

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

HLS Therapeutics Inc. (“HLS” or “the Company”)
10 Carlson Court, Suite 701
Etobicoke, Ontario
M9W 6L2

Item 2 Date of Material Change

August 15, 2018.

Item 3 News Release

The news release referenced herein was disseminated through the facilities of CNW Group (Cision) on August 15, 2018, and is available on the Company’s SEDAR profile at www.sedar.com.

Item 4 Summary of Material Change

Debt Refinancing

On August 15, 2018, the Company announced that it had entered into a credit agreement with a syndicate of bank lenders co-led by JPMorgan Chase Bank, N.A. and Silicon Valley Bank. Pursuant to the credit agreement, the lenders provided the Company with a senior secured term loan with a principal amount of US\$100.0 million. In addition, there is a US\$25.0 million revolving facility that is undrawn on closing. On closing, the proceeds from the new senior secured term loan and available cash balances were used to repay the Company’s existing senior secured term loan in full.

Dividend Policy and Declaration

On August 15, 2018, the Company’s Board of Directors established a dividend policy providing for payment of quarterly dividends of CDN\$0.05 per common share. At the same time, the Company’s Board of Directors declared an initial dividend of CDN\$0.05 per outstanding common share to be paid on December 14, 2018, to shareholders of record as of October 24, 2018.

Item 5 Full Description of Material Change

Debt Refinancing

On August 15, 2018, the Company announced that it had entered into a new senior secured term loan with a syndicate of bank lenders co-led by JPMorgan Chase Bank, N.A. and Silicon Valley Bank. The principal amount of the new senior secured term loan is US\$100.0 million. In addition, there is a US\$25.0 million revolving facility that is undrawn on closing. The Company may also request to be provided with incremental loans, for a maximum additional loan amount of US\$100.0 million to support acquisitions and growth opportunities. The maturity date is August 15, 2023. Interest on the new senior secured term loan accrues at a rate per annum equal to the sum of LIBOR plus a range of 2.75% to 3.25% depending on the leverage ratio of the Company at the time.

Under the terms of the new senior secured term loan, the lenders have security over substantially all the assets of the Company. The Company will be required to repay principal starting at 5% of the principal amount in the first year and increasing to 10% in the fifth year of the term. The Company may also be required to make additional payments from surplus cash-flow, or the Company could choose to repay some or all of the amount outstanding at any time during the term.

Under the terms of the senior secured term loan, the Company is required to comply with financial covenants related to the maintenance of liquidity and coverage ratios.

On closing, the proceeds from the new senior secured term loan and available cash balances were used to repay the Company's existing senior secured term loan in full. The existing senior secured term loan was scheduled to expire on August 11, 2021 and carried interest at a rate per annum equal to the sum of (i) 9.0% plus (ii) the higher of (a) the LIBOR rate for the applicable interest period and (b) 1.0%. Repayment of the existing senior secured term loan ahead of expiration resulted in a repayment premium of US\$4.1 million.

Concurrent with the refinancing transaction HLS also repurchased for US\$6.0 million an existing royalty obligation on its current and future sales from one of the Company's initial lenders.

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Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

Ryan C. Lennox, Corporate Secretary and General Counsel
(647) 495-9000 Ext 214

Item 9 Date of Report

August 21, 2018.