



HLS Therapeutics®  
HLS THERAPEUTICS INC.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 17, 2022  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**Dated: May 23, 2022**

## CONTENTS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS.....	i
MANAGEMENT INFORMATION CIRCULAR.....	2
ATTENDING THE MEETING.....	2
HOW TO VOTE YOUR SHARES .....	3
REGISTERING A PROXYHOLDER.....	6
PROXYHOLDER MATTERS .....	6
RECORD DATE AND QUORUM .....	7
VOTING SECURITIES AND PRINCIPAL HOLDERS .....	7
FINANCIAL STATEMENTS .....	7
ELECTION OF DIRECTORS.....	7
DIRECTORS' COMPENSATION.....	15
REAPPOINTMENT OF AUDITOR .....	19
STATEMENT OF GOVERNANCE PRACTICES.....	19
STATEMENT OF EXECUTIVE COMPENSATION .....	24
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	38
AUDIT COMMITTEE INFORMATION .....	38
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	38
ADDITIONAL INFORMATION.....	38
APPROVAL OF THE DIRECTORS .....	38
ANNEX A BOARD MANDATE.....	A-1
ANNEX B VIRTUAL AGM USER GUIDE .....	B-1



# HLS Therapeutics®

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of HLS Therapeutics Inc. (the “**Company**”) is scheduled to be held on Friday June 17, 2022 at 10:00 a.m. (Toronto time) in a virtual format via live webcast available online using [meetnow.global/MHLPA2N](https://meetnow.global/MHLPA2N) for the following purposes:

- (a) to receive the audited consolidated financial statements of the Company as at and for the year ended December 31, 2021 together with the auditor’s report thereon;
- (b) to elect directors of the Company for the ensuing year;
- (c) to reappoint the auditor of the Company for the ensuing year and authorize the directors of the Company to fix such auditor’s remuneration; and
- (d) to transact such other business as may properly be brought before the Meeting or any adjournment(s) thereof.

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting. The directors of the Company have fixed May 13, 2022 as the record date for determining those Shareholders entitled to receive notice of and vote at the Meeting.

In light of the ongoing impact of COVID-19 and to mitigate risks to the health and safety of the Company’s communities, shareholders, employees and other stakeholders, the Company will be conducting the Meeting in a virtual only format via live audio webcast available online using [meetnow.global/MHLPA2N](https://meetnow.global/MHLPA2N). Shareholders will have an equal opportunity to participate at the Meeting online regardless of their geographic location. Registered Shareholders and duly appointed proxyholders will be able to attend, submit questions and vote at the Meeting provided they are connected to the internet and comply with all of the requirements set out herein. The Company hopes that hosting a virtual meeting helps enable greater participation by Shareholders by allowing Shareholders that might not otherwise be able to travel to a physical meeting to attend online, while minimizing the health risks that are associated with large gatherings.

Registered Shareholders may attend the Meeting virtually or may be represented by proxy. If you are a registered Shareholder (i.e., you hold a physical certificate representing your Common Shares in your name), whether or not you plan to attend the Meeting, we encourage you to exercise your right to vote by dating, signing and returning the accompanying form of proxy to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”). To be valid, completed proxy forms must be dated, completed, signed and deposited with Computershare (i) by mail using the enclosed return envelope or one addressed to Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or (ii) by hand delivery to Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1. Registered Shareholders may also vote by Telephone at 1-866-732-VOTE (8683) Toll Free or through the internet at [www.investorvote.com](http://www.investorvote.com). In each case, Computershare must receive the proxy form or other instructions by no later than 10:00 a.m. (Toronto time) on June 15, 2022 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) before any adjournment or postponement of the Meeting.

Non-registered Shareholders may attend the Meeting and vote by duly appointing themselves as proxyholder. Non-registered Shareholders that have not duly appointed themselves as proxyholder will be able to attend and listen to the Meeting as guests, but guests will not be able to participate or vote at the Meeting. If you are a non-registered Shareholder and have received these materials from your broker or other intermediary, please complete and return the voting instruction form or other authorization form provided to you by your broker or other intermediary in accordance with the instructions provided. Failure to do so may result in your Common Shares not being eligible to be voted at the Meeting.

A Shareholder that wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form (including non-registered Shareholders that wish to appoint themselves as proxyholder in order to participate or vote at the Meeting ) must carefully follow the instructions in the Circular and on their form of proxy or voting instruction forms. These instructions include the additional step of registering such proxyholder with Computershare after submitting the form of proxy or voting instruction form. Failure to register the proxyholder with Computershare will result in the proxyholder not receiving an invite code to participate in the Meeting via e-mail and only being able to attend as a guest.

Dated at Toronto, Ontario, this 23<sup>rd</sup> day of May, 2022.

BY ORDER OF THE BOARD OF DIRECTORS OF HLS THERAPEUTICS INC.

“*Ryan C. Lennox*”

RYAN C. LENNOX

Corporate Secretary and Senior Vice President, Legal, HR and Compliance

## MANAGEMENT INFORMATION CIRCULAR

**This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies for use at the annual meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares (“Common Shares”) of HLS Therapeutics Inc. (“HLS” or the “Company”) to be held on June 17, 2022 and any adjournment(s) thereof for the purposes set forth in the Notice of Meeting.**

The management of HLS is soliciting the proxies of Shareholders for use at the Meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone, or other personal contact, by regular employees of the Company, without special compensation. The Company may also engage a third party to provide proxy solicitation services on behalf of management in connection with the solicitation of proxies for the Meeting. The costs of solicitation will be borne by the Company.

The Company presents its consolidated financial statements in United States dollars. In this Circular, all references to “US\$” and “\$” are to United States dollars and all references to “C\$” are to Canadian dollars.

On March 12, 2018, HLS Therapeutics Inc. (“**Former HLS**”) and Automodular Corporation (“**AMD**”) amalgamated by way of a plan of arrangement (the “**Arrangement**”) in accordance with Section 183 of the *Business Corporations Act* (Ontario). The Arrangement constituted a reverse takeover of AMD by Former HLS under the policies of the TSX Venture Exchange (the “**TSXV**”). On February 7, 2019, HLS graduated to the Toronto Stock Exchange (the “**TSX**”) where Common Shares are listed under the symbol HLS. In this Circular, *you* and *your* refer to the Shareholders of HLS. *We, us, our*, the Company and HLS each refer to HLS Therapeutics Inc. and/or to Former HLS, as the context requires.

The information contained in this Circular is provided as at May 23, 2022, except where otherwise indicated.

### ATTENDING THE MEETING

#### Virtual Only Format

To address the ongoing public health impact of COVID-19 and mitigate risks to the health and safety of the Company’s communities, Shareholders, employees and other stakeholders, the Company will be holding the Meeting in a virtual only format which will be conducted via live audio webcast available online using [meetnow.global/MHLPA2N](https://meetnow.global/MHLPA2N). Attending the Meeting online enables registered Shareholders and duly appointed proxyholders, including non-registered Shareholders that have duly appointed themselves as proxyholder, to participate at the Meeting and ask questions, all in real time. Registered Shareholders and duly appointed proxyholders can vote at the appropriate times during the Meeting. Guests, including non-registered Shareholders that have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to participate or vote

A summary of the information Shareholders will need to attend the online Meeting is provided below. More information may be found in Computershare’s Virtual AGM User Guide, which is attached hereto as Annex B.

Registered Shareholders and duly appointed proxyholders may submit questions in writing by using the relevant dialog box in the function “Q&A” during the Meeting. Written questions or comments submitted through the dialog box function will be read or summarized by a representative of the Company, after which the Chair of the Meeting or members of management present at the Meeting will respond. Questions relating to a matter to be voted on at the Meeting will be responded to before a vote is held on such matter, if applicable. It is recommended that registered Shareholders and duly-appointed proxyholders submit their questions as soon as possible during the Meeting so that they can be addressed at the appropriate time.

In order to facilitate a respectful and effective Meeting, only questions of general interest to all Shareholders will be answered. If several questions relate to the same or very similar topic, the Company will group the questions and state that it has received similar questions.

In the event of technical malfunction or other significant problem that disrupts the Meeting, the Chair of the Meeting may adjourn, recess, or expedite the Meeting, or take such other action as the Chair determines is appropriate considering the circumstances

#### Participation by Registered Shareholders and Duly Appointed Proxyholders

Registered Shareholders and duly appointed proxyholders will be able to attend, submit questions and vote at the Meeting. Attendees can login to the Meeting as follows:

- Go to [meetnow.global/MHLPA2N](https://meetnow.global/MHLPA2N). It is recommended that you log in at least 15 minutes prior to the start of the Meeting. The latest version of Chrome, Safari, Microsoft Edge or Firefox will be needed.

- Click on “*I have a control number*”
- Registered shareholders will need to enter the 15-digit control number located on their form of proxy or in the email notification they received
- Duly appointed proxyholders will need to enter the Invite Code provided by Computershare by email following the proxy voting deadline (see “*Registering a Proxyholder*” below)

It is important that registered Shareholders and duly appointed proxyholders eligible to vote at the Meeting are and remain connected to the internet at all times during the Meeting in order to vote when balloting commences. It is the responsibility of each registered Shareholder and duly appointed proxyholder to ensure connectivity for the duration of the Meeting.

If a registered Shareholder that has submitted a form of proxy attends the Meeting via webcast and proceeds with voting at the Meeting, any and all previously submitted proxies will be revoked. If you are a registered Shareholder and you do not wish to revoke your previously submitted proxies, do not vote at the Meeting.

### Participation by Non-Registered Shareholders

Non-registered Shareholders that have not duly appointed themselves as proxyholder to vote at the Meeting but who wish to attend the Meeting virtually will only be able to attend as a guest by going to [meetnow.global/MHLPA2N](http://meetnow.global/MHLPA2N) at least 15 minutes prior to the start of the Meeting, clicking on “Guest” and completing the online form. Such non-registered Shareholders will be able to listen to the Meeting but will not be able to vote or submit questions.

## HOW TO VOTE YOUR SHARES

### How to Vote if you are a Registered Shareholder

You are a registered Shareholder if your name appears on a share certificate representing your Common Shares or if you are registered as the holder of your Common Shares in book-entry form. In either case, your name will be shown on the list of Shareholders kept by Computershare Investor Services Inc. (“**Computershare**”), the registrar and transfer agent of the Company.

**If you are not sure whether you are a registered Shareholder, please contact Computershare at 514-982-7555 or at 1-800-564-6253 (toll free in Canada and the United States) or by e-mail at [service@computershare.com](mailto:service@computershare.com).**

#### *Voting by Proxy*

Voting by proxy is the easiest way to vote. Voting by proxy means that you are giving the person or people named on your proxy form (the “**Proxyholder**”) the authority to vote your Common Shares for you at the Meeting or any adjournment. If you are a registered Shareholder, you will receive a form of proxy from Computershare with this Circular.

If you are a registered Shareholder you may vote by submitting your proxy before 10:00 a.m. (Toronto time) on June 15, 2022 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) before any adjournment or postponement of the Meeting, in any of the following ways:

By Internet	By Mail	By Telephone	By Appointing Another Person to Attend and Vote at the Meeting
Go to <a href="http://www.investorvote.com">www.investorvote.com</a> (you will require your 15-digit control number found on the form of proxy)	Complete, sign and date the form of proxy and return it in the envelope provided or otherwise to: Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department)	Call the number listed below from a touch tone telephone. 1-866-732-VOTE (8683) Toll Free from Canada and the United States	Insert the name of the person or company you are appointing in the blank space provided in the enclosed form of proxy. Complete your voting instructions, date and sign the form of proxy and return it to Computershare using one of the methods outlined here. The person does not have to be a Shareholder but please ensure that he or she knows that you have appointed them and they are available to attend the Meeting on your behalf. <b>Registered Shareholders that wish to appoint a third-party proxyholder to</b>

By Internet	By Mail	By Telephone	By Appointing Another Person to Attend and Vote at the Meeting
			<p>represent them at the Meeting must follow the instructions set out under “Registering a Proxyholder” in order to register such proxyholder with Computershare in advance of the Meeting. Registering your proxyholder is an additional step to be completed AFTER you have submitted your form of proxy. Failure to register the proxyholder at <a href="http://www.computershare.com/HLSthe">http://www.computershare.com/HLSthe</a> <a href="http://www.computershare.com/HLSthe">rapeutics</a> will result in the proxyholder not receiving an invite code, which is required to participate in and vote at the Meeting.</p>

*Voting at the Meeting*

A registered Shareholder that wishes to vote his, her or its Common Shares personally at the Meeting does not need to complete and return the form of proxy. To vote online during the Meeting:

- Log in at [meetnow.global/MHLLPA2N](http://meetnow.global/MHLLPA2N) at least 15 minutes before the Meeting starts;
- Click on “Shareholder”;
- Enter your 15-digit control number; and
- Vote when polls are open.

If you attend the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to log in to the Meeting online and complete the related procedures.

**How to Change your Vote/Revoke your Proxy if you are a Registered Shareholder**

If you are a registered Shareholder and you have submitted a proxy, you may revoke a vote you made by proxy:

- by voting again on the internet before 10:00 a.m. (Toronto time) on June 15, 2022;
- by completing a proxy that is dated later than the proxy form you are changing, and sending it to Computershare so that it is received before 10:00 a.m. (Toronto time) on June 15, 2022;
- by sending a notice in writing from you or your authorized attorney (or, if the Shareholder is a corporation, by a duly authorized officer) revoking your proxy to Ryan Lennox, the Corporate Secretary and Senior Vice President, Legal, HR and Compliance of HLS, at the registered office of the Company, located at 10 Carlson Court, Suite 701, Etobicoke, Ontario, M9W 6L2, so that it is received before 10:00 a.m. (Toronto time) on June 15, 2022;
- by giving a notice in writing from you or your authorized attorney (or, if the Shareholder is a corporation, by a duly authorized officer) revoking your proxy to the chair of the Meeting, at the Meeting or any adjournment; or
- in any other manner permitted by law.

If a registered Shareholder that has submitted a proxy attends the Meeting and votes via webcast, any votes cast by such Shareholder on a ballot will be counted and the submitted form of proxy will be revoked and disregarded.

**How to Vote if you are a Non-Registered Shareholder**

**Information set forth in this section is very important to persons who hold Common Shares otherwise than in their own names.** You are a non-registered Shareholder if your broker or another intermediary (your “Nominee”) holds your Common Shares for you. If you are a non-registered Shareholder, HLS will not have any record of your ownership and so the

only way that you can vote your Common Shares is by instructing your Nominee. Your Nominee is required to ask for your voting instructions before the Meeting.

#### *Voting by Proxy*

In most cases, you will receive a voting instruction form from your Nominee that allows you to provide your voting instructions by telephone, on the internet or by mail. You should complete the voting instruction form and sign and return it in accordance with the directions on that form. **Every Nominee has its own mailing procedures and its own return instructions, which should be carefully followed by non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting.** Please contact your Nominee if you did not receive a voting instruction form or a proxy form.

In accordance with the Canadian Securities Administrators' National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Company is distributing copies of materials related to the Meeting to Nominees for distribution to non-registered Shareholders and such Nominees are to forward the materials related to the Meeting to each non-registered Shareholder (unless the non-registered Shareholder has declined to receive such materials). Such Nominees often use a service company (such as Broadridge Investor Communication Solutions in Canada (“**Broadridge**”)) to permit the non-registered Shareholder to direct the voting of the Common Shares held by the Nominee, on behalf of the non-registered Shareholder. The Company is paying Broadridge to deliver, on behalf of the Nominees, a copy of the materials related to the Meeting to each “objecting beneficial owner” (as such term is defined in NI 54-101).

#### *Voting at the Meeting*

Although non-registered Shareholders may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of their Nominee, a non-registered Shareholder may virtually attend the Meeting as proxyholder for the registered shareholder and vote their Shares in that capacity. Non-registered Shareholders that wish to virtually attend the Meeting and vote their own Shares as proxyholder for the registered holder should enter their own names in the blank space on the voting instruction form provided to them and return the same to their Nominee in accordance with the instructions provided by such Nominee well in advance of the Meeting and follow the instructions set out under “*Registering a Proxyholder*” for registering themselves as a proxyholder with Computershare in advance of the Meeting. Registering yourself as proxyholder is an additional step to be completed **AFTER** you have submitted your voting instruction form. If you fail to register yourself as proxyholder you will not receive an Invite Code that is required to participate in and vote at the Meeting.

Non-registered Shareholders that have appointed themselves as proxyholders and received an Invite Code to join the Meeting, must follow the steps outlined below:

- Log in at [meetnow.global/MHLLPA2N](https://meetnow.global/MHLLPA2N) at least 15 minutes before the Meeting starts;
- Click on “*Invitation*”;
- Enter the Invite Code; and
- Vote when polls are open.

If you have appointed yourself as a proxyholder to vote your Shares at the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to log in to the Meeting online and complete the related procedures.

#### **How to Change Your Vote if you are a Non-Registered Shareholder**

A non-registered Shareholder may revoke previously-given voting instructions by contacting his or her Nominee and complying with any applicable requirements imposed by such Nominee. A Nominee may not be able to revoke voting instructions if it receives insufficient notice of revocation.

#### **United States Beneficial Shareholders**

To attend and vote at the virtual meeting, you must first obtain a valid Legal Proxy from your broker, bank or other agent and then register in advance to attend the meeting. Follow the instructions from your broker or bank included with the Proxy materials or contact your broker or bank to request a Legal Form of Proxy. After first obtaining a valid Legal Proxy from your broker, bank or other agent, you must submit a copy of your Legal Proxy to Computershare in order to register to attend the meeting. Requests for registration should be sent:

By mail to: COMPUTERSHARE  
100 UNIVERSITY AVENUE 8TH FLOOR  
TORONTO, ON M5J 2Y1  
By email at: [USLegalProxy@computershare.com](mailto:USLegalProxy@computershare.com)

Requests for registration must be labeled as “Legal Proxy” and be received no later than 10:00 a.m. (Toronto time) on June 15, 2022. You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the Meeting and vote your shares at [meetnow.global/MHLPA2N](https://meetnow.global/MHLPA2N) during the Meeting. Please note that you are required to register your appointment at <http://www.computershare.com/HLStherapeutics>.

## REGISTERING A PROXYHOLDER

Shareholders that wish to appoint a third-party proxyholder to represent them at the Meeting, including non-registered Shareholders that wish to appoint themselves as proxyholder to attend and vote at the Meeting, must submit their form of proxy or voting instruction form, as applicable, prior to registering a proxyholder. Registering a proxyholder is an additional step Shareholders will need to complete after submitting a form of proxy or voting instruction form. **Failure to register a proxyholder will result in the proxyholder not receiving an Invite Code to participate in the Meeting.** To register a proxyholder, Shareholders must complete the form to request an Invite Code found at <http://www.computershare.com/HLStherapeutics> by no later than 10:00 a.m. (Toronto time) on June 15, 2022 and must provide Computershare with their proxyholder’s contact information, so that Computershare may provide the proxyholder with an Invite Code via email. Without an Invite Code, proxyholders will not be able to attend and vote at the meeting.

## PROXYHOLDER MATTERS

### Completing the Form of Proxy

You can choose to vote “**FOR**” or “**WITHHOLD**” your vote in respect of the following resolutions:

- the election of each person nominated as a director of the Company (each, a “**Director**”); and
- the reappointment of the auditor for the ensuing year and the authorization of the Directors to fix the auditor’s remuneration.

The Common Shares represented by proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called and if you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

If you are an individual, you or your authorized attorney must sign the proxy form. If you are a corporation or other legal entity, an authorized officer or attorney must sign the proxy form. A proxy form signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person’s capacity (following their signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with HLS).

**If you need help completing your proxy form, please contact Computershare at 514-982-7555 or at 1-800-564-6253 (toll free in Canada and the United States) or by e-mail at [service@computershare.com](mailto:service@computershare.com).**

### How Proxyholders Will Vote

When you sign the proxy form, you authorize Gilbert Godin, the Chief Executive Officer, or Ryan Lennox, the Corporate Secretary and Senior Vice President, Legal, HR and Compliance, to vote your Common Shares for you at the Meeting according to your instructions. **If you return your proxy form and do not tell us how you want to vote your Common Shares, your Common Shares will be voted:**

- **FOR electing each of the individuals nominated as a Director who are listed in this Circular; and**
- **FOR reappointing Ernst & Young LLP as auditor and authorizing the Directors to fix the auditor’s remuneration.**

Your Proxyholder will also be entitled to vote your Common Shares as he or she sees fit in respect of amendments to matters identified in the Notice of Meeting and on any other item of business that may properly come before the Meeting or any adjournment(s) thereof. At the date of this Circular, the Directors and management of the Company are not aware that any such amendments or other matters are to be submitted to the Meeting.

## Shareholders Can Choose any Person or Company as their Proxyholder

**You have the right to appoint a person other than the persons designated in the proxy form to represent you at the Meeting.** Such right may be exercised by inserting the name of the person or company in the blank space provided in the enclosed form of proxy or by completing another form of proxy. **If you do not specify how you want your Common Shares voted, your Proxyholder will vote your Common Shares as he or she sees fit on any matter that may properly come before the Meeting.**

## RECORD DATE AND QUORUM

The board of directors of the Company (the “**Board**” or the “**Board of Directors**”) has fixed May 13, 2022 as the record date (the “**Record Date**”) for the purpose of determining which Shareholders are entitled to receive the Notice of Meeting and vote at the Meeting or any adjournment(s) thereof, either in person or by proxy. No person acquiring Common Shares after that date shall, in respect of such Common Shares, be entitled to receive the Notice of Meeting and vote at the Meeting or any adjournment(s) thereof.

A quorum for the transaction of business at the Meeting or any adjournment(s) thereof (other than an adjournment for lack of quorum) shall be two persons present and each entitled to vote at the Meeting who, together, hold or represent by proxy not less than 15% of the votes attaching to the outstanding Common Shares entitled to vote at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS

HLS is authorized to issue an unlimited number of Common Shares. As of May 12, 2022, the Company had 32,467,724 outstanding Common Shares, each carrying the right to one vote at the Meeting.

As of May 12, 2022, the only persons or companies who, to the knowledge of the Company, its Directors or executive officers, based on publicly available information, beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the outstanding Common Shares are as follows:

Name and Municipality of Residence of Principal Shareholder	Common Shares Owned	
	Number	Percentage (undiluted)
Stadium Capital Management, LLC (New Canaan, Connecticut, USA)	5,964,842	18.37%
Athyrium Opportunities II Co-Invest 1 LP (Cayman Islands)	4,351,782	13.40%
Polar Asset Management Partners Inc.	3,332,372	10.26%

## FINANCIAL STATEMENTS

The audited consolidated financial statements of HLS as at and for the year ended December 31, 2021, together with the auditors’ reports thereon, have been sent to Shareholders that have requested that they receive a copy. These financial statements are also available on the Company’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## ELECTION OF DIRECTORS

The articles of the Company provide for a minimum of three and a maximum of ten Directors. The Board has the authority to set the number of Directors, such number presently being fixed at nine. Each of the nine individuals listed below is being recommended for election as a Director, as the term of office for each current Director expires at the close of the Meeting. If elected, they will hold office until the close of the next annual meeting of Shareholders or until their successors are elected or appointed, unless such office is earlier vacated in accordance with the Company’s by-laws. All of the proposed nominees are currently Directors.

**It is the intention of the individuals named in the enclosed form of proxy to vote FOR the election of each of the individuals listed below under the heading “Nominees for Election to the Board” as Directors, to hold office until the close of the next annual meeting of Shareholders or until their successors are duly elected or appointed, unless specifically instructed in the proxy to withhold such vote.** Management of the Company does not contemplate that any of the nominees will be unable or unwilling to serve as a Director; however, if such event should occur prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote in their discretion for other nominees.

Mr. William Wells, a founder and the former Executive Chairman of HLS, has decided to focus on other business interests and has stepped down from the Board, and will not be standing for re-election at the Meeting. The Company thanks Mr. Wells for his significant contributions and dedicated service to the Company since its founding nearly a decade ago.

### **Advance Notice Provisions**

The Company's by-laws provide for advance notice of nominations of Directors ("**Advance Notice Provisions**") in circumstances where nominations of persons for election to the Board are made by Shareholders other than by or at the direction or request of one or more Shareholders pursuant to a proposal or a requisition of the Shareholders made in accordance with applicable law.

To be an eligible Shareholder for making nominations under the Advance Notice Provisions, the nominating Shareholder must (a) comply with the notice procedures set forth in the Advance Notice Provisions, as outlined below, and (b) at the close of business on the date of the giving of the applicable notice and on the record date for notice of the applicable Shareholder meeting, be entered in the Company's register as a holder of one or more Common Shares carrying the right to vote at such meeting or beneficially own Common Shares that are entitled to be voted at such meeting.

The Advance Notice Provisions fix deadlines by which an eligible Shareholder must notify the Company of nominations of individuals for election to the Board as follows: such notice must be provided to the Corporate Secretary of the Company (a) in the case of an annual meeting, not less than 30 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date (the "**Notice Date**") that is the earlier of the date that a notice of meeting is filed for such meeting and the date on which the first public announcement of the date of such meeting was made, notice may be given not later than the close of business on the tenth day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual general meeting) of Shareholders called for the purpose of electing Directors (whether or not called for other purposes), not later than the close of business on the fifteenth day following the Notice Date. The Advance Notice Provisions also stipulate that certain information about any proposed nominee and the nominating Shareholder be included in such a notice in order for it to be valid.

The Advance Notice Provisions are intended to: (a) facilitate orderly and efficient annual general or, where the need arises, special meetings; (b) ensure that all Shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (c) allow Shareholders to register an informed vote.

A copy of the Company's by-laws is available on the Company's website at [www.hlstherapeutics.com](http://www.hlstherapeutics.com) and on its profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Nominees for Election to the Board**

The following tables set forth profiles of the nine individuals who are nominated for election as Directors, including the positions and offices with the Company now held by each nominee, the present principal occupation or employment of each nominee, the business experience over the last five years of each nominee, the period during which each nominee has served as a Director and the number of securities of the Company (Common Shares, options to purchase Common Shares ("**Options**") and deferred share units ("**DSUs**")) beneficially owned, or controlled or directed, directly or indirectly, by each nominee as at the date of this Circular. The information as to Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly, by each nominee has been furnished by the respective proposed nominees individually.

The information set forth below in respect of the period during which Messrs. Gubitz, Lanthier and Bastien have served as a Director includes the period such individuals served as directors of Former HLS.

The Board has determined that seven of the nine individuals nominated for election as a Director at the Meeting are independent. The only Directors who are not independent are Mr. Godin, due to the executive position that he holds at HLS, and Mr. Gubitz, because he served as the Chief Executive Officer of HLS until October 1, 2020. All of the members of each of the Audit Committee and the Compensation and Governance Committee ("**C&G Committee**") are independent Directors. For more information about the Company's independence standards and assessment, see the section of this Circular entitled "*Statement of Governance Practices – Director Independence*". For information on the compensation paid to non-management Directors, see the section of this Circular entitled "*Directors' Compensation*". In addition, a description of the share ownership guidelines applicable to Non-Employee Directors (as defined below), including the timeline for achieving the required ownership level, can be found under the heading "*Statement of Executive Compensation -- Share Ownership Guidelines*" and a description of such guidelines applicable to Chief Executive Officer can be found under the heading "*Statement of Executive Compensation– Share Ownership Guidelines*". A description of the role of the Board is included in the section of this Circular entitled "*Statement of Governance Practices – Board Mandate*" and a copy of the Mandate of the Board of Directors (the "**Board Mandate**") is attached as Annex A to this Circular.

<b>GILBERT GODIN</b> Haverford, Pennsylvania, USA Director since: October 1, 2020 Age: 63	Gilbert Godin has been the Chief Executive Officer of HLS since October 2020. Previously, he served as President and Chief Operating Officer of HLS from April 2014. Mr. Godin was CEO of Duchesnay USA from 2011 to 2014. From 2006 to 2010, he was Executive Vice-President and Chief Operating Officer of Biovail Corporation, prior to which Mr. Godin held executive roles for MDS, Schering Plough and L’Oreal in Canada, Europe and in the United States. Mr. Godin has had successful tenures managing, integrating and growing complex global organizations spanning across 42 countries. Mr. Godin holds a Bachelor of Mechanical Engineering from Sherbrooke University and a Masters in Business Administration from the John Molson School of Business.		
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>
	Board		CEO of HLS since October 2020; President and COO of HLS from April 2014 to October 2020
	<b>Common Shares, Options beneficially owned, or controlled or directed, directly or indirectly</b>		
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>Complies with Share Ownership Guidelines</b>
927,000	720,461	Yes	

<b>GREG GUBITZ</b> Caledon, Ontario, Canada Director since: June 5, 2014 Age: 64	Greg Gubitz is a corporate director. He served as the Chief Executive Officer of HLS from June 2014 to October 2020 and currently serves as the Chair of the Board. Mr. Gubitz is the former Senior Vice President, Corporate Development and General Counsel of Biovail. Mr. Gubitz is a seasoned executive and business lawyer with significant transaction, investment and operating experience. Mr. Gubitz is a non-practicing lawyer in the Law Society of Ontario and holds a Bachelor of Arts degree and an LLB from McGill University.		
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>
	Board		Corporate Director since November 2020; Chief Executive Officer of HLS from June 2014 to October 2020; Chief Executive Officer of Grosvenor Ventures since 2007
	<b>Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly</b>		
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>DSUs (#)</b>
225,000	502,996	12,871	Yes

<b>J. SPENCER LANTHIER</b> Toronto, Ontario, Canada Director since: August 10, 2015 Age: 81	J. Spencer Lanthier is an independent Director and the Lead Director of HLS. Mr. Lanthier served as the Chair of the board of directors of Ellis-Don Inc. and has also previously served as a director of, among other companies, the following publicly-listed companies: TMX Group Inc., Torstar Corporation, Biovail Corporation and Rona Inc. Mr. Lanthier is a former Chairman and Chief Executive Officer of KPMG Canada and served as the Lead Director of the Bank of Canada. Mr. Lanthier is also the Founding Chair of the 30% Club Canada. Mr. Lanthier is a Chartered Professional Accountant, Chartered Accountant and holds a honorary Doctor of Laws degree from the University of Toronto.		
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>
	Board (Lead Director) Audit Committee		Corporate Director
	<b>Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly</b>		
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>DSUs (#)</b>
0	94,004	19,733	Yes

<b>YVON BASTIEN</b> Sutton, Québec, Canada Director since: August 10, 2015 Age: 74	Yvon Bastien is an independent Director of HLS. Mr. Bastien has extensive experience as an executive in the pharmaceutical industry. He was the Chief Executive Officer of Sanofi Canada and Jouveinal Canada and has held executive positions with, among other companies, Ciba Geigy (Switzerland), Laboratories Debat (France), Ely Lilly, IMS Canada and Delta Healthcare. He has previously served as the Chair of the board of directors of Telesta Therapeutics Inc., Helix BioPharma Corp., Trillium Health Care Products Inc., the St. Bernard Soap Company, Enobia Pharma Corp. and PainCeptor Pharma Corporation.			
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>	
	Board C&G Committee		Corporate Director	
	<b>Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly</b>			
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>DSUs (#)</b>	<b>Complies with Share Ownership Guidelines</b>
0	86,674	12,871	Yes	

<b>RODNEY HILL</b> Toronto, Ontario, Canada Director since: March 12, 2018 Age: 54	Rodney Hill is an independent Director of HLS. Mr. Hill has extensive experience in business management, risk management, finance and accounting. He is currently the Chief Risk Officer of Ontario Municipal Employees Retirement System Administration Corporation (“OMERS”) which has approximately C\$120 billion of net assets under management. Mr. Hill joined OMERS in 2011 as EVP & Chief Auditor and moved to his current position in 2015. Prior to joining OMERS, Mr. Hill spent over 20 years working at PricewaterhouseCoopers and the last 10 years as a Partner specializing in auditing complex public and private companies in a variety of sectors including pharmaceuticals. Mr. Hill holds an Honours degree in Accounting with Computing from University of Kent at Canterbury. He is an Associate of the Institute of Chartered Accountants in England and Wales (ACA-UK) and a Chartered Professional Accountant (CPA, CA) in Canada.			
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>	
	Board Audit Committee (Chair)		Chief Risk Officer of OMERS since November 2015	
	<b>Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly</b>			
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>DSUs (#)</b>	<b>Complies with Share Ownership Guidelines</b>
0	30,254	12,871	Yes	

<p><b>DON DEGOLYER</b> Chatham, New Jersey, USA Director since: March 12, 2018 Age: 60</p>	<p>Don DeGolyer is an independent Director of HLS. Mr. DeGolyer has over 30 years of pharmaceutical experience building and leading top tier performing organizations. Mr. DeGolyer is the Founder of Vertice Pharma, and currently serves as a member of its board of directors. He was previously the Chief Operating Officer of Endo Pharmaceuticals where he built one of the fastest growing Specialty Pharmaceuticals businesses. He also served as President &amp; Chief Executive Officer of Sandoz North America as it became the second largest generics company in the world. Mr. DeGolyer began his career at Pfizer, Johnson &amp; Johnson and then Novartis, progressing through various roles of increasing responsibility. Mr. DeGolyer holds a Bachelor of Arts from the University of Rochester and a Master of Business Administration from Fairleigh Dickinson University.</p> <p>Mr. DeGolyer currently serves on the board of Tyme Technologies, Inc. (NASDAQ: TYME).</p>			
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>	
	Board C&G Committee (Chair)		Corporate Director; Chief Executive Officer of Vertice Pharma from November 2015 to 2020.	
	<b>Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly</b>			
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>DSUs (#)</b>	<b>Complies with Share Ownership Guidelines</b>
0	30,254	17,782	Yes	

<p><b>LAURA BREGE</b> Portola Valley, California, USA Director since: March 21, 2019 Age: 64</p>	<p>Laura Brege is an independent Director of HLS. Ms. Brege has extensive experience in the life sciences industry, as both an executive and a board member. Ms. Brege is Advisor to biotechnology companies since 2015; Managing Director of Cervantes Life Science Partners, LLC from 2015-2017; President, CEO and Board Member of Nodality, Inc. from 2012 to 2015. Ms. Brege holds a B.A. from Ohio University and an M.B.A. from the University of Chicago.</p> <p>Ms. Brege currently serves on the boards of Acadia Pharmaceuticals Inc. (NASDAQ: ACAD), Pacira BioSciences, Inc. (NASDAQ: PCRX), Mirum Pharmaceuticals, Inc. (NASDAQ: MIRM), and Edgewise Therapeutics, Inc. (NASDAQ: EWTX).</p>			
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>	
	Board C&G Committee		Advisor to biotechnology companies since 2015; Managing Director of Cervantes Life Science Partners, LLC from 2015 to 2017	
	<b>Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly</b>			
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>DSUs (#)</b>	<b>Complies with Share Ownership Guidelines</b>
0	21,695	16,252	Yes	

<b>JOHN WELBORN</b> Teluride, Colorado, USA Director since: June 18, 2021 Age: 45	John Welborn currently serves as Managing Director, Co-Chief Investment Officer for Stadium Capital Management, LLC, an investment advisory firm. Mr. Welborn joined Stadium in 2000 as an Associate. From 1998 to 2000, Mr. Welborn was a Financial Analyst at The Beacon Group, LLC, a principal investment and advisory firm that is now part of J.P. Morgan Chase & Co. At Beacon, Mr. Welborn was a member of the Mergers & Acquisitions Group, focusing on financial services companies and the Liquid Investments Committee.  Mr. Welborn earned a B.S. degree in Commerce, with concentrations in Finance and Accounting, from the McIntire School of Commerce at the University of Virginia in 1998. Mr. Welborn has served on the boards of Intermountain Community Bancorp, Panhandle State Bank, Inc., and Ascena Retail Group, Inc. He has also served as a board observer at West Coast Bancorp.			
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>	
	Board Audit Committee		Managing Director, Co-Chief Investment Officer for Stadium Capital Management, LLC	
	<b>Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly</b>			
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>DSUs (#)</b>	<b>Complies with Share Ownership Guidelines</b>
0 <sup>(1)</sup>	0	16,399	Yes	

(1) Mr. Welborn reports that he does not own or exercise control or direction over, directly or indirectly, the 5,964,842 Common Shares that are controlled or directed by Stadium Capital Management, LLC

<b>NORMA BEAUCHAMP</b> Toronto, Ontario, Canada Director since: June 18, 2021 Age: 60	Ms. Beauchamp is a corporate director with over 30 years of health care experience in corporate and non-profit organizations, including executive positions at Bayer Healthcare (Canada and Global) and Sanofi Canada. Most recently, she served as the President and CEO of Cystic Fibrosis Canada (2014 to 2017). Ms. Beauchamp currently serves on the boards of directors of Aurora Cannabis Inc. (TSX: ACB) (“Aurora”), as Chair of its Nominating and Corporate Governance Committee and a member of its Human Resources and Compensation Committee, Extencicare Inc. (TSX:EXE), as a member of the Investment Committee and the Quality and Risk Committee, and Dialogue Health Technologies Inc. (TSX:CARE), a leading telehealth service. Formerly, Ms. Beauchamp served on the boards of directors of Acerus Pharmaceuticals Corporation (TSX: ASP), Quest PharmaTech Inc. (TSXV:QPT) and, prior to its acquisition by Aurora, MedReleaf Corp.  Ms. Beauchamp gives back to her community and serves as a member of the National Research Council of Canada and on the board of the Ontario Caregiver Organization. She is a Regional Ambassador with Women Get on Board where she connects with women aspiring to serve on boards. Ms. Beauchamp has completed the University of Toronto’s Rotman School of Management Directors Education Program (ICD.D), and holds a Bachelor of Business Administration in Marketing from Bishop’s University.			
	<b>Board/Committee Membership</b>		<b>Principal Occupation(s) (for the past 5 years)</b>	
	Board C&G Committee		Corporate Director, President and CEO of Cystic Fibrosis Canada from 2014 to 2017	
	<b>Common Shares, Options and DSUs beneficially owned, or controlled or directed, directly or indirectly</b>			
	<b>Common Shares (#)</b>	<b>Options (#)</b>	<b>DSUs (#)</b>	<b>Complies with Share Ownership Guidelines</b>
500	21,695	13,717	Yes	

### Skills Matrix

The C&G Committee employs a skills matrix to assist with reviewing the skills and experience of director candidates, and the overall strength and diversity of the Board as a whole. The matrix, which is set forth below, outlines a complement of diverse qualifications, attributes, skills and experience that are viewed as being relevant to the proper functioning of the Board. This is not intended to be an exhaustive list of each Director's skills.

Name	Top Five Skills												
	Public Company Board Experience	CEO Experience	C-Suite/Executive Experience	Pharma Industry Background	Corporate Governance Expertise	Sales and Marketing Expertise	Strategic Planning	Business Development Expertise	Finance / Accounting Expertise	Operational Expertise	Human Resource Expertise	Legal/Compliance Expertise	Risk Management Expertise
Greg Gubitz	X	X		X				X				X	
J. Spencer Lanthier	X	X			X				X				X
Yvon Bastien	X	X		X	X	X							
Don DeGolyer		X		X			X			X	X		
Laura Brege	X	X					X	X	X				
Gilbert Godin		X	X	X		X				X			
Rodney Hill	X		X		X				X				X
John Welborn	X				X		X	X	X				
Norma Beauchamp	X	X		X	X	X							

### Board and Committee Meetings Held and Attendance of Directors

Each Director is expected to attend all meetings of the Board and any committee of which he or she is a member.

There were eight Board meetings, four Audit Committee meetings and four C&G Committee meetings held during the year ended December 31, 2021. The chart below sets out the attendance of each Director at such meetings during such Director's tenure as a Director and a member of the applicable committees of the Board.

Directors	Board of Directors	Audit Committee	C&G Committee
William Wells	8 of 8	n/a	n/a
Greg Gubitz	7 of 8	n/a	n/a
J. Spencer Lanthier	8 of 8	4 of 4	2 of 2 <sup>(1)</sup>
Yvon Bastien	8 of 8	n/a	4 of 4
Rodney Hill	8 of 8	4 of 4	n/a
Don DeGolyer	8 of 8	n/a	4 of 4 <sup>(2)</sup>
Laura Brege	8 of 8	2 of 2 <sup>(4)</sup>	2 of 2 <sup>(6)</sup>
Gilbert Godin	8 of 8	n/a	n/a
John Welborn	4 of 4 <sup>(3)</sup>	2 of 2 <sup>(5)</sup>	n/a

Directors	Board of Directors	Audit Committee	C&G Committee
Norma Beauchamp	4 of 4 <sup>(3)</sup>	n/a	2 of 2 <sup>(6)</sup>

Notes:

- (1) Mr. Lanthier resigned from the C&G Committee effective June 18, 2021
- (2) Mr. DeGolyer became Chair of the C&G Committee effective June 18, 2021
- (3) Mr. Welborn and Ms. Beauchamp became Directors effective June 18, 2021
- (4) Ms. Brege resigned from the Audit Committee effective June 18, 2021
- (5) Mr. Welborn became a member of the Audit Committee effective June 18, 2021
- (6) Ms. Brege and Beauchamp became members of the C&G Committee effective June 18, 2021

### Majority Voting Policy

HLS has adopted a majority voting policy. Pursuant to the policy, Shareholders vote for the election of individual Directors at each annual meeting of Shareholders, rather than for a fixed slate of Directors. Further, in an uncontested election of Directors at an applicable meeting of Shareholders, any nominee for Director who does not receive a greater number of votes “for” his or her election than votes “withheld” from such election (a “**Majority Withhold Vote**”) shall promptly tender his or her resignation to the Chair of the Board (the “**Chair**”) following the applicable meeting of Shareholders. A Director who tenders his or her resignation under this policy may not participate in any portion of a meeting of the C&G Committee or the Board at which the resignation is considered. However, such Director shall remain active and engaged in all other C&G Committee activities, deliberations and decisions during this C&G Committee process. The C&G Committee will promptly consider such tendered resignation and recommend to the Board the action to be taken with respect to such tendered resignation. The recommendation of the C&G Committee may be to accept or reject the resignation on such basis as the C&G Committee determines appropriate, provided that the C&G Committee shall recommend the acceptance of the resignation if there are no exceptional circumstances present that would support rejection of the resignation. In any event, the resignation will be accepted or rejected within 90 days of the applicable meeting of Shareholders. The Board must promptly disclose its decision, including reasons for its decision, via press release. The Company shall provide a copy of such press release to the Toronto Stock Exchange (“**TSX**”).

If the Board determines not to accept the resignation, the press release must fully state the reasons for that decision. In making its recommendation to the Board, the C&G Committee is authorized to consider all factors it deems relevant to the best interests of the Company, including without limitation: (i) any stated reasons why Shareholders withheld their vote with respect to the subject director; (ii) what the C&G Committee believes to be the underlying reasons for the Majority Withhold Vote, including whether these reasons relate to the incumbent director’s performance as a director, whether these reasons relate to the Company or another corporation, and whether these reasons are curable and alternatives for effecting any cure; (iii) the other policies of the Company; (iv) the overall composition of the Board, including whether accepting the resignation would cause the Company to fail to meet the requirements of any applicable corporate or securities laws and the rules of the TSX; and (v) whether the resignation of the director could result in the triggering of change in control or similar provisions under any contract by which the Company is bound and, if so, the potential impact thereof. If a resignation is accepted, the Board may leave the resultant vacancy in the Board unfilled until the next annual meeting of Shareholders, fill the vacancy through the appointment of a director whom the Board considers to merit the confidence of HLS’s Shareholders, reduce the size of the Board, or call a special meeting of the Shareholders to consider the election of a nominee recommended by the Board to fill the vacant position.

### Interlocking Directorships

The Board does not set a formal limit on the number of interlocking board memberships. The C&G Committee reviews director interlocks as part of its annual evaluation of director independence. As of the date hereof, there are no public company board interlocks among the nominated Directors.

### Cease Trade Orders

To the knowledge of the Company, no proposed Director (nor any personal holding company of any such individual) is, as of the date of this Circular, or was within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”), that was issued while the individual was acting in the capacity as a director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that individual was acting in the capacity as director, chief executive officer or chief financial officer.

## Bankruptcies

Except as otherwise disclosed herein, to the knowledge of the Company, no proposed Director (nor any personal holding company of any such individual): (i) is, as of the date of this Circular, or has been within the ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that individual was acting in that capacity, or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets. John Welborn was a director of Ascena Retail Group, Inc. in July 2020 when it filed for Chapter 11 bankruptcy protection.

## Penalties or Sanctions

To the knowledge of the Company, no proposed Director (nor any personal holding company of any such individual) has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for the proposed Director.

## DIRECTORS' COMPENSATION

Director compensation is set by the Board on recommendation of the C&G Committee and in accordance with director compensation guidelines and principles established by the C&G Committee. Under these guidelines and principles, the Board seeks to maintain director compensation at a level that is competitive with the median director compensation at comparable companies in the peer group. However given the Company's relatively short history, the Board has aimed to align compensation towards the lower quartile of the peer group, with the intention to move compensation levels towards the median over a multi-year period based on the Company's performance. HLS has established a flat fee director compensation model that awards Directors a mix of cash and equity (which is provided in the form of DSUs issued under the DSU Plan (each as defined herein)).

Directors who are also officers of HLS do not receive compensation for acting in the capacity of a Director.

The annual flat fee retainers that Directors were eligible to receive effective April 1, 2021 are summarized in the table below. All amounts are paid quarterly in arrears. Directors do not receive per meeting fees for attendance at Board or committee meetings.

Non-Executive Directors	Annual Retainers and Fees	
	Cash	Equity
Lead Director	\$70,000	\$150,000
Board Member	\$50,000	\$120,000
Chair of the Audit Committee	\$20,000	Nil
Chair of the Compensation and Governance Committee	\$15,000	Nil
Non-Chair member of Audit Committee	\$10,000	Nil
Non-Chair member of Compensation & Governance Committee	\$7,500	Nil

In the first quarter of 2021, the C&G Committee retained the independent compensation advisory firm Global Governance Advisors ("GGA") to review the directors' compensation arrangements. One of the recommendations from the review was for HLS to adopt a deferred share unit plan (the "DSU Plan") to replace stock options for non-employee directors. The intention of the DSU Plan is to promote a strong link to long-term shareholder value and help promote share ownership among directors. As a result of the review, effective May 5, 2021, the Board adopted the DSU Plan, and non-executive Directors are eligible to receive deferred share units ("DSUs") under the Company's DSU Plan. DSUs will vest equally over four years and vested DSUs will be settled in cash on termination of services. Directors are not entitled to participate in the Stock Option Plan (as defined below).

The following table sets out all amounts of compensation provided to the Directors of HLS for the company's most recently completed financial year:

Name	Cash fees earned (\$)	Option-based awards (\$)	Share-based awards (\$)	Non-equity incentive plan compensation (\$)	Total (\$)
J. Spencer Lanthier <sup>(1)</sup>	\$88,248	-	\$150,000	-	\$238,246
Yvon Bastien <sup>(1)</sup>	\$61,562	-	\$120,000	-	\$181,562
Rodney Hill <sup>(1)</sup>	\$70,597	-	\$120,000	-	\$190,597
Don DeGolyer	\$61,518	-	\$120,000	-	\$181,518
Laura Brege	\$58,661	-	\$120,000	-	\$178,661
Greg Gubitz <sup>(1)</sup>	\$50,426	-	\$120,000	\$239,510 <sup>(2)</sup>	\$409,936
John Welborn	\$32,143	-	\$120,000	-	\$152,143
Norma Beauchamp <sup>(1)</sup>	\$30,604	-	\$120,000	-	\$150,604

Notes:

- (1) Each of Messrs. Lanthier, Bastien, Hill and Gubitz and Ms. Beauchamp was paid in Canadian dollars, which have been converted from Canadian dollars to U.S. dollars at exchange rates based on the annual exchange rate reported by the Bank of Canada, being US\$0.7978 per C\$1.00 for the year ended December 31, 2021.
- (2) Mr. Gubitz served as CEO of HLS until October 1, 2020. In respect of his service as CEO in 2020, as part of the normal compensation cycle, he received a short-term incentive payment of \$239,510 in 2021.

### Outstanding Option-Based and Share-Based Awards

The following table sets out all option-based and share-based awards outstanding as of December 31, 2021 for all non-executive Directors of HLS. The value of unexercised in-the-money options and the payout value of share-based awards outstanding is based on a closing share price of C\$15.00 on December 31, 2021 and an exchange rate of US\$0.7888 per C\$1.00, being the rate reported by the Bank of Canada for December 31, 2021.

Option-based Awards					Share-based Awards		
Name	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
J. Spencer Lanthier	10,811	C\$8.34	22-Aug-25	\$56,773	14,587	\$172,596	-
	14,773	C\$15.55	7-Jun-26	-			
	28,220	\$10.00	17-Nov-26	\$51,643			
	12,000	C\$15.56	9-Nov-27	-			
	28,200	\$9.25	12-Mar-28	\$72,756			
Yvon Bastien	8,559	C\$8.34	22-Aug-25	\$44,947	12,871	\$152,291	-
	11,695	C\$15.55	7-Jun-26	-			
	28,220	\$10.00	17-Nov-26	\$51,643			
	10,000	C\$15.56	9-Nov-27	-			
	28,200	\$9.25	12-Mar-28	\$72,756			
Rodney Hill	8,559	C\$8.34	22-Aug-25	\$44,947	12,871	\$152,291	-
	11,695	C\$15.55	7-Jun-26	-			
	10,000	C\$15.56	9-Nov-27	-			
Don DeGolyer	8,559	C\$8.34	22-Aug-25	\$44,947	12,871	\$152,291	-
	11,695	C\$15.55	7-Jun-26	-			
	10,000	C\$15.56	9-Nov-27	-			
Laura Brege	11,695	C\$15.55	7-Jun-26	-	12,871	\$152,291	-
	10,000	C\$15.56	9-Nov-27	-			
Greg Gubitza	253,308	\$10.00	11-Aug-25	\$463,554	12,871	\$152,291	-
	94,112	C\$8.34	22-Aug-25	\$494,221			
	106,826	C\$15.55	7-Jun-26	-			
	48,750	C\$15.56	9-Nov-27	-			
John Welborn	-	-	-	-	12,871	\$152,291	-
Norma Beauchamp	-	-	-	-	12,871	\$152,291	-

### Value Vested During the Year

The table below sets out all amounts, including Options-based and Share-based amounts held by non-executive Directors of HLS, that vested or were paid to non-executive Directors during the year ended December 31, 2021.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value received during the year (\$)
J. Spencer Lanthier <sup>(1)</sup>	\$91,169	-	-
Yvon Bastien <sup>(2)</sup>	\$84,023	-	-
Rodney Hill <sup>(3)</sup>	\$28,648	-	-
Don DeGolyer <sup>(4)</sup>	\$28,648	-	-
Laura Brege <sup>(5)</sup>	\$13,598	-	-
Greg Gubitz <sup>(6) (7) (8)</sup>	\$263,257	\$529,087	\$239,510
John Welborn	-	-	-
Norma Beauchamp	-	-	-

Notes:

- (1) Mr. Lanthier holds the following Options that vested in 2021:
- 7,050 Options, representing 25% of the 28,200 Options granted on March 12, 2018 with an exercise price of \$9.25 per Common Share;
  - 2,703 Options, representing 25% of the 10,811 Options granted on August 22, 2018 with an exercise price of C\$8.34 per share;
  - 3,693 Options representing 25% of the 14,733 Options granted on June 7, 2019 with an exercise price of C\$15.55 per share, and
  - 3,000 Options representing 25% of the 12,000 Options granted on November 9, 2020 with an exercise price of C\$15.56 per share.
- (2) Mr. Bastien holds the following Options that vested in 2021:
- 7,050 Options, representing 25% of the 28,200 Options granted on March 12, 2018 with an exercise price of \$9.25 per Common Share;
  - 2,140 Options, representing 25% of the 8,559 Options granted on August 22, 2018 with an exercise price of C\$8.34 per share;
  - 2,924 Options representing 25% of the 11,695 Options granted on June 7, 2019 with an exercise price of \$15.55 per share, and
  - 2,500 Options representing 25% of the 10,000 Options granted on November 9, 2020 with an exercise price of C\$15.56 per share.
- (3) Mr. Hill holds the following Options that vested in 2021:
- 2,140 Options, representing 25% of the 8,559 Options granted on August 22, 2018 with an exercise price of C\$8.34 per share;
  - 2,924 Options representing 25% of the 11,695 Options granted on June 7, 2019 with an exercise price of \$15.55 per share, and
  - 2,500 Options representing 25% of the 10,000 Options granted on November 9, 2020 with an exercise price of C\$15.56 per share.
- (4) Mr. DeGolyer holds the following Options that vested in 2021:
- 2,140 Options, representing 25% of the 8,559 Options granted on August 22, 2018 with an exercise price of C\$8.34 per share;
  - 2,924 Options representing 25% of the 11,695 Options granted on June 7, 2019 with an exercise price of \$15.55 per share, and
  - 2,500 Options representing 25% of the 10,000 Options granted on November 9, 2020 with an exercise price of C\$15.56 per share.
- (5) Ms. Brege holds the following Options that vested in 2021:
- 2,924 Options representing 25% of the 11,695 Options granted on June 7, 2019 with an exercise price of \$15.55 per share, and
  - 2,500 Options representing 25% of the 10,000 Options granted on November 9, 2020 with an exercise price of C\$15.56 per share.
- (6) Mr. Gubitz holds the following Options that vested in 2021:
- 23,528 Options, representing 25% of the 94,112 Options granted on August 22, 2018 with an exercise price of C\$8.34 per share;
  - 26,707 Options representing 25% of the 106,826 Options granted on June 7, 2019 with an exercise price of \$15.55 per share, and
  - 12,188 Options representing 25% of the 48,750 Options granted on November 9, 2020 with an exercise price of C\$15.56 per share.
- (7) During the year ended December 31, 2021, Mr. Gubitz received a cash payment of \$529,087 on settlement of vested 2018 PSUs
- (8) During the year ended December 31, 2021, Mr. Gubitz received a short-term incentive award payment of \$239,510 in respect of his service as Chief Executive Officer of the Company until October 1, 2021.

### Share Ownership Guidelines

In April 2022, the Company adopted share ownership guidelines (the “**Share Ownership Guidelines**”) that apply to all Directors who are not employees of the Company (the “**Non-Employee Directors**”) and the Chief Executive Officer. Non-Employee Directors are expected to own Common Shares with a value equal to at least three times their aggregate annual retainer (including both cash and equity components thereof but excluding any additional retainer received for membership on any committee of the Board). Non-Employee Directors may meet the Share Ownership Guidelines through direct or indirect

beneficial ownership of Company securities, including DSUs, provided that the in-the-money value of any Options held by Non-Employee Directors will not be counted toward the satisfaction of the Share Ownership Guidelines for Non-Employee Directors. Non-Employee Directors have five years from the date of adoption of the Share Ownership Guidelines (or the date of appointment or election to the Board, if later) to achieve the required ownership level. In the event of an increase to the annual retainer of a Non-Employee Director, such Non-Employee Director will have two years to meet the requirements of the Share Ownership Guidelines. For the Share Ownership Guidelines applicable to the Chief Executive Officer, see “*Statement of Executive Compensation– Share Ownership Guidelines*”.

## REAPPOINTMENT OF AUDITOR

It is proposed that Ernst & Young LLP, the current auditor of the Company, be reappointed as the auditor of the Company, to hold office until the close of the next annual meeting of Shareholders, or until a successor is appointed, and that the Directors be authorized to fix Ernst & Young LLP’s remuneration. The Audit Committee has recommended to the Board, and the Board has approved, the nomination of Ernst & Young LLP for such reappointment. Ernst & Young LLP has been the auditor of the Company (including Former HLS) since June 2015.

See the heading “*Audit Committee Information*” in this Circular for further details regarding the services of the auditor provided to HLS, the fees paid to the auditor for those services and information regarding the Audit Committee of the Company.

**It is the intention of the individuals named in the enclosed form of proxy to vote FOR the reappointment of Ernst & Young LLP as auditor of HLS to hold office until the close of the next annual meeting of Shareholders and in favour of authorizing the Directors to fix the remuneration of the auditor, unless specifically instructed in the proxy to withhold such vote.**

## STATEMENT OF GOVERNANCE PRACTICES

### Director Independence

Currently, the Board is comprised of nine Directors, seven of whom are considered to be independent within the meaning of Section 1.4 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), being Messrs. Lanthier, Bastien, Hill, DeGolyer, Welborn and Mmes. Brege and Beauchamp. Mr. Godin is not considered to be an independent Director because he serves as the Chief Executive Officer of the Company, and Mr. Gubitz is not considered to be an independent Director because he served as the Chief Executive Officer of the Company until October 1, 2020.

The Company has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Company. Mr. Wells served as chair of the Board until his resignation on May 23, 2022. Following Mr. Wells’s resignation, the Board selected Greg Gubitz to serve as Chair of the Board. Because Mr. Wells was also an executive officer of the Company and Mr. Gubitz is not considered an independent Director, the Board appointed Mr. Lanthier, an independent Director to act as Lead Director and to provide independent leadership to the Board. Both HLS’s Audit Committee and its C&G Committee are comprised entirely of independent Directors. See “*–Position Descriptions*” for a description of Mr. Lanthier’s responsibilities as Lead Director.

The independent Directors hold *in camera* sessions, without the non-independent Directors and members of management present, during regularly scheduled Board meetings. The independent Directors held eight *in camera* sessions in 2021.

### Board Mandate

The Board operates under the Board of Directors Mandate set out at Annex A to this Circular, pursuant to which it provides governance and stewardship to the Company and its business. The Mandate also describes the Board’s responsibility for, among other things: participating in the development of and adopting a strategic plan for the Company; supervising the activities and managing the affairs of the Company; defining the roles and responsibilities of management and delegating management authority to the Chief Executive Officer; reviewing and approving the business and investment objectives to be met by management; assessing the performance of and overseeing management; identifying and managing risk exposure; ensuring the integrity and adequacy of the Company’s internal controls and management information systems; succession planning; establishing committees of the Board, where required or prudent, and defining their mandate; ensuring effective and adequate communication with Shareholders, other stakeholders and the public; and monitoring the integrity and ethics of the Company.

## Board Committees

### *Audit Committee*

HLS's Audit Committee consists of Rodney Hill (Chair), J. Spencer Lanthier and John Welborn, all of whom meet the requirements for independence under NI 52-110.

The Board has adopted a written charter for the Audit Committee setting out its responsibilities. The text of the Audit Committee's Charter is available on the Company's website and in its annual information form for the year ended December 31, 2021, which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### *C&G Committee*

The C&G Committee consists of Don DeGolyer (Chair), Yvon Bastien, Laura Brege and Norma Beauchamp, all of whom are independent for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and NI 52-110. The Board has adopted a written charter for the C&G Committee setting out its responsibilities with respect to compensation, nomination and governance matters, as described below under the headings “– *Nomination and Election of Directors*”, “– *Orientation and Continuing Education*”, “– *Compensation*” and “– *Assessments*”.

Messrs. DeGolyer and Bastien, and Meses. Brege and Beauchamp, collectively, have many years of direct experience with the design, implementation or oversight of compensation programs that is relevant to their responsibilities on the C&G Committee, and they draw upon that experience to make decisions on the suitability of the Company's compensation policies and practices. Mr. DeGolyer is currently the Chair of the Compensation Committee of Tyme Technologies, Inc. Mr. Bastien has served on the board of a number of publicly-listed companies, including serving as the Chair of the Compensation Committee of both Telesta Therapeutics Inc. and Helix BioPharma Corp. Ms. Beauchamp is currently a member of the Human Resources and Compensation Committee of Aurora. Ms. Brege has served in numerous leadership roles in both the public and private sectors, including as a director of several publicly-listed companies.

Additionally, all members of the C&G Committee have served as executive officers with increasing seniority at a number of different pharmaceutical and specialty life sciences companies, where they were each involved in compensation decisions during their respective tenures.

## Position Descriptions

The Board has adopted a written position description for the Chair of the Board, which sets out the Chair's key responsibilities, including: providing leadership to foster the effectiveness of the Board; together with the Lead Director, preparing the agenda and leading the activities and meetings of the Board; chairing Board and Shareholder meetings; ensuring an effective relationship between the Board and senior management of the Company; consulting with the C&G Committee on candidates for nomination to the Board; working with the Chief Executive Officer to ensure the Board is provided with the resources necessary to carry out its responsibilities; and ensuring the Directors receive information required for proper performance of their duties and that the appropriate committee structure is in place.

The Board has also adopted a written position description for the Lead Director of the Board, which sets out the Lead Director's key responsibilities, including: providing leadership to ensure that the Board functions independently of management of the Company and other non-independent directors; working with the Chair to ensure that the appropriate committee structure is in place and assisting the C&G Committee in making recommendations for appointment to such committees; suggesting items of importance for consideration on the agenda for each meeting of the Board; in the absence of the Chair, chairing Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded; in addition, chairing each board meeting at which only non-management directors are present; and providing recommendations and advice to the C&G Committee on candidates for nomination or appointment to the Board.

The Board has also adopted a written position description for each of the Board committee Chairs which sets out the key responsibilities of the chair of each Board committee, including duties relating to: providing leadership to foster the effectiveness of the Board committee; ensuring there is an effective relationship between the Board and the Board committee; preparing the agenda for each meeting of the Board committee; ensuring that all committee members receive information required for proper performance of their duties; chairing Board committee meetings; and providing additional services required by the Board and the Board committee.

The Board has also adopted a position description for the Chief Executive Officer which sets out the key responsibilities of the Chief Executive Officer, including: developing and recommending to the Board a long-term strategy and vision for the Company that is consistent with creating Shareholder value; providing leadership and vision, maintaining a high level of employee morale and motivation, with a view to ensuring the implementation of the Company's strategy; fostering a corporate culture that promotes integrity and ethical values throughout the organization; developing and motivating executive officers, and providing overall management to ensure the effectiveness of the leadership team; developing and recommending

to the Board annual business plans and budgets that support the Company's long-term strategy; ensuring that succession plans are in place for the Company; and serving as the Company's chief spokesperson.

### **Orientation and Continuing Education**

The C&G Committee reviews, monitors and makes recommendations regarding new Director orientation and the ongoing development of existing Directors. The committee is responsible for recommending to the Board an appropriate annual process to evaluate the Board and each of the committees, and the responsibilities of each of the Directors individually.

The C&G Committee also coordinates the continuing education program for Directors in order to maintain or enhance their skills and abilities as Directors, as well as ensuring that their knowledge and understanding of the Company and its business remains current. The Company's Board members are expected to keep themselves current with industry trends and developments, while the Company provides Directors with continuous education opportunities and programs throughout the year, by way of presentations on key business areas, business updates and site visits. In 2021, site visits were still not possible due to COVID-19 pandemic travel and gathering restrictions. However, the Board held remote meetings at which, among other things, management and Company staff provided the Directors with updates on the Company's business, including the Vascepa launch. Furthermore, virtual continuing education sessions were held with certain of the Company's outside legal, financial and banking advisors, where such advisors provided the Board with updates on relevant topics, including on matters such as directors duties and industry trends.

### **Ethical Business Conduct**

The Board has adopted a Code of Business Conduct and Ethics (the "Code") applicable to each Director, officer, employee and representative of the Company and its subsidiaries, including part-time, contract, and temporary employees. The Code provides a set of ethical standards for conducting the business and affairs of the Company with honesty, integrity and in accordance with high ethical and legal standards. The Code is available on the Company's website at [www.hlstherapeutics.com](http://www.hlstherapeutics.com), on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and upon request from the Corporate Secretary and Senior Vice President, Legal, HR and Compliance of the Company, at 10 Carlson Court, Suite 701, Etobicoke, Ontario M9W 6L2.

The Code has been designed to define and clarify legal and ethical expectations for all HLS personnel and includes standards concerning ethical decision making and compliance, conflicts of interest, insider trading, timely disclosure commitments, confidential information, and ethical relationships with healthcare professionals. The Code also provides information about potentially challenging situations that may arise during the normal course of business.

HLS requires that all personnel participate annually in training on the Code. As part of this annual training, all personnel must certify their understanding of and compliance with the principles of the Code and related HLS policies and procedures.

The C&G Committee is responsible for receiving reports from the Chief Executive Officer regarding breaches of the Code, and in turn reporting those breaches to the Board. The Committee also reviews investigations and any resolutions of complaints received under the Code and reports annually to the Board thereon.

The Company has also adopted a Complaints Reporting and Whistleblower Policy to receive, retain and address all complaints received by the Company regarding accounting, internal accounting controls or auditing matters, fraud/theft, workplace violence and other issues; an Insider Trading Policy to avoid civil and criminal insider trading violations; and a Disclosure Policy to ensure that the Company's disclosure obligations are met.

### **Nomination and Election of Directors**

The C&G Committee is currently responsible for, in consultation with the Chair of the Board, the Lead Director and the Chief Executive Officer, annually or as required, recruiting and identifying individuals qualified to become new Board members and recommending to the Board new Director nominees for the next annual meeting of Shareholders.

The C&G Committee, which consists entirely of independent Directors, is responsible for periodically reviewing the size of the Board, with a view to determining the impact of the number of Directors on the effectiveness of the Board, and identifying potential nominees to the Board, reviewing their qualifications and experience, determining their independence as required under all applicable corporate and securities laws, and recommending to the Board the nominees for consideration by, and presentation to, the Shareholders at the Company's next annual meeting. In making its recommendations, the C&G Committee considers the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, the competencies and skills that the Board considers each existing Director to possess, as well as the competencies and skills each new nominee will bring to the boardroom. The C&G Committee also considers the amount of time and resources that nominees have available to fulfill their duties as Board members or committee members, as applicable.

The C&G Committee may also recommend for Board approval the removal of a Director from the Board or a Board committee if he or she is no longer qualified to serve as a Director under applicable requirements or for any other reason the C&G Committee considers appropriate.

## **Compensation**

HLS's C&G Committee's purpose is to (i) determine and make recommendations with respect to all forms of compensation to be granted to the Chief Executive Officer, and review the Chief Executive Officer's recommendations respecting compensation of the other senior executives of the Company; and (ii) oversee corporate governance of the Company.

The C&G Committee's responsibilities include reviewing and recommending to the Board the compensation of the Chief Executive Officer and other officers of HLS appointed by the Board; reviewing and recommending to the Board the compensation policies, plans and programs for HLS's executive officers and other senior management, as well as its overall compensation plans and structure; reviewing and discussing with management and recommending to the Board the compensation-related disclosure to be included for use in any annual reports, prospectuses, proxy circulars or information circulars; recommending to the Board the compensation for Directors; and administering the Stock Option Plan and share compensation arrangements.

The C&G Committee seeks to ensure an objective process for determining compensation through compliance with the Board's conflicts of interest guidelines. The C&G Committee reviews the various compensation elements both individually and in total to seek alignment with HLS's compensation program objectives. The C&G Committee then makes recommendations on all executive pay, short-term incentives and long-term incentive options to the Board for approval.

For more information about the process of determining compensation, please refer to the discussion under the heading "*Statement of Executive Compensation – Overview and Description of Director and Named Executive Officer Compensation*" in this Circular.

## **Other Board Committees**

The Board does not have any standing committees other than the Audit Committee and the C&G Committee.

## **Assessments**

The C&G Committee, in consultation with the Chair of the Board, is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board, the Board committees and individual Directors, with a view to ensuring that they are fulfilling their respective responsibilities and duties and working effectively together as a unit. The assessment includes an annual questionnaire that each director must complete. The annual questionnaire covers a range of topics including: (i) individual self-assessment; (ii) assessment of the Board and committee performance and effectiveness; and (iii) an assessment of peer performance at the Board level and at the committee level. An online service is used to collect the results of the completed questionnaires, and provide them to the Chair of the C&G Committee in an aggregate and anonymized format. The Chair of the C&G Committee then reviews and analyzes the data, together with the members of the C&G Committee, and additional feedback is sought and received from Directors where necessary or appropriate. The C&G Committee then prepares and presents to the Board a report that contains the recommendations of the C&G Committee to improve the effectiveness of the Board in light of the results of the annual performance evaluation. The C&G Committee's report includes the aggregated data and any other items that, in the opinion of the Chair of the C&G Committee, warrant reporting to the Board.

## **Succession Planning**

The Board is responsible for overseeing the succession planning processes of the Company with respect to senior management and director positions. At least annually, the Board reviews the succession plans of the Company for the Chief Executive Officer, the Chief Financial Officer, and other executive officers, including the appointment, training and monitoring of such positions. It also reviews the skills and experience of Board members to ensure continued alignment with the Company's needs.

## **Board Renewal**

The Company does not currently have a policy with respect to Board member term limits and mandatory retirement. The Company was initially formed in 2015 and went public in 2018, at which time three new independent directors joined the Board, bringing the total number of independent directors to five. Two more independent directors joined the Board in 2021 bringing the total number of independent directors to seven. At this stage of the Company's development, the Board feels that policies related to age or term limits would not be appropriate. The Company currently benefits from a depth of industry and governance experience on the Board, and implementing these policies would have the effect of forcing directors to resign from the Board who have expertise and insight in the highly specialized industry in which the Company operates. The Company continues to periodically monitor director performance through the formal annual assessment process described above, and, together with input from the Company's external third party advisory firm, GGA, the Company periodically analyzes the skills and experience necessary for the Board and evaluate the need for director changes to ensure that the Company has highly knowledgeable and motivated Board members, while ensuring that new perspectives are available to the Board.

## Diversity

### *Board of Directors*

The Board recognizes the benefits that diversity brings to the Company. The Board aims to be composed of directors who have a range of perspectives, insights and views in relation to the issues affecting HLS. The Board adopted a written diversity policy (the “**Diversity Policy**”) on March 16, 2022. The Diversity Policy reflects the Company’s commitment to ensuring that members of the Board and senior management provide the necessary range of perspectives, experience and expertise required to achieve the Company’s objectives and deliver for its stakeholders. Furthermore, the Diversity Policy outlines HLS’s commitment to cultivating a diverse and inclusive culture and selecting the best individuals to fill Board and senior management roles, free of conscious or unconscious bias and discrimination. The Diversity Policy indicated that the Board should include individuals from diverse backgrounds, having regard to, among other things, gender, status, age, business experience, professional expertise, education, nationality, race, culture, language, personal skills and geographic background. Accordingly, consideration of whether the diverse attributes highlighted in the Diversity Policy are sufficiently represented on the Board is an important component of the selection process for new Board members.

The C&G Committee has emphasized the Board’s commitment to the recruitment of women by making the identification of candidates who are women a key search criterion in the director selection and nomination process. In order to promote the specific objective of gender diversity on the Board, the selection process for Board appointees and nominees for election ensures that appropriate efforts are made to include women in the list of candidates being considered for a Board position and, in any event, that at least one woman is included in the short list of candidates being considered for a Board position. This process resulted in Laura Brege, the Company’s first female Director, joining the Board in 2019, and Norma Beauchamp joining the Board in 2021. The Diversity Policy mandates that at least one woman be included on the shortlist of candidates identified during any selection process for a Board position.

As of the date of this Circular, two of nine Directors (approximately 22%) are women. The Board recognizes the value of the contribution of members with diverse characteristics and perspectives on the Board and is committed to ensuring that women, in particular, are represented on the Board.

### *Management*

HLS believes that a diversity of backgrounds, opinions and perspectives and a culture of inclusion helps to create a healthy and dynamic workplace, which improves overall business performance. This belief in diversity is further reflected in the Company’s written Diversity Policy. The Diversity Policy recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of qualified women in contributing to diversity of perspective in senior management positions. Accordingly, in order to promote the specific objective of gender diversity, the Company will:

- implement policies that address impediments to gender diversity in the workplace and review their availability and utilization;
- foster flexible scheduling programs and other family friendly policies for mid-career women to assist with recruitment and retention;
- regularly review the proportion (in percentage terms) of persons at all levels of the Company who are women; and
- continue to identify new ways to entrench diversity as a cultural priority across the Company.

HLS further recognizes the value of ensuring that the Company has leaders who are from diverse backgrounds. The Company prides itself on developing its employees internally and providing them with opportunities to advance their careers. The Company has established procedures to support the Company’s senior management diversity objectives, including that the Chief Executive Officer, together with the C&G Committee will, when considering, recommending and reviewing recommendations for the appointment of candidates for senior management positions:

- consider diversity criteria, including, but not limited to, the level of representation of women, when determining the optimum composition of senior management;
- consider and, if deemed necessary, implement policies to address impediments to diversity in the workplace;
- review potential candidates from a variety of backgrounds and perspectives, with the Company’s diversity objectives in mind;
- regularly review the level of diversity at all levels of the Company;
- consider initiatives designed to identify, support and develop diverse employees with leadership potential;

- continue to identify new ways to entrench diversity, including gender diversity, as a cultural priority across the organization; and
- in addition to its own searches, as and when appropriate from time to time, engage qualified independent external advisors to conduct a search for candidates to help achieve the Company’s diversity objectives in relation to senior management.

Currently, one of nine executive officer positions at the Company (approximately 11%) is held by a woman.

HLS has not adopted a target for the number of women in executive officer or senior leadership positions as the Board has determined this would not necessarily result in the identification or selection of the best candidates. HLS does, however, understand the benefits of a diverse workforce and is committed to promoting diversity (including gender diversity) among its senior leadership and will consider the level of female representation and other areas of diversity, outlined above, when deliberating on hires and promotions regarding all senior leadership positions, including executive officers. Furthermore, the Company’s written Diversity Policy requires that on an annual basis, the C&G Committee will assess the progress and effectiveness of the board appointment/nomination and senior management appointment processes at achieving the Company’s diversity objectives. HLS will also continue to evaluate the appropriateness of adopting targets in the future.

## **STATEMENT OF EXECUTIVE COMPENSATION**

The following discussion describes the significant elements of the Company’s executive compensation program, with particular emphasis on the process for determining compensation payable to the Company’s named executive officers (“NEOs”) for fiscal year 2021, being Chief Executive Officer Gilbert Godin, Former Executive Chairman William Wells, Chief Financial Officer Tim Hendrickson, Chief Commercial Officer Sanjiv Sharma, and Senior Vice President, Strategy and Operations Hemanth Varghese. The following also summarizes certain material changes the Company has adopted or intends to adopt for its executive compensation program for fiscal year 2022.

### **Oversight and Description of Director and Named Executive Officer Compensation**

HLS’s C&G Committee sets guidelines for determining the short-term and long-term compensation of executive officers based on their performance, the compensation of executive officers at comparable companies, compensation in previous years, the experience and skills of the officer, and any other factor the committee determines to be relevant. The C&G Committee, in its discretion, recommends annual and long-term performance goals and objectives for the executive officers to the Board. The C&G Committee evaluates the performance of the Chief Executive Officer and the other NEOs in light of the approved performance goals and objectives. The C&G Committee makes recommendations to the Board with respect to incentive-based compensation plans and equity-based plans, including the Stock Option Plan. The C&G Committee also reviews and recommends the compensation for independent directors and committee members for approval by the Board on an annual basis.

The Board approves the compensation of the NEOs based on the recommendations of the C&G Committee. In the case of the named executive officers other than the Chief Executive Officer, these approvals and recommendations reflect consideration of the recommendations of the Chief Executive Officer, which are based on similar factors to those that are considered by the C&G Committee in establishing its recommendation respecting the compensation of the Chief Executive Officer.

### **Share Ownership Guidelines**

The Share Ownership Guidelines, which were adopted in April 2022, apply to Non-Employee Directors and the Chief Executive Officer. Each such NEO is expected to own Common Shares with a value equal to at least three times his base salary and may meet the Share Ownership Guidelines through direct or indirect beneficial ownership of Company securities, including the in-the-money value of any Options held by such NEO. The Chief Executive Officer has met the ownership level required by the Share Ownership Guidelines. In the event of an increase in the base salary of the Chief Executive Officer, he will have a period of two years from the effective date of such increase to meet the requirements of the Share Ownership Guidelines. For a discussion of the Share Ownership Guidelines applicable to Non-Employee Directors, see “*Directors’ Compensation – Share Ownership Guidelines*”.

### **Compensation Objectives**

HLS’s compensation program for its executive officers is designed to attract, retain, motivate and engage highly skilled and experienced individuals who excel in their field. The objective of the program is to focus HLS’s executives on the key business factors that affect Shareholder value and to align their compensation with HLS’s business and financial objectives and the long-term interests of Shareholders.

The Board of Directors is responsible for identifying and mitigating any risk associated with HLS's compensation policies and practices that could incentivize an executive officer or other employee to take inappropriate or excessive risk, or that could otherwise have a material adverse effect on HLS.

### Use of Independent Compensation Consultants

The C&G Committee reviews NEO compensation packages annually to ensure that NEOs are being compensated in line with industry practices. To assist in executing its responsibilities, the C&G Committee engages independent compensation advisors.

Over the past three years, GGA has been engaged by the Company to advise the C&G Committee on compensation matters, including conducting an executive compensation benchmarking review.

GGA is an independent compensation advisor with significant executive compensation experience. GGA is independent of management and highly qualified. Over the past three years, GGA has helped the C&G Committee by (i) providing compensation research and data, and education on emerging trends and best practices, (ii) providing performance management planning, (iii) reviewing and designing incentive plans, (iv) conducting comprehensive compensation reviews of the compensation levels for HLS's directors and named executive officers (including developing the compensation philosophy and peer group and conducting an in-depth market analysis of compensation levels and designs of organizations that operate within a comparable sector and are of a similar scale to HLS) and (v) reviewing and recommending a retirement allowance that supported the CEO transition. All work conducted by GGA is pre-approved by the C&G Committee and GGA does not provide any non-Board approved services to the Company. The C&G Committee takes GGA's reports and recommendations into consideration when assessing compensation structure and awards, but ultimately makes its own decisions and recommendations for the Board to approve.

GGA's fees incurred in the two most recently completed fiscal years are as follows:

Fiscal year	Executive Compensation-Related Fees	All Other Fees
2021	\$35,800	\$0
2020	\$23,073	\$0

Since GGA's original engagement in 2018, several of the companies that were included in HLS's peer group no longer exist, or have significantly restructured their operations. Accordingly, the peer group has been reviewed and amended to reflect HLS's size and business strategy. The 2021 peer group that was approved by the C&G Committee and the Board was updated slightly to remove two members of the previous peer group that were delisted and to add two new members from the specialty pharmaceutical sector. GGA was retained to provide the C&G Committee with advice and recommendations related to the executive compensation program given the Company's growth and graduation to the TSX. This included reviewing the continued appropriateness of the 2020 peer group and competitiveness of HLS's compensation levels against an updated peer group along with incentive recommendations to remain competitive against HLS's peers and the broader pharmaceutical marketplace.

During 2022, HLS updated the Company's peer group to take into account the following characteristics:

- public companies operating primarily in North America and listed on a major stock exchange;
- market capitalization within a range of approximately between 0.25 and 4 times the size of HLS; and
- strong focus on the specialty pharmaceutical and biotechnology sector.

During 2021, ADVANZ Pharma Corp, was acquired and subsequently delisted from its relevant exchange, while Flexion Therapeutics Inc. was acquired by and merged into Pacira BioSciences, Inc.. Both had been previously included in the 2021 peer group, and were removed for 2022. The resulting 2022 peer group is set out in the table below. When considering market capitalization and operating results as of December 31, 2021, HLS's market capitalization was positioned in the 16th percentile of the peer group and its operating results are positioned at the 49<sup>th</sup> percentile, while the revenues were positioned at the 14<sup>th</sup> percentile.

2022 Peer Group		
Akebia Therapeutics, Inc.	Catalyst Pharmaceuticals, Inc.	Pacira BioSciences, Inc.
Amarin Corporation plc	Collegium Pharmaceutical, Inc	Supernus Pharmaceuticals, Inc.
ANI Pharmaceuticals, Inc.	Eagle Pharmaceuticals, Inc.	Theratechnologies Inc.
Antares Pharma, Inc.	Knight Therapeutics Inc.	Traverse Therapeutics, Inc.
Aurinia Pharmaceuticals Inc.	Lexicon Pharmaceuticals, Inc.	Vanda Pharmaceuticals Inc.
BioDelivery Sciences International, Inc.	Osmotica Pharmaceuticals plc	-

The C&G Committee considered, among other things, the Executive Compensation Report prepared by GGA in connection with its consideration and review of the compensation of the Chief Executive Officer and other executive officers of the Company for 2021 when setting compensation levels for 2022. In the analysis of the appropriate level and components of compensation for the NEOs, GGA surveyed and summarized, and the Board considered the summary of, the compensation practices of these pharmaceutical companies. Because HLS is a growth stage company, the Board considers it appropriate to use a peer group with a range of market capitalization, revenues and assets to set compensation for the NEOs.

The Board has evaluated competitive pay around the median of the peer group. Given the Company's relatively young history, the Board initially aimed to align compensation towards the lower quartile of the peer group and, in light of the Company's recent growth, compensation levels have progressed toward the median of the peer group, in accordance with the Board's stated intention that compensation levels move towards the median over a multi-year period based on HLS's performance.

#### **Elements of Compensation Program**

Compensation for executive officers is comprised primarily of four main components:

- base salary;
- short-term incentive compensation;
- participation in long-term incentive arrangements, including the Stock Option Plan, the Performance Share Unit Plan (as defined below) and the Performance Participation Plan (as defined below); and
- additional benefit items.

Each component plays a role in meeting HLS's compensation objectives. The mix of compensation is designed to reward short-term results and to motivate long-term performance. The compensation levels of HLS's executive officers reflect to a significant degree the varying roles and responsibilities of HLS's executive officers. The appropriate level of compensation for the NEOs is determined by the Board with the input and recommendations of the C&G Committee on an annual basis.

There are no pension plans at HLS but the Company does make contributions to employees' retirement savings, including a deferred profit-sharing plan and Group RRSP in Canada and a 401(k) plan in the United States.

The following table explains the elements of compensation that the Company adopted for fiscal year 2021. The Company assesses each component separately, and together these are considered total compensation. Short-term compensation (consisting of base salary and cash bonuses) and long-term compensation together make up each executive's total direct compensation. The Company has also highlighted certain amendments implemented for fiscal year 2022 in our executive compensation program.

Component	Objective/Rationale
(A) Short-term Compensation	Awarded based on performance, the executive’s position in the company and relative to our peer group.
(i) Base Salary	<p>Forms the basis for attracting talent, and comparing to and remaining competitive with the market.</p> <p>Fixed, and used to determine other aspects of HLS’s compensation and benefits. Established at the beginning of the year.</p> <p>To align with the compensation philosophy, base salary levels aim to align with the median of the peer group over time, but also take into account the NEO’s performance and tenure in the organization. Base salary levels are also set taking into account the relative size of HLS against its peer group.</p>
	<p>Changes for 2022</p> <p>As a continuation of the Company’s review of the peer group, and alignment of total compensation for NEOs with the median of the peer group over time, the Company increased the base salaries of the CEO, CCO and CFO for the second year of the two-year transition period to manage costs.</p>
(ii) Annual Cash Bonus / Short Term Incentive Plan (“STIP”)	<p>Links pay to corporate achievements.</p> <p>Variable and paid in cash following year-end results based on annual performance. Bonuses are not paid unless a threshold level of performance is achieved, with performance benchmarks being specified in a detailed scorecard of corporate performance that contain metrics and weightings that align to the business and reflect the recommendations of GGA.</p> <p>Scorecards consist of a mix of corporate, financial and operational metrics. Each NEO is measured by the same corporate performance metrics.</p> <p>The target STIP opportunity varies as between NEOs, ranges between 50% and 75% of base salary and is associated with expected annual performance results.</p> <p>Capped at 150% of target STIP opportunity.</p>
	<p>There are no changes planned for 2022.</p>
(B) Long-term Compensation (LTIP)	<p>Long-term incentives are designed to (i) promote a further alignment of interests between management and Shareholders of the Company; (ii) associate a portion of management’s compensation with the returns achieved by Shareholders of the Company; and (iii) to attract and retain employees with the knowledge, experience and expertise required by the Company. The Company has historically granted long-term incentives in the form of Options and PSUs. In 2020, the Company introduced a long-term stock-based performance plan (the “Performance Participation Plan”).</p> <p>With the exception of certain Options granted prior to the completion of the Arrangement, which vest over a four-year period and have a 10-year term to expiry, Options are intended to vest over a four-year period and have a seven-year term to expiry. Options are granted to align with HLS’s peer group prevalence and to reward management for performance on a longer term basis.</p> <p>PSUs are intended to vest based on the achievement of specific future performance over a three-year time horizon.</p> <p>Participation units (“Participation Units”) granted under the Performance Participation Plan pay out only if certain performance criteria are met at the end of a defined performance period. Payouts under the Performance Participation Plan are capped at 200% of target, to reward performance while also limiting financial exposure for the Company.</p> <p>HLS views PSUs and Participation Units as important incentives to ensure that management compensation is appropriately linked with share price performance.</p> <p>Quantities of grants of Options, PSUs and Participation Units are determined by the Board on the recommendation of the C&amp;G Committee, which is based, in part, on consideration of recommendations provided to the C&amp;G Committee by GGA.</p>
	<p>There are no changes planned for 2022.</p>

<b>Component</b>	<b>Objective/Rationale</b>
(C) Other Compensation	Participation in HLS's employee group benefits plans is provided to each NEO where available. Contributions are provided to the NEOs' retirement savings plans, including RRSP, DPSP and 401(k) accounts, as applicable. There is no pension plan for the NEOs. Designed to be competitive overall with equivalent positions.
	The Company adopted the Share Ownership Guidelines in April 2022, which are applicable to the Chief Executive Officer. There are no other changes planned for 2022.

#### *Base salary*

Individual salaries are determined by each officer's experience, expertise, performance and expected contributions to HLS. The C&G Committee uses industry studies and market data for comparable businesses to assist in setting a range of base salaries for positions. However, these studies and data are only one factor that is reviewed in determining base salary for each executive officer position.

#### *Short-term incentive compensation*

The STIP as defined in more detail below contains predefined Threshold, Target and Maximum performance hurdles for corporate objectives. The target STIP award is set as a percentage of the executive's base salary. If target performance is achieved the STIP would be awarded at 100% of the bonus opportunity. If threshold performance is achieved, 50% of the STIP may be awarded and if maximum performance is achieved the STIP may award up to 150% of the target STIP. The payout opportunity is defined below per executive:

	<b>Executive Chair</b>	<b>CEO</b>	<b>CFO</b>	<b>CCO</b>	<b>SVP, Strategy and Operations</b>
Target STIP (% of Base Salary)	55%	75%	50%	50%	50%
STIP Award Range (% of Base Salary)	0-82.5%	0-112.5%	0-75%	0-75%	0-75%
Below Threshold (% of Target)	0%	0%	0%	0%	0%
Threshold Performance (% of Target)	50%	50%	50%	50%	50%
Target Performance (% of Target)	100%	100%	100%	100%	100%
Maximum Performance (% of Target)	150%	150%	150%	150%	150%

HLS utilizes short-term incentive compensation to reward its executive officers, including the named executive officers, as well as all other non-sales personnel, primarily for the achievement of corporate performance goals recommended by the C&G Committee and approved by the Board in the course of setting the Company's quarterly and annual budgets. Total bonus payable as short-term incentive compensation cannot exceed 150% of the individual's target level of annual short-term incentive compensation, despite any overachievement of criteria.

In considering the STIP awards for the NEOs in 2021, the Board first considered the actual level of achievement versus target achievement levels set by the Board with respect to certain corporate performance indicators as set out below. Those corporate performance goals set out in the scorecard below were predicated on the assumption, by the Board and management, that a progressive elimination of the COVID-19 restrictions would occur during the year. Unfortunately, those restrictions were ultimately prolonged by provincial and federal governments mandates that existed through most of 2021 and were outside of HLS' control. If STIP awards had been determined solely by reference to actual achievement, STIP awards would have been 67.8% of target STIP payout for each NEO. However, in light of the impact of COVID-19, management's contingency plans resulted in an effective mitigation of its impact and other relevant factors, the Board exercised its discretion of an upward adjustment of 10% over the calculated corporate objectives which resulted in approved STIP awards at 77% of target STIP payout for 2021 for each NEO and as the basis for the bonus pay out for all non-commercial personnel. The short-term incentive compensation payable to the NEOs for 2021 was determined based on objective criteria relating to the areas set out in the table below that were approved by the Board, and scored as follows:

Corporate Goal	Target	Actual Performance	Comments
Corporate Development	15%	0%	Score was based on the Company's actual performance related to acquiring or in-licensing additional products or businesses.
Capital Structuring and Financing	10%	5%	Score was based on the Company's actual performance related to successfully amending the Company's existing credit agreement to provide more favourable terms and conditions for the balance of the existing term.
Financial and Commercial Performance	45%	30.9%	Score was based on the Company's actual performance related to achieving specific financial and commercial objectives, including market share gains, revenue growth and operating results.
Operational Accomplishments	30%	31.8%	Score was based on the Company's actual performance related to achieving various operational and development milestones that had impact in 2021 and subsequent years, including, but not limited to: (i) expansion of the Vascepa sales force coverage to include primary care, achieved by way of a promotion services agreement with Pfizer and retention of HLS sales force; (ii) Vascepa market development, private payer reimbursement and rebating metrics; and (iii) CSAN Pronto deployment.

On an aggregate basis, the annual scorecard results represented 67.8% of the target award for each NEO.

#### *Long-term incentives*

Long-term incentive compensation is a fundamental component of HLS's executive compensation program. HLS utilizes long-term incentive compensation, in the form of Options and PSUs, to strengthen retention and align compensation with returns to Shareholders.

Options are granted annually by the Board, in quantities based in part on consideration of recommendations provided to the C&G Committee by GGA, and to ensure compensation for HLS's NEOs that is competitive to suitable peers in the marketplace. In 2021, Option grants were made to NEOs, at a level lower than target grant levels, to ensure sufficient room to enable a company-wide grant of Options to all permanent employees, and to further stay within the limits set out in the Stock Option Plan. This prudent action will provide more leeway for HLS to continue to make grants under the Stock Option Plan in 2022 and future years.

For more information, see "*– Stock Option Plan and Other Incentive Plans – Stock Option Plan.*"

Historically, PSUs have been granted by the Board to the Company's NEOs and selected additional key employees under the terms of the Company's performance share unit plan (the "**Performance Share Unit Plan**"), in order to (i) promote a further alignment of interests between employees and the Shareholders of the Company; (ii) associate a portion of employees' compensation with the returns achieved by Shareholders of the Company; and (iii) attract and retain employees with the knowledge, experience and expertise required by the Company.

In 2020, the Board granted a total of 337,000 Participation Units under the Performance Participation Plan. In 2021, the Board granted a total of 328,460 additional Participation Units under the Performance Participation Plan. These awards will, subject to the satisfaction of the performance conditions, be settled in cash, based on performance measured at the end of the three year measurement period and will therefore be non-dilutive to Shareholders. For more information, see "*– Stock Option Plan and Other Incentive Plans – Performance Participation Plan.*"

### **Stock Option Plan and Other Incentive Plans**

#### *Stock Option Plan*

The Company's stock option plan (the "**Stock Option Plan**") was amended and restated on May 22, 2018, and received Shareholder approval on June 22, 2018. The stock option plan was further amended and restated on January 25, 2019, in order to make certain changes necessary in connection with the Company's graduation to the TSX on February 7, 2019. On

May 5, 2021, the Board approved certain additional amendments to the Stock Option Plan, which were approved by Shareholders on June 18, 2021.

**The following summary of the Stock Option Plan is intended as a summary only and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the full text of the Stock Option Plan, which is set out in Annex B to this Circular.**

The Stock Option Plan is a fundamental component of HLS's executive compensation program. The primary purposes of the Stock Option Plan are (i) to promote an alignment of interests of the officers, employees and consultants of the Company and its subsidiaries with those of the Shareholders; (ii) to associate officers' and employees' compensation with the returns achieved by Shareholders; and (iii) to attract and retain employees with the knowledge, experience and expertise required by the Company and its subsidiaries.

The Stock Option Plan provides for awards of Options. The plan is open to officers, employees and consultants engaged by HLS or its affiliates. It provides that the Board has the authority to determine the individuals to whom Options will be granted, the number of Options to be granted and the vesting and other terms and conditions of such grants. The Stock Option Plan also provides that in no event may an Option remain exercisable beyond the tenth anniversary of the date of grant.

Subject to adjustment in connection with a reorganization or recapitalization of the Company, the total number of Common Shares reserved and available for grant and issuance pursuant to the Stock Option Plan shall be a rolling number equal to 10% of the total number of issued and outstanding Common Shares calculated from time to time at the Date of Grant of a particular Option. Any Common Shares that are subject to Options that have been granted and that are subsequently cancelled or terminated for any reason without having been exercised will again be available for grant and issuance in connection with future Options granted under the Plan. At all times the Company is required to reserve and keep available a sufficient number of Common Shares as will be required to satisfy the requirements of all outstanding Options granted under the Stock Option Plan.

Notwithstanding the foregoing, the Stock Option Plan provides that no Options may be granted to (a) any insiders of the Company if the total number of Common Shares issuable to all insiders under the Stock Option Plan or any other security-based compensation arrangement of HLS would exceed 10% of the then issued and outstanding Common Shares, (b) any insiders of the Company if the total number of Common Shares issued to all insiders of the Company within any one year period under the Stock Option Plan or any other security-based compensation arrangement of HLS would exceed 10% of the then issued and outstanding Common Shares and (c) any non-employee director of HLS (collectively, the "**Plan Restrictions**").

The Board has the discretion to make amendments which it may deem necessary, without having to obtain Shareholder approval, provided that, among other things, no such amendment would be made to the extent that such amendment would materially adversely affect the existing rights of a participant with respect to any then outstanding awards, as determined by HLS acting in good faith, without such participant's consent in writing. The Board has the authority to make the following amendments, without requiring Shareholder approval: (a) amendments to the terms and conditions of the Stock Option Plan that are necessary to ensure that it complies with applicable law and regulatory requirements, including the requirements of any applicable stock exchange; (b) amendments respecting the administration of or (subject to the requirement for Shareholder approval of any amendment that may introduce, re-introduce, broaden or increase the participation of non-employee directors in the Stock Option Plan) eligibility for participation in the Stock Option Plan (except any amendment that would introduce, re-introduce, broaden or increase the participation of non-employee directors); (c) amendments respecting the terms and conditions on which Options may be granted, including relating to the term of such an Option and the vesting schedule; (d) the addition of, and any subsequent amendment to, a financial assistance provision; (e) amendments that are of a "housekeeping" nature and (f) any other amendments that do not require shareholder approval under applicable laws or the requirements of an applicable stock exchange. The Stock Option Plan also provides that Shareholder approval is required in the case of, among other things: (i) any amendment to the maximum number or percentage of Common Shares issuable under the plan; (ii) any amendment to the amendment provisions of the Stock Option Plan that would grant additional powers to the Board to amend the Stock Option Plan or entitlements thereunder without the approval of Shareholders; (iii) any amendment to or reduction in the exercise price of Options; (iv) any extension to the term of Options held by Insiders (as defined in the Stock Option Plan); (v) any change to the categories of individuals eligible to receive grants under the Stock Option Plan where such change may introduce, re-introduce, broaden or increase the participation of non-employee directors in the Stock Option Plan; (vi) any amendment to the restrictions contained in the Stock Option Plan on the transferability of Options; and (vii) any change to the Plan Restrictions.

Options are generally granted with an exercise price equal to the last reported sale price of the Common Shares on the TSX (or, prior to the graduation to the TSX, on the TSXV) preceding the date of grant and, with the exception of certain Options granted prior to the completion of the Arrangement, generally vest over a four year period and have a seven year term to expiry. Options are not transferable or assignable, other than by will or by the laws of descent and distribution. The Company does not provide any financial assistance to holders of Options.

In the event that a holder of Options ceases to be employed by or to provide services to the Company (other than by reason of death, disability or termination for cause), the Options held by such holder shall cease to vest upon such cessation of employment or services, and any Options held by such holder that have vested will expire on the earlier of the 90<sup>th</sup> day following the termination of employment or provision of service and the initial expiry date of such Options, and Options held by such holder that have not vested will expire upon the termination of employment or provision of service.

#### *Performance Share Unit Plan*

The Board adopted the Performance Share Unit Plan on May 22, 2018. Under the Performance Share Unit Plan, a maximum of 600,000 PSUs could be granted and, in August 2018 the Company granted 600,000 PSUs under the Performance Share Unit Plan. Based on the terms of the Performance Share Unit Plan, 46.58% of the PSUs vested on August 17th, 2021 based on the 90-day volume-weighted average price (VWAP), and each PSU holder received a cash payout of C\$16.75 per vested PSU. The remaining PSUs did not vest and were cancelled.

#### *Performance Participation Plan*

The Board adopted the Performance Participation Plan on August 5, 2020. The purposes of the Performance Participation Plan are to motivate executives and other key employees and consultants to contribute to the long-term growth of the Company and to attract and retain employees with the knowledge, experience and expertise required by the Company.

Under the Performance Participation Plan, the Board may grant to participants Participation Units that entitle holders to a distribution of a proportionate share of the target amount set by the Board (the “**Target Incentive Pool**”) if the applicable performance conditions are satisfied over the specified measurement period (the “**Performance Period**”), and a maximum amount that may be available for distribution to all participants in the aggregate (the “**Maximum Incentive Pool**”) if the performance conditions for such Performance Period are exceeded. At the end of the applicable Performance Period, the Board determines the Company’s performance for the Performance Period relative to the performance conditions (the “**Performance Factor**”).

The Board has the authority to administer the Performance Participation Plan and to make grants of Participation Units to employees, officers and consultants who are eligible to participate in the Performance Participation Plan, on such terms and conditions as it deems advisable.

In November 2020, the Company made a grant of 337,000 Participation Units under the Performance Participation Plan, with a Target Incentive Pool of C\$3,370,000 and a Maximum Incentive Pool of C\$6,740,000. The Performance Period for such grants is from November 9, 2020 to November 8, 2023.

In December 2021, the Company made a grant of 328,460 Participation Units under the Performance Participation Plan, with a Target Incentive Pool of C\$3,282,460 and a Maximum Incentive Pool of C\$6,564,920. The Performance Period for such grants is from December 8, 2021 to December 7, 2024.

The performance conditions set out below apply to the Participation Units granted in 2020 and those granted in 2021, with the following weighting and criteria:

- 1) **Performance Relative to S&P/TSX Small Cap Index.** The Company’s total shareholder return (the “**HLS TSR**”) over the Performance Period relative to the total shareholder return of the S&P/TSX Small Cap Index over the same period (the “**S&P/TSX Small Cap TSR**”) shall be weighted at 75%. If the HLS TSR for this period exceeds the S&P/TSX Small Cap TSR for the Performance Period by five percent, the Performance Factor shall be 100%. If the HLS TSR exceeds the S&P/TSX Small Cap TSR for the Performance Period by at least 20%, the Performance Factor shall be 200%.
- 2) **Performance Relative to NASDAQ Small Cap Pharmaceuticals Index.** The HLS TSR relative to the total shareholder return of the NASDAQ US Small Cap Pharmaceuticals Index over the Performance Period (the “**NASDAQ Small Cap Pharma TSR**”) shall be weighted at 25%. If the HLS TSR for the period exceeds the NASDAQ Small Cap Pharma TSR by 5%, the Performance Factor shall be 100%. If the HLS TSR exceeds the corresponding NASDAQ Small Cap Pharma TSR by at least 20%, the Performance Factor shall be 200%.

<b>Performance Level</b>	<b>S&amp;P/TSX Small Cap Index (75% Weighting)</b>	<b>NASDAQ Small Cap Pharmaceuticals Index (25% Weighting)</b>
20% or more above index	200% of Target (2020: C\$5,055,000; 2021: C\$4,923,690)	200% of Target (2020: C\$1,685,000; 2021: C\$1,641,230)
5% above index	100% of Target (2020: C\$2,527,500; 2021: C\$2,461,845)	100% of Target (2020: C\$842,500; 2021: C\$820,615)
Equal to index	67% of Target (2020: C\$1,693,425; 2021: C\$1,649,436)	67% of Target (2020: C\$564,475; 2021: C\$549,812)
Minimum Performance = Lesser of HLS TSR that is 5% below Index or HLS TSR of 35%	33% of Target (2020: C\$834,075; 2021: C\$812,409)	33% of Target (2020: C\$278,025; 2021: C\$270,803)
Below Minimum Performance	0% of Target (Both years: \$0)	0% of Target (Both years: \$0)
* Vesting of Participation Units between the Relative TSR performance levels outlined above will be based on linear interpolation between each performance levels. In addition, payouts are capped at no more than 200% of the Target grant value for each eligible employee.		

The Participation Units granted in 2020 and 2021 are subject to certain additional requirements, including: If HLS TSR performance is below the Minimum Performance conditions, no payment will be made in respect of such Participation Units. For HLS TSR performance at or above the Minimum Performance conditions, there will be interpolation within the ranges. However, pay-out cannot exceed 100% if HLS TSR is negative, regardless of the level of outperformance relative to either benchmark index.

#### **Additional Benefit Plans**

NEOs in Canada and the United States are entitled to participate in employee group benefit plans offered by HLS to its employees, including HLS's comprehensive group benefit plan administered by Sun Life Financial in Canada, and Independent Blue Cross in the United States. The Company does not offer a group employee benefit plan for employees in Barbados. As a result, the Company purchased a separate employee benefit plan for Mr. Wells, which provided substantially similar benefits as provided to other HLS employees.

#### **Summary Compensation Table**

The following table sets forth information regarding compensation earned by each NEO in fiscal year 2021 for HLS's last three completed fiscal years.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(6)</sup>	Non-equity incentive plan compensation (\$)		All other compensation (\$) <sup>(8)</sup>	Total compensation (\$)
					Annual <sup>(7)</sup>	LTIP		
Gilbert Godin <sup>(1)</sup> Chief Executive Officer	2021	536,154	652,027	1,100,646	309,629	0	11,600	2,610,055
	2020	493,077	278,951	362,833	295,846	0	11,400	1,442,107
	2019	469,231	0	503,150	337,846	0	11,200	1,321,427
Tim Hendrickson <sup>(2)</sup> Chief Financial Officer	2021	282,077	150,409	253,901	108,600	0	11,651	806,638
	2020	246,975	92,984	139,500	98,790	0	10,373	588,621
	2019	230,020	0	199,793	110,410	0	10,261	550,484
William Wells <sup>(3)</sup> Executive Chairman	2021	403,750	240,064	405,239	170,988	0	16,845	1,236,887
	2020	398,058	185,968	223,200	175,146	0	13,948	996,320
	2019	390,780	0	287,597	206,332	0	12,827	897,536
Sanjiv Sharma <sup>(4)</sup> Chief Commercial Officer	2021	343,026	181,530	306,429	132,065	0	11,600	974,650
	2020	320,532	92,984	139,500	128,213	0	11,400	692,629
	2019	309,348	0	131,498	148,487	0	11,200	600,534
Hemanth Varghese <sup>(5)</sup> Senior Vice President, Strategy and Operations	2021	300,109	133,266	224,954	115,542	0	11,651	785,521
	2020	265,623	83,685	66,960	106,249	0	10,373	532,890
	2019	261,740	0	109,597	125,635	0	10,261	507,233

Notes:

- (1) Mr. Godin was appointed a Director of HLS on October 1, 2020 and received no compensation for his service as a Director of HLS for the years ended December 31, 2020 and 2021.
- (2) Each of Messrs. Hendrickson and Varghese was paid in Canadian dollars, which have been converted from Canadian dollars to U.S. dollars at exchange rates based on the annual exchange rate reported by the Bank of Canada, being US\$0.7536 per C\$1.00 for the year ended December 31, 2019, US\$0.7454 per C\$1.00 for the year ended December 31, 2020, and US\$0.7978 per C\$1.00 for the year ended December 31, 2021.
- (3) Mr. Wells received no compensation for his service as a director of HLS during the years ended December 31, 2019, 2020 and 2021. Mr. Wells was employed by the Company's subsidiary Heritage Life Sciences (Barbados) Inc. until his retirement on May 23, 2022. In connection with his retirement from the Company, Mr. Wells is entitled to receive a retirement payment of \$1,340,823.16 in 2022 in recognition of his significant contributions to HLS from its inception as a privately-held company through its listing on the TSX.
- (4) Mr. Sharma is employed by the Company's subsidiary HLS Therapeutics (USA), Inc.
- (5) Mr. Varghese was promoted from Head, Corporate Development and Strategy to Senior Vice-President, Strategy and Operations on April 1, 2021.
- (6) The grant date fair value of option-based awards was determined using the Black-Scholes option pricing model in accordance with International Financial Reporting Standards, which is the same method used for determining accounting fair value. The Black-Scholes model was selected as it is a widely used financial method for determining the fair value of Options. The assumptions used in the calculation of the fair value of Options include volatility of 42% and expected average life of 7 years for options granted on June 7, 2019, November 9, 2020 and December 9, 2021. Any difference between the estimated grant date fair value and the accounting fair value is due to the use of different assumptions.
- (7) Amounts represent short-term incentive plan compensation earned in each year.
- (8) For Mr. Wells, these amounts represent payments to an individual health plan. For Messrs. Hendrickson and Varghese, these amounts represent contributions made by HLS in respect of their participation in HLS's deferred profit-sharing plan. For Messrs. Godin and Sharma, these amounts represent contributions made by HLS to their 401(k) retirement plans.

### Outstanding Option-Based and Share-Based Awards

The following table sets out all option-based and share-based awards outstanding as of December 31, 2021 for all NEOs of HLS. The value of unexercised in-the-money options and the payout value of share-based awards that have not vested are based on a closing share price of C\$15.00 on December 31, 2021 and an exchange rate of US\$0.7888 per C\$1.00, being the rate reported by the Bank of Canada for December 31, 2021.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units that have not vested (#) <sup>(1) (2)</sup>	Market or payout value of share-based awards that have not vested (\$) <sup>(1) (2)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
Gilbert Godin	253,308	\$10.00	11-Aug-25	463,554	199,241	607,711	0
	94,112	C\$8.34	22-Aug-25	494,221			
	106,826	C\$15.55	7-Jun-26	-			
	65,000	C\$15.56	9-Nov-27	-			
	201,215	C\$15.11	8-Dec-28	-			
Tim Hendrickson	16,458	C\$8.34	22-Aug-25	152,070	52,120	149,466	0
	42,419	C\$15.55	7-Jun-26	-			
	12,000	\$10.00	30-Mar-27	21,960			
	25,000	C\$15.56	9-Nov-27	-			
	46,417	C\$15.11	8-Dec-28	-			
William Wells	253,308	\$10.00	11-Aug-25	463,554	91,266	250,730	0
	13,924	C\$8.34	22-Aug-25	73,121			
	61,061	C\$15.55	7-Jun-26	-			
	40,000	C\$15.56	9-Nov-27	-			
	74,084	C\$15.11	8-Dec-28	-			
Sanjiv Sharma	15,246	\$10.00	11-Aug-25	27,900	58,766	174,157	0
	27,027	C\$8.34	22-Aug-25	141,930			
	27,919	C\$15.55	7-Jun-26	-			
	12,000	\$10.00	30-Mar-27	21,960			
	5,875	\$9.25	12-Mar-28	15,158			
	25,000	C\$15.56	9-Nov-27	-			
	56,020	C\$15.11	8-Dec-28	-			
Hemanth Varghese	21,605	C\$8.34	22-Aug-25	113,457	46,459	132,851	0
	23,269	C\$15.55	7-Jun-26	-			
	20,000	\$10.00	21-Sep-27	36,600			
	12,000	C\$15.56	9-Nov-27	-			
	41,125	C\$15.11	8-Dec-28	-			

**Notes:**

- (1) The Participation Units granted in 2020 are subject to a 36 month cliff vest of 0% or a range from 33% to 200% depending on certain performance metrics being achieved prior to November 8, 2023. The payout of such Participation Units will be zero in 2023 if performance is below the minimum threshold and the payout will be capped at 100% if HLS TSR is negative. See “*Performance Participation Plan*” above.
- (2) The Participation Units granted in 2021 are subject to a 36 month cliff vest of 0% or a range from 33% to 200% depending on certain performance metrics being achieved prior to December 7, 2024. The payout of such Participation Units will be zero in 2024 if performance is below the minimum threshold and the payout will be capped at 100% if HLS TSR is negative. See “*Performance Participation Plan*” above.

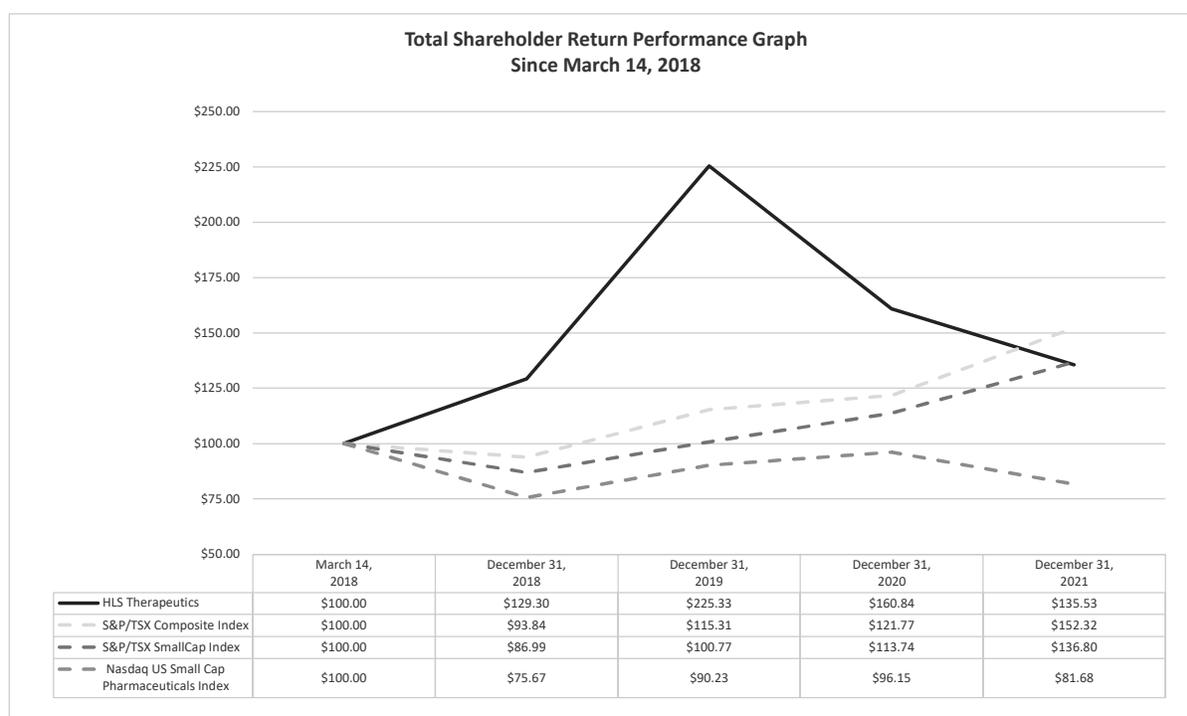
### Value on Pay-Out or Vesting of Incentive Plan Awards

The table below sets out all incentive compensation held by or paid to NEOs of HLS that vested during the year ended December 31, 2021 or was earned during the year ended December 31, 2021 but had not been paid out as of December 31, 2021.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Gilbert Godin	273,343	529,087	309,629
William Wells	87,900	435,719	170,988
Tim Hendrickson	114,001	311,228	108,600
Sanjiv Sharma	111,250	311,228	132,065
Hemanth Varghese	80,608	311,228	115,542

### Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in HLS Common Shares (with any cash dividends reinvested into Common Shares) on the TSXV and TSX with the S&P/TSX Composite Total Return Index, S&P/TSX SmallCap Total Return Index and NASDAQ Small Cap Pharmaceuticals Total Return Index for the period commencing March 14, 2018 and ending December 31, 2021.



During the period above, total shareholder returns for HLS were approximately 35.5%, compared to 52.3% for the S&P/TSX Composite Index, 36.8% for the S&P/TSX Small Cap Total Return Index and -18.3% for the NASDAQ Small Cap Pharmaceuticals Total Return Index. During that same period, the total compensation received by HLS's NEOs has been positioned below the median of the Company's peer group, with the intention to move competitive compensation levels towards the median over a multi-year period to reflect, among other things, the achievement of strategic initiatives and the corresponding increase in total shareholder return. HLS has generally administered NEO compensation to reflect the Company's growth and movement towards market median over this time, to align with the Company's performance when compared to market. Consideration is also given to the evolving roles and responsibilities of incumbents as well when determining compensation levels. Short-term incentive payouts remained similar in value in 2021 when compared to 2020 and continued to be below pre-COVID-19 pandemic levels to reflect the ongoing impact of COVID-19 on the Company's financial and operational performance.

## Compensation Risk Oversight and Assessment

The Board believes the current structure of the Company's executive compensation arrangements is focused on long-term value and is designed to correlate to the long-term performance of the Company. It is the practice of the C&G Committee and the Board to consider all factors related to an executive's performance, including risk taking and any risk-mitigation efforts, in determining compensation. For example the STIP is based on a balanced approach to measuring corporate performance and the annual payouts are capped at 150% of target. In addition, a substantial portion of the executive compensation is subject to company performance and long-term vesting conditions with the cash-settled Performance Participation Plan requiring HLS TSR performance to exceed benchmarks to reach target payout of 100%, limiting payouts at no more than 200% of the target grant value to provide cost certainty and limiting payout to no more than 100% of the target if HLS TSR is negative, regardless of relative outperformance of the benchmarks.

All employees, including NEOs and directors, are prohibited from purchasing financial instruments (including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### Termination and Change of Control Benefits for NEOs

*Gilbert Godin.* Mr. Godin is party to an employment agreement with HLS Therapeutics (USA), Inc., a subsidiary of the Company. Mr. Godin's base salary, effective as of April 1, 2022, is \$550,000 and his target short-term incentive compensation is 75% of his base salary. Mr. Godin is entitled to terminate his employment without good reason by providing no less than 90 days' written notice to HLS. Under his employment agreement, if HLS terminates Mr. Godin's employment without cause or Mr. Godin terminates his employment for good reason, Mr. Godin is entitled to (i) a lump sum payment equal to two times his base salary and two times his target level of annual short-term incentive compensation, (ii) a pro-rated portion of his short-term incentive compensation for the year in which his employment was terminated and (iii) the continuation of benefits for a period of 18 months following termination (or, at Mr. Godin's option, pay in lieu of such coverage). Under the terms of his employment agreement, Mr. Godin has agreed (i) not to disclose, other than in the normal and proper course of his employment, any confidential or proprietary information relating to HLS's operations or business and (ii) for a period of 12 months following the termination of his employment, not to compete with HLS in Canada or the U.S. Except as otherwise disclosed, Mr. Godin is not entitled to any benefits or payments on a change of control of HLS.

*Tim Hendrickson.* Mr. Hendrickson is party to an employment agreement with HLS. Pursuant to the terms of his employment agreement, Mr. Hendrickson's base salary, effective as of April 1, 2022, is \$330,000 and his target short-term incentive compensation is 50% of his base salary. Under his employment agreement, if HLS terminates Mr. Hendrickson's employment without cause or Mr. Hendrickson terminates his employment for good reason, Mr. Hendrickson is entitled to (i) a lump sum payment ranging from two to twelve times his monthly salary and the corresponding short-term incentive compensation at 100% of the target level, (ii) a pro-rated portion of his short-term incentive compensation for the year in which his employment was terminated and (iii) the continuation of benefits for the period of severance following termination (or, at Mr. Hendrickson's option, pay in lieu of such coverage). In the event of a change of control resulting in the involuntary termination of Mr. Hendrickson without cause by HLS or by Mr. Hendrickson for good reason, which termination occurs within the first 12 months of a change of control and subject to certain conditions being met, Mr. Hendrickson is entitled to, in addition to any benefits or compensation accrued and target incentive compensation earned and due to Mr. Hendrickson but not yet paid as of the termination date: a lump sum payment equal to one times his base salary, plus one times the annual target incentive compensation, any unvested equity compensation awards shall be automatically accelerated and be 100% vested and exercisable in accordance with the terms of the stock option plan and benefits for a period of one year.

*Sanjiv Sharma.* Mr. Sharma is subject to an employment agreement with HLS Therapeutics (USA), Inc., a subsidiary of the Company. Pursuant to the terms of his employment agreement, Mr. Sharma's base salary, effective as of April 1, 2022, is \$350,000 and his target short-term incentive compensation is 50% of his base salary. Under his employment agreement, if HLS terminates Mr. Sharma's employment without cause or Mr. Sharma terminates his employment for good reason, Mr. Sharma is entitled to: (i) a lump sum payment ranging from three to twelve times his monthly salary and the corresponding short-term incentive compensation at 100% of the target level, and (ii) a pro-rated portion of his short-term incentive compensation for the year in which his employment was terminated. In the event of a change of control resulting in the involuntary termination of Mr. Sharma without cause by HLS or by Mr. Sharma for good reason, which termination occurs within the first 12 months of a change of control and subject to certain conditions being met, Mr. Sharma is entitled to, in addition to any benefits or compensation accrued and target incentive compensation earned and due to Mr. Sharma but not yet paid as of the termination date: a lump sum payment equal to one times his base salary, plus one times the annual target incentive compensation, any unvested equity compensation awards shall be automatically accelerated and be 100% vested and exercisable in accordance with the terms of the Stock Option Plan and benefits for a period of one year.

*Hemanth Varghese.* Mr. Varghese is party to an employment agreement with HLS. Pursuant to the terms of his employment agreement, Mr. Varghese's base salary, effective as of April 1, 2022, is \$311,753 and his target short-term incentive compensation is 50% of his base salary. Under his employment agreement, if HLS terminates Mr. Varghese's

employment without cause or Mr. Varghese terminates his employment for good reason, Mr. Varghese is entitled to (i) a lump sum payment ranging from three to twelve times his monthly salary and a percentage of his target level of annual short-term incentive compensation ranging from 0% - 100%, in each case depending on length of service, (ii) a pro-rated portion of his short-term incentive compensation for the year in which his employment was terminated and (iii) the continuation of benefits for the period of severance following termination. In the event of a change of control resulting in the involuntary termination of Mr. Varghese without cause by HLS or by Mr. Varghese for good reason, which termination occurs within the first 12 months of a change of control and subject to certain conditions being met, Mr. Varghese is entitled to, in addition to any benefits or compensation accrued and target incentive compensation earned and due to Mr. Varghese but not yet paid as of the termination date: a lump sum payment equal to two times his base salary, plus two times the annual target incentive compensation, any unvested equity compensation awards shall be automatically accelerated and be 100% vested and exercisable in accordance with the terms of the stock option plan and benefits for a period of one year.

The table below sets out details of the estimated incremental payments from HLS to each of the NEOs if such NEO had been terminated without cause or had terminated his employment for good reason on December 31, 2021:

NEO	Lump Sum Payment (\$)	Prorated STIP Payment (\$)	Benefits Continuation (\$)	Total (\$)
Gilbert Godin	1,925,000	309,629	44,859	2,279,488
Tim Hendrickson	390,750	108,600	6,011	513,361
Sanjiv Sharma	481,250	132,065	31,083	644,398
Hemanth Varghese	449,644	115,542	6,558	571,744

#### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out information as at May 23, 2022 with respect to compensation plans under which equity securities of HLS are authorized for issuance to employees and others.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (percentage of issued and outstanding Common Shares)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (percentage of issued and outstanding Common Shares) (excluding securities reflected in column a)
Equity compensation plans approved by securityholders (Stock Option Plan) <sup>(1)</sup>	3,041,904 (9.4%)	10.47	204,868 (0.6%)
<b>Total</b>	<b>3,041,904 (9.4%)</b>	<b>10.47</b>	<b>204,868 (0.6%)</b>

Note:

- (1) Reflects Common Shares issuable pursuant to the Company's existing Stock Option Plan, see "Statement of Executive Compensation – Stock Option Plan and Other Incentive Plans – Stock Option Plan."

### Security Based Award Burn Rate for the Last Three Years

Pursuant to TSX rules, HLS is required to calculate and disclose the annual “burn rate” for the three most recently completed financial years. The annual burn rate is equal to the number of Options granted in the applicable year, divided by the weighted average number of Common Shares outstanding in that year, expressed as a percentage. The Company’s average burn rate over the last three financial years is 1.8%.

As of December 31	2021	2020	2019
Number of Options Issued	576,842	507,250	590,480
Weighted average number of Common Shares outstanding	32,184,076	31,713,592	29,360,830
Burn Rate	1.8%	1.6%	2.0%

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No Directors, executive officers or proposed nominees for election as Directors (or any associates thereof) are indebted to the Company and the Company has not guaranteed or otherwise agreed to provide assistance in the maintenance or servicing of any indebtedness of any Director, executive officer or proposed nominee for election as a Director (or any associates thereof).

### AUDIT COMMITTEE INFORMATION

In accordance with NI 52-110, additional information regarding the Company’s audit committee may be found under the heading “Auditor and Audit Committee Information” in the Company’s annual information form for the year ended December 31, 2021, which is available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

HLS is not aware of any material interest, direct or indirect, of: (i) any informed person of HLS or any associate or affiliate of any informed person, in any transaction since the commencement of HLS’s most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect HLS or any of its subsidiaries; or (ii) any person who has been a Director or executive officer of HLS at any time since the beginning of the last financial year, or any associate or affiliate of any such person, in any matter to be acted upon at the Meeting.

### ADDITIONAL INFORMATION

Additional information relating to the Company can be found on the Company’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the audited consolidated financial statements and management’s discussion and analysis of HLS for the year ended December 31, 2021 and in the unaudited consolidated financial statements and management’s discussion and analysis of the Company for the three-month period ended March 31, 2022. Copies of this Circular, the audited consolidated financial statements of the Company as at and for the year ended December 31, 2021, and related management’s discussion and analysis, and the unaudited consolidated financial statements of the Company for the three-month period ended March 31, 2022, and related management’s discussion and analysis, may be obtained without charge by writing to the Corporate Secretary of the Company at 10 Carlson Court, Suite 701, Etobicoke Ontario, M9W 6L2.

### APPROVAL OF THE DIRECTORS

The contents of this Circular and the sending thereof to the Shareholders of the Company have been approved by the Board.

Dated at Toronto, Ontario, this 23<sup>rd</sup> day of May, 2022.

BY ORDER OF THE BOARD OF DIRECTORS OF HLS THERAPEUTICS INC.

*“Ryan C. Lennox”*

RYAN C. LENNOX  
Corporate Secretary and Senior Vice President, Legal, HR and Compliance

## ANNEX A

### BOARD MANDATE

#### 1. Purpose

The members of the Board of Directors (the “Board”) have the duty to supervise the management of the business and affairs of HLS Therapeutics Inc. (the “Company”). The Board, directly and through its committees and the chair of the Board (the “Chair”), shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Company.

#### 2. Duties and Responsibilities

The Board shall have the specific duties and responsibilities outlined below.

##### *Strategic Planning*

##### (a) **Strategic Plans**

The Board will adopt a strategic plan for the Company. At least annually, the Board shall review and, if advisable, approve the Company’s strategic planning process and the Company’s annual strategic plan. In discharging this responsibility, the Board shall review the plan in light of management’s assessment of emerging trends, the competitive environment, the opportunities for the business of the Company, risk issues, and significant business practices and products.

##### (b) **Business and Capital Plans**

At least annually, the Board shall review and, if advisable, approve the Company’s annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

##### (c) **Monitoring**

At least annually, the Board shall review management’s implementation of the Company’s strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

##### *Risk Management*

##### (d) **General**

At least annually, the Board shall review reports provided by management of principal risks associated with the Company’s business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

##### (e) **Verification of Controls**

The Board shall verify that internal, financial, non-financial and business control and management information systems have been established by management.

##### *Human Resource Management*

##### (f) **General**

At least annually, the Board shall review a report of the Board’s Compensation and Governance Committee concerning the Company’s approach to human resource management and executive compensation.

##### (g) **Succession Review**

At least annually, the Board shall review the succession plans of the Company for the Chair, the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

##### (h) **Integrity of Senior Management**

The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Company and that the Chief Executive Officer and other senior officers strive to create a culture of integrity throughout the Company.

## ***Corporate Governance***

### **(i) General**

At least annually, the Board shall review a report of the Compensation and Governance Committee concerning the Company's approach to corporate governance.

### **(j) Director Independence**

At least annually, the Board shall review a report of the Compensation and Governance Committee that evaluates the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

### **(k) Ethics Reporting**

The Board has adopted a written Code of Business Conduct and Ethics (the "Code") applicable to directors, officers and employees of the Company. At least annually, the Board shall review the report of the Compensation and Governance Committee relating to compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board shall review reports from the Compensation and Governance Committee concerning investigations and any resolutions of complaints received under the Code.

### **(l) Board of Directors Mandate Review**

At least annually, the Board shall review and assess the adequacy of its Mandate to ensure compliance with any rules of regulations promulgated by any regulatory body and approve any modifications to this Mandate as considered advisable.

## ***Communications***

### **(m) General**

The Board has adopted a Disclosure Policy for the Company. At least annually, the Board, in conjunction with the Chief Executive Officer, shall review the Company's overall Disclosure Policy, including measures for receiving feedback from the Company's stakeholders, and management's compliance with such policy. The Board shall, if advisable, approve material changes to the Company's Disclosure Policy.

### **(n) Shareholders**

The Company endeavors to keep its shareholders informed of its progress through periodic reports and press releases in accordance with applicable law and the principles of good governance and productive shareholder engagement. Directors and management meet with the Company's shareholders at the annual meeting and are available to respond to questions at that time. In addition, the Company shall maintain on its website a contact email address that will permit shareholders to provide feedback directly to the Chair of the Board.

## **3. Composition**

### ***General***

The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings are required by the *Business Corporations Act* (Ontario) (the "OBCA"), the *Securities Act* (Ontario) (the "Act") and the articles and by-laws of the Company, subject to any exemptions or relief that may be granted from such requirements.

Each director must have an understanding of the Company's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Compensation and Governance Committee.

### ***Independence***

A majority of the Board must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Policy 58-201 *Corporate Governance Guidelines*, as may be amended from time to time.

## **4. Committees of the Board**

The Board has established the following committees: the Compensation and Governance Committee, and the Audit Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.

### ***Committee Mandates***

The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee. At least annually, each mandate shall be reviewed by the Compensation and Governance Committee and any suggested amendments brought to the Board for consideration and approval.

### ***Delegation to Committees***

The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee's mandate.

### ***Consideration of Committee Recommendations***

As required by applicable law, by applicable committee mandate or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

### ***Board/Committee Communication***

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting.

## **5. Meetings**

The Board will meet as often as it considers appropriate to fulfill its duties, but in any event at least once per quarter. The Chair is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Meetings of the Board shall be conducted in accordance with the Company's by-laws. Such by-laws may be amended from time to time in accordance with the requirements of the OBCA.

### ***Secretary and Minutes***

The Corporate Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary or his designee and subsequently presented to the Board for approval.

### ***Meetings Without Management***

The independent members of the Board shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present.

### ***Directors' Responsibilities***

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

### ***Access to Management and Outside Advisors***

The Board shall have unrestricted access to management and employees of the Company. The Board shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

### ***Service on Other Boards and Audit Committee***

Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

## **6. Management**

### ***Position Descriptions for Directors***

The Board has approved position descriptions for the Chair, the Lead Director, and the chair of each Board committee. At least annually, the Board shall review such position descriptions.

***Position Description for Chief Executive Officer***

The Board has approved a position description for the Chief Executive Officer, which includes delineating management’s responsibilities. The Board has also approved the corporate goals and objectives that the Chief Executive Officer has responsibility for meeting. At least annually, the Board shall review a report of the Compensation Committee reviewing this position description and such corporate goals and objectives.

**7. Director development and evaluation**

Each new director shall participate in the Company’s initial orientation program and each director shall participate in the Company’s continuing director development programs. At least annually, the Board shall review the Company’s initial orientation program and continuing director development programs.

**8. No Rights Created**

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s Articles and by-laws, it is not intended to establish any legally binding obligations.

<b>REVIEW AND APPROVAL</b>			
Approved By:	Board of Directors	Adopted:	March 12, 2018

**ANNEX B**

**VIRTUAL AGM USER GUIDE**

# HOW TO PARTICIPATE IN THE MEETING ONLINE

## Attending the Meeting online

We will be conducting a Virtual Meeting, giving you the opportunity to attend the meeting online, using your smartphone, tablet or computer.

If you choose to participate online you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.



Visit <https://meetnow.global/MHLPA2N>

Participate

June 17, 2022 at 10:00 AM EST

You will need the latest version of Chrome, Safari, Edge and Firefox. Please ensure your browser is compatible.

To join, you must have your Control Number or Invite Code.

You will be able to log into the site up to 60 minutes prior to the start of the meeting.



### Access

Once the webpage above has loaded into your web browser, click **JOIN MEETING NOW** then select **Shareholder** on the login screen and enter your **Control Number**, or if you are an appointed proxyholder, select **Invitation** and enter your **Invite Code**.

If you have trouble logging in, contact us using the telephone number provided at the bottom of the screen.

#### Important Notice for Non-Registered Holders:

Non-registered holders (holders who hold their securities through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will not be able to participate at the meeting. Non-registered holders that wish to attend and participate should follow the instructions on the voting information form and in the management information circular relating to the meeting to appoint and register yourself as proxyholder, otherwise you will be required to login as a guest.

#### If you are a guest:

Select **Guest** on the login screen. As a guest, you will be prompted to enter your name and email address.

*Please note, guests will be able to ask questions but not vote at the meeting.*



### Navigation

When successfully accessed, you can view the webcast, vote, ask questions, and view meeting documents.

If viewing on a computer, the webcast will appear automatically once the meeting has started.



### Voting

Resolutions will be put forward for voting in the **Vote** tab. To vote, simply select your voting direction from the options shown.

Be sure to vote on all resolutions using the numbered link, if one appears, within the **Vote** tab.

Your vote has been cast when the check mark appears.



### Q&A

Any authenticated holder or appointed proxy attending the meeting online is eligible to partake in the discussion.

Access the **Q&A** tab, type your question into the box at the bottom of the screen and then press the **Send** button.



