new President and Chief Operating Officer who was considered key management personnel beginning with this appointment. The then existing President retained the title of Chief Executive Officer and remains included in key management personnel for all periods. The Vice-President, Commercial Operations was considered key management personnel beginning on January 8, 2018 until the dissolution of his employment on June 30, 2019.

In addition to their salaries, the Company also provides non-cash benefits and participation in the Stock Option Plan. The following table details the compensation paid to key management personnel:

Year ended December 31	**2020**	2019	2018
Salaries, fees and short-term benefits	**$ 771**	$781	$ 770
Share-based payments	**230**	208	669
	$1,001	$989	$1,439

As at December 31, 2020, the Company had $14 owing to members of the Company's Board of Directors (2019 – nil, 2018 – $5) recorded within accounts payable and accrued liabilities relating to amounts payable to the members of the Company's Board of Directors for services provided.

(b) Transactions with related parties

Directors and key management personnel control 25% of the voting shares of the Company as at December 31, 2020 (2019 – 23%).

During the year ended December 31, 2020 the Company paid GVI, a company controlled by the Chief Executive Officer, a total of $85 (2019 – $85; 2018 – $85) for business administration services, $238 (2019 – $295; 2018 – $228) in rental costs and $37 (2019 – $47; 2018 – $47) for information technology support services. As described in note 17(a), the business administration services summarized above are provided to the Company through a consulting agreement with GVI.

Clinical research services are provided through a consulting agreement with GVI Clinical Development Solutions Inc. ("GVI CDS"), a company controlled by the Chief Executive Officer. Pharmacovigilance and safety, regulatory support, quality control and clinical support are provided to the Company through the GVI CDS agreement. During the year ended December 31, 2020, the Company paid GVI CDS $202 (2019 – $406; 2018 – $858) for clinical research services.

Research and development services are provided through a consulting agreement with CanAm Bioresearch Inc. ("CanAm"), a company controlled by a close family member of the President and Chief Executive Officer. During the year ended December 31, 2020, the Company paid CanAm $7 (2019 – $133; 2018 – $393) for research and development services.

These transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at December 31, 2020, included in accounts payable and accrued liabilities is $56 (2019 – $95) payable to GVI, $99 (2019 – $56) payable to GVI CDS, and $7 (2019 – nil) payable to CanAm. These amounts are unsecured, payable on demand and non-interest bearing.

(expressed in thousands of Canadian dollars, except per share amounts)

18. Related party transactions (continued)

(b) Transactions with related parties (continued)

Effective July 18, 2016, the Company renewed its consulting agreement with its Chief Executive Officer, through A.D. Friesen Enterprises Ltd., a company owned by the Chief Executive Officer, for a term of five years, at a rate of $300 annually, increasing to $315 annually, effective January 1, 2017 and increasing to $331 annually, effective January 1, 2019. The Company may terminate this agreement at any time upon 120 days' written notice. There were not any amounts payable to A.D. Friesen Enterprises Ltd. as a result of this consulting agreement as at December 31, 2020 or 2019. Any amounts payable to A.D. Friesen Enterprises Ltd. are unsecured, payable on demand and non-interest bearing.

Effective January 1, 2018, the Company renewed its consulting agreement with its Chief Financial Officer, through JFK Enterprises Ltd., a company owned by the Chief Financial Officer of the Company, for a one-year term, at a rate of $155 annually. The agreement could have been terminated by either party, at any time, upon 30 days written notice. Any amounts payable to JFK Enterprises Ltd. were unsecured, payable on demand and non-interest bearing. Effective June 1, 2018, this consulting agreement was converted into an employment agreement with the Chief Financial Officer.

19. Expenses by nature

Expenses incurred for the years ended December 31, 2020, 2019 and 2018 are as follows:

Year ended December 31	**2020**	2019	2018
Personnel expenses			
Salaries, fees and short-term benefits	**$ 3,199**	$ 6,394	$ 7,696
Share-based payments	**317**	417	1,022
	3,515	6,811	8,718
Depreciation, amortization and impairment	**2,772**	2,017	299
Research and development	**1,996**	2,887	5,306
Manufacturing	**943**	752	765
Inventory material costs	**3,355**	3,851	3,862
Write-down of inventory	**682**	1,983	95
Medical affairs	**161**	718	1,026
Administration	**398**	821	1,505
Selling and logistics	**2,975**	6,997	8,019
Professional fees	**2,920**	1,578	740
	$19,717	$28,415	$30,335

(expressed in thousands of Canadian dollars, except per share amounts)

20. Financial instruments

(a) Financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments as at December 31, 2020 and 2019:

As at December 31	2020		2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets measured at amortized cost				
Cash and cash equivalents	$ 2,716	$2,716	$12,965	$12,965
Restricted cash	1,394	1,394	—	—
Accounts receivable	5,253	5,253	10,216	10,216
Other assets	156	156	39	39
Financial assets measured at FVTPL				
Investment in Sensible Medical	—	—	—	—
Financial liabilities				
Financial liabilities measured at amortized cost:				
Accounts payable and accrued liabilities	$ 6,979	$6,979	$ 9,384	$ 9,384
Current portion of royalty obligation	362	362	872	872
Current portion of acquisition payable	2,613	2,613	649	649
Holdback payable	1,523	1,523	—	—
Current portion of lease obligation	367	367	240	240
Royalty obligation	336	335	1,176	1,176
Acquisition payable	1,132	1,132	1,655	1,655
Lease obligation	1,080	1,080	849	849
Financial liabilities measured at FVTPL				
Current portion of contingent consideration	1,925	1,925	—	—
Contingent consideration	51	51	—	—

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. The carrying values of current monetary assets and liabilities approximate their fair values due to their relatively short periods to maturity. The royalty obligation, and acquisition payable are carried at amortized cost.

The investment in Sensible Medical is carried at FVOCI. During the year ended December 31, 2019, the Company recorded other comprehensive loss of $6,336 associated with the change in fair value of the investment in Sensible Medical. This resulted in a carrying value as at December 31, 2020 and 2019 of one dollar.

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;
- Level 3 – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

(expressed in thousands of Canadian dollars, except per share amounts)

20. Financial instruments (continued)

(a) Financial assets and liabilities (continued)

The fair value hierarchy of the following financial assets and liabilities on the consolidated statements of financial position as at December 31, 2020 is as follows:

	Level 1	Level 2	Level 3
Financial assets			
Investment in Sensible Medical	—	—	—
Financial liabilities			
Current portion of royalty obligation	—	—	**$ 362**
Current portion of acquisition payable	—	—	**637**
Current portion of contingent consideration	—	—	**1,925**
Royalty obligation	—	—	**335**
Acquisition payable	—	—	**1,132**
Contingent consideration	—	—	**51**

The fair value hierarchy of the following financial assets and liabilities on the consolidated statements of financial position as at December 31, 2019 is as follows:

	Level 1	Level 2	Level 3
Financial assets			
Investment in Sensible Medical	**$** —	**$** —	**$** —
Financial liabilities			
Current portion of royalty obligation	**$** —	**$** —	**$ 872**
Current portion of acquisition payable	—	—	**649**
Royalty obligation	—	—	**1,176**
Acquisition payable	—	—	**1,655**

Investment in Sensible Medical: The investment in Sensible Medical requires determining the most appropriate valuation model and determining the most appropriate inputs to the valuation model, including publicly traded companies similar to Sensible Medical to use as a proxy in the valuation model, a discount rate for lack of marketability of the investment and estimated costs to dispose of the investment.

Royalty obligation: The royalty obligation requires determining expected revenue from AGGRASTAT® sales and an appropriate discount rate and making assumptions about them. If the expected revenue from AGGRASTAT® sales were to change by 10%, then the royalty obligation liability recorded as at December 31, 2020 would change by approximately $55 (2019 - $257). If the discount rate used in calculating the fair value of the royalty obligation of 20% were to change by 1%, the royalty obligation liability recorded as at December 31, 2020 would change by approximately $3 (2019 - $15).

Acquisition payable: The acquisition payable liability pertaining to the ZYPITAMAG® acquisition as described in note 9 requires determining an appropriate discount rate and making assumptions about it. If the discount rate used in calculating the fair value of this acquisition payable of 10% were to change by 1%, the acquisition payable recorded as at December 31, 2020 would change by approximately $15 (2019 - $28).

Contingent consideration: The contingent consideration pertaining to the Marley Drug acquisition as described in note 4 required determining expected revenue from Marley Drug and the probabilities surrounding those revenues as well as an appropriate discount rate. If the discount rate used in calculating the fair value of this contingent consideration of 12.00% were to change by 1%, the acquisition payable recorded as at December 31, 2020 would change by approximately $18 (2019 - nil).

(expressed in thousands of Canadian dollars, except per share amounts)

20. Financial instruments (continued)

(a) Financial assets and liabilities (continued)

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the years ended December 31, 2020, 2019 and 2018 there were no transfers between Level 1 and Level 2 fair value measurements.

(b) Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks; market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. Risk management is the responsibility of the Company, which identifies, evaluates and, where appropriate, mitigates financial risks.

(i) Market risk

(a) Foreign exchange risk is the risk that the fair value of future cash flows for financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risks primarily due to its U.S dollar denominated cash and cash equivalents, accounts receivable, other assets, accounts payable and accrued liabilities, income taxes payable, royalty obligation and acquisition payable. The Company has not entered into any foreign exchange hedging contracts.

The Company is exposed to U.S. dollar currency risk through the following U.S. denominated financial assets and liabilities:

As at December 31 (Expressed in U.S. Dollars)	**2020**	2019
Cash	**$ 1,758**	$ 9,518
Restricted cash	**1,095**	—
Accounts receivable	**4,032**	7,817
Other assets	**123**	30
Accounts payable and accrued liabilities	**(4,698)**	(6,714)
Current portion of royalty obligation	**(284)**	(671)
Current portion of acquisition payable	**(500)**	(500)
Holdback payable	**(1,473)**	—
Current portion of contingent consideration	**(1,512)**	—
Income taxes payable	**(129)**	(398)
Current portion of lease obligation	**(77)**	—
Royalty obligation	**(263)**	(906)
Acquisition payable	**(889)**	(1,275)
Contingent consideration	**(40)**	—
Lease obligation	**(354)**	—
	$(3,211)	$ 6,901

Based on the above net exposures as at December 31, 2020, assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the U.S. dollar would result in a corresponding increase or decrease, respectively on the Company's net income of approximately $205 (2019 – $448).

The Company is also exposed to currency risk on the Euro, however management estimates such risk relating to an appreciation or deterioration of the Canadian dollar against the Euro would have limited impact on the operations of the Company.

20. Financial instruments (continued)

(b) Risks arising from financial instruments and risk management (continued)

(i) Market risk (continued)

(b) Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Based on the Company's exposures as at December 31, 2020, as a result of the balance of cash and cash equivalents held by the Company, assuming that all other variables remain constant, a 1% appreciation or deterioration in interest rates would result in a corresponding increase or decrease, respectively on the Company's net income of approximately $27 (2019—$130).

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Company's cash and accounts receivable. The carrying amounts of the financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash by placing these financial instruments with high-credit quality financial institutions.

The Company is subject to a concentration of credit risk related to its accounts receivable as 95% of the balance of amounts owing are from three customers. The Company has historically had low impairment in regards to its accounts receivable. As at December 31, 2020, none of the outstanding accounts receivable were outside of the normal payment terms and the Company did not record any bad debt expenses (2019 – nil; 2018 – nil). As at December 31, 2020 and 2019, the expected credit lifetime credit losses for accounts receivable aged as current were nominal amounts. The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities and to ensure that it will have sufficient liquidity to meet its liabilities and commitments when due and to fund future operations.

The majority of the Company's accounts payable and accrued liabilities are due within the current operating period.

(c) Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to continue the business of the Company. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share and warrant issuances, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstance. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to provide capital to pursue the development and commercialization of its products. In the management of capital, the Company includes cash, long-term debt, capital stock, stock options, warrants and contributed surplus. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or new debt.

At the current stage of the Company's development, in order to maximize its current business activities, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's overall strategy with respect to capital risk management remains unchanged for the year ended December 31, 2020.

21. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following models. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(b) Investment in Sensible Medical

The investment in Sensible Medical is the fair value associated with the Company's equity investment in Sensible Medical and is classified as FVOCI. The change in the Investment in Sensible Medical is recorded through other comprehensive (loss) income in the consolidated statement of net (loss) income and comprehensive (loss) income. The investment in Sensible Medical was recorded at fair value at the date at which it was acquired and subsequently revalued at each reporting date. Estimating fair value for this asset requires determining the most appropriate valuation model and determining the most appropriate inputs to the valuation model, including publicly traded companies similar to Sensible Medical to use as a proxy in the valuation model, a discount rate for lack of marketability of the investment and estimated costs to dispose of the investment.

(c) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(d) Royalty obligation

The royalty obligation is recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest rate method at each reporting date. Estimating fair value for this liability requires determining the most appropriate valuation model which is dependent on its underlying terms and conditions. This estimate also requires determining expected revenue from AGGRASTAT® sales and an appropriate discount rate and making assumptions about them.

(e) Acquisition payable

The acquisition payable liabilities are recorded at its fair value at the date at which the liability was incurred and subsequently measured at amortized cost using the effective interest rate method at each reporting date. Estimating fair value for this liability requires determining the most appropriate valuation model which is dependent on its underlying terms and conditions. This estimate also requires determining an appropriate discount rate and making assumptions about it.

(expressed in thousands of Canadian dollars, except per share amounts)

(f) Contingent consideration

Contingent consideration is recorded at its fair value at the date at which the liability was incurred and subsequently measured at fair value at each reporting date. Estimating fair value for this liability requires determining the most appropriate valuation model which is dependent on its underlying terms and conditions. This estimate also requires determining expected revenue from Marley Drug and the probabilities surrounding those revenues as well as an appropriate discount rate.

22. Segmented information

The Company operated under one segment, the marketing and distribution of commercial products until the acquisition of Marley Drug on December 17, 2020 as described in note 6. After December 17, 2020, the Company operated under two segments, the marketing and distribution of commercial products and the operation of a retail and mail order pharmacy.

Revenue generated from external customers for the years ended December 31, 2020, 2019 and 2018 was 100% from sales to customers in the United States.

During the year ended December 31, 2020, 100% of total revenue from the marketing and distribution of commercial products was generated from fourteen customers. Customer A accounted for 37%, Customer B accounted for 25%, Customer C accounted for 34% and the remaining ten customers accounted for approximately 4% of revenue.

During the year ended December 31, 2019, 100% of total revenue from the marketing and distribution of commercial products was generated from thirteen customers. Customer A accounted for 38%, Customer B accounted for 28%, Customer C accounted for 28% and the remaining ten customers accounted for approximately 6% of revenue.

During the year ended December 31, 2018, 100% of total revenue from the marketing and distribution of commercial products was generated from eight customers. Customer A accounted for 33%, Customer B accounted for 28%, Customer C accounted for 33% and Customer D accounted for 6% and the remaining five customers accounted for less than 1% of revenue.

The Company's property and equipment, intangible assets and goodwill are located in the following countries:

As at December 31	2020	2019
Canada	**$ 986**	$ 1,282
United States	**10,131**	—
Barbados	**7,105**	9,599
	$18,222	$10,881

Following the acquisition of Marley Drug, the financial measures reviewed by the Company's chief operating decision maker are presented separately for the year ended December 31, 2020:

	Marketing and Distribution of Commercial Products	Retail and Mail Order Pharmacy	Total
Revenue	**$ 11,270**	**$ 340**	**$ 11,610**
Operating expenses	**(19,386)**	**(331)**	**(19,717)**
Finance income (expense), net	**767**	**(2)**	**765**
Foreign exchange gain, net	**497**	—	**497**
Net loss before income taxes	**$ (6,852)**	**$ 7**	**$ (6,845)**

ITEM 19. EXHIBITS

Number	Exhibit
1.	*Articles of Incorporation and Bylaws:*
1.1	Medicure's Articles of Incorporation dated September 15, 1997 [1]
1.2	Lariat's Articles of Incorporation dated June 3, 1997 [1]
1.3	Medicure's Certificate of Continuance from Manitoba to Alberta dated December 3, 1999 [1]
1.4	Certificate of Amalgamation for Medicure and Lariat dated December 22, 1999 [1]
1.5	Medicure's Certificate of Continuance from Alberta to Canada dated February 23, 2000 [1]
1.6	Amended Certificate of Continuance and Articles of Continuance dated February 20, 2003 [3]
1.7	Certificate of Amendment dated November 1, 2012 [10]
1.8	Bylaw No. 1A [10]
1.9	Bylaw No. 2 [8]
4.	*Material Contracts and Agreements:*
4.1	Transfer Agency Agreement between Montreal Trust Company of Canada and the Company dated as of January 26, 2000, whereby Montreal Trust Company of Canada agreed to act as transfer agent and registrar with respect to the Shares [1]
4.2	Medicure International Licensing Agreement between the Company and Medicure International Inc. dated June 1, 2000, wherein the Company granted Medicure International, Inc. a license with regard to certain intellectual property [1]
4.3	Development Agreement between Medicure International, Inc. and CanAm Bioresearch Inc. dated June 1, 2000, wherein CanAm Bioresearch Inc. agreed to conduct research and development activities for Medicure International, Inc. [1]
4.4	Amendment to the Consulting Services Agreement dated February 1, 2002 between A.D. Friesen Enterprises Ltd. and the Company whereby consulting services will be provided to the Company by Dr. Albert D. Friesen [2]
4.5	Stock Option Plan approved February 4, 2002 [3]
4.5	Amendment dated March 1, 2002 to the Development Agreement between Medicure International, Inc. and CanAm Bioresearch Inc. [5]
4.7	Amendment dated August 7, 2003 to the Development Agreement between Medicure International, Inc. and CanAm Bioresearch Inc. [3]
4.8	Amendment to the Consulting Services Agreement dated October 1, 2003 between A.D. Friesen Enterprises Ltd. and the Company whereby consulting services will be provided to the Company by Dr. Albert D. Friesen [4]
4.9	Employment Agreement with Dawson Reimer dated October 1, 2001 [4]

4.10	Amendment to Employment Agreement dated April 5, 2005 between A.D. Friesen Enterprises Ltd. and the Company [5]
4.11	Amendment to Employment Agreement dated April 5, 2005 between Dawson Reimer and the Company [5]
4.12	Amendment to Employment Agreement dated April 5, 2005 between Derek Reimer and the Company [5]
4.13	Amendment dated July 8, 2005 to the Development Agreement between Medicure International, Inc. and CanAm Bioresearch Inc. [5]
4.14	Amendment to Employment Agreement dated October 1, 2005 between A.D. Friesen Enterprises Ltd. and the Company [6]
4.15	Amendment to Development Agreement dated June 1, 2000 between CanAm Bioresearch Inc. and Medicure International, Inc. dated July 4, 2006 [6]
4.16	Amended Stock Option Plan approved October 25, 2005 [6]
4.17	Amendment to Employment Agreement dated October 1, 2006 between A.D. Friesen Enterprises Ltd. and the Company [7]
4.18	Amended License Agreement between Medicure and the University of Manitoba dated November 24, 2006, originally dated August 30, 1999, wherein the University of Manitoba granted to Medicure an exclusive license with regard to certain intellectual property (the "U of M Licensing Agreement") [7]
4.19	Amendment to Employment Agreement dated October 1, 2007 between A.D. Friesen Enterprises Ltd. and the Company [8]
4.20	Amended Stock Option Plan approved October 2, 2007 [9]
4.21	Employment Agreement with Dwayne Henley June 10, 2008 [8]
4.22	Debt financing agreement between Birmingham Associates Ltd. and the Company dated September 17, 2007 [8]
4.23	Stock Option Plan amended and restated as of November 30, 2012 [14]
4.24	Stock Option Plan amended and restated as of November 4, 2014 [11]
4.25	Stock Option Plan amended and restated as of June 22, 2016 [12]
8.1	List of Significant Subsidiaries and Consolidated Affiliated Entity *
11.1	Code of Ethics [4]
12.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
12.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
13.1	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **
23.1	Consents of Independent Registered Pubic Accounting Firms *

Notes:

[1] Herein incorporated by reference as previously included in the Company's Form 20-F registration statement filed on January 30, 2001.
[2] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on December 31, 2002.
[3] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on October 20, 2003.
[4] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on September 15, 2004.
[5] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on August 24, 2005.
[6] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on August 16, 2006.
[7] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on August 27, 2007.
[8] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on August 29, 2008.
[9] Herein incorporated by reference as previously included in the Company's Registration Statement on Form S-8, filed on October 9, 2007 (SEC File No. 333-146574).
[10] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on September 11, 2014.
[11] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on April 14, 2015.
[12] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on March 31, 2016.
[13] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on April 27, 2017.

[14] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on May 1, 2018.
[15] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on April 29, 2019.
[16] Herein incorporated by reference as previously included in the Company's Form 20-F annual report filed on April 15, 2020.

* Filed herewith
** Furnished herewith

SIGNATURE PAGE

Pursuant to the requirements of Section 12 of the *Securities Exchange Act of 1934,* the Company certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 20, 2021

ON BEHALF OF THE CORPORATION, MEDICURE INC.

per:

/s/ Albert D. Friesen

Albert D. Friesen, Ph.D.
Chairman, & CEO

EXHIBIT 8.1 – LIST OF SIGNIFICANT SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITY

LIST OF SIGNIFICANT SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

Significant Subsidiaries

Name of Company	Jurisdiction of Incorporation	Percentage of Equity Owned
Medicure International, Inc.	Barbados	100%
Medicure Pharma Inc.	United States (Delaware)	100%
Marley Drug, Inc.	United States (North Carolina)	100%
Medicure U.S.A. Inc.	United States (Delaware)	100%
Medicure Pharma Europe Ltd	Ireland	100%
Medicure Mauritius Limited	Mauritius	100%
Apigen Investments Limited	Mauritius	100%

All significant subsidiaries do business under their respective legal names.

EXHIBIT 12.1 – CERTIFICATION OF CEO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Albert D. Friesen, certify that:

1. I have reviewed this Annual Report on Form 20-F of Medicure Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-(15)(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date April 20, 2021

/s/ Albert D. Friesen

Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 12.2 – CERTIFICATION OF CFO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, James F. Kinley, certify that:

1. I have reviewed this Annual Report on Form 20-F of Medicure Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-(15)(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 20, 2021

/s/ James F. Kinley

Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 13.1 – CERTIFICATION OF CEO AND CFO PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Medicure Inc. (the "**Company**"), does hereby certify with respect to the Annual Report of the Company on Form 20-F for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "**Form 20-F**"), that, to the best of his knowledge:

(1) the Form 20-F fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 20, 2021

/s/ Albert D. Friesen
Albert D. Friesen Ph D., Chief Executive Officer
(Principal Executive Officer)

Date: April 20, 2021

/s/ James F. Kinley
James F. Kinley CA, Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 23.1 – CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Consent of independent registered public accounting firm

We consent to the incorporation by reference in the Registration Statement [Form S-8 No. 333-146574] of **Medicure Inc.** of our report dated April 20, 2021, with respect to the consolidated financial statements of **Medicure Inc.**, included in this Annual Report [Form 20-F] for the year ended December 31, 2020 filed with the Securities and Exchange Commission.

Ernst & Young LLP

Winnipeg, Canada
April 20, 2021

Chartered Professional Accountants

A member firm of Ernst & Young Global Limited

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-146574) of Medicure Inc., of our report dated April 15, 2020, which is incorporated in this Form 20-F.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Canada
April 20, 2021

PricewaterhouseCoopers LLP
Richardson Building, One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020, www.pwc.com/ca