

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

HLS Therapeutics Inc. (“**HLS**” or the “**Company**”) was formed on March 12, 2018 by the amalgamation of HLS Therapeutics Inc. (“**former HLS**”) and Automodular Corporation (“**AMD**”). The following management’s discussion and analysis (“**MD&A**”) should be read in conjunction with the unaudited condensed interim consolidated financial statements of HLS for the three and nine months ended September 30, 2024 and the audited consolidated financial statements of HLS for the year ended December 31, 2023. References to “**HLS**” and the “**Company**” in this MD&A also refer to former HLS, as the context requires.

This discussion is presented as of November 6, 2024 and is current to that date unless otherwise stated.

The financial information presented in this MD&A is derived from the above noted financial statements prepared in accordance with International Financial Reporting Standards (“**IFRS**”), with the exception of the Selected Quarterly Information. All amounts are in thousands of United States (“**U.S.**”) dollars unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements within the meaning of applicable securities laws. The use of any of the words “**expect**”, “**anticipate**”, “**continue**”, “**estimate**”, “**objective**”, “**ongoing**”, “**may**”, “**will**”, “**project**”, “**should**”, “**believe**”, “**plans**”, “**intends**”, “**potential**” and similar expressions are intended to identify forward-looking statements or information. More particularly and without limitation, this MD&A contains forward-looking statements and information concerning: statements with respect to future prospects for Company products, including Clozaril[®], CSAN[®] Pronto[®], MyCare[™] Insite[™], MyCare[™] Psychiatry[™] and Vascepa[®], and royalty interests; statements with respect to HLS’s pursuit of additional product and pipeline opportunities in certain therapeutic markets; and HLS’s anticipated cash needs and its need for additional financing.

The forward-looking statements and information included in this MD&A are based on certain key expectations and assumptions made by HLS and although HLS believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because HLS can give no assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Factors and risks which could cause actual results or events to differ materially from those expressed in its forward-looking statements are discussed below and in HLS’s materials filed with the Canadian securities regulatory authorities from time to time, including, without limitation, the Company’s Annual Information Form dated March 13, 2024, which has been filed on SEDAR+ and can be accessed at www.sedarplus.ca.

The forward-looking statements and information contained in this MD&A are made as of the date hereof and HLS undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

CAUTIONARY NOTE REGARDING NON-IFRS MEASURES

This MD&A refers to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of HLS's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of HLS's financial information reported under IFRS. HLS uses non-IFRS measures to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. HLS also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. HLS's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess HLS's ability to meet its future debt service, capital expenditure and working capital requirements.

In particular, management uses Adjusted EBITDA as a measure of the Company's performance. To reconcile net loss for the year with Adjusted EBITDA, each of (i) "stock-based compensation", (ii) "amortization and depreciation", (iii) "finance and related costs, net", (iv) "other costs (income)", and (v) "income tax expense (recovery)" appearing in the Selected Consolidated Financial Information presented below are added to net loss for the period to determine Adjusted EBITDA. Adjusted EBITDA does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Adjusted EBITDA should not be considered in isolation or as a substitute for net income (loss) prepared in accordance with IFRS as issued by the IASB.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net loss for the period	(4,844)	(6,901)	(16,632)	(22,130)
Stock-based compensation	511	(19)	1,194	63
Amortization and depreciation	5,508	8,207	17,283	24,892
Finance and related costs, net	2,389	4,223	7,998	9,128
Other costs (income)	621	42	(2,740)	4,106
Income tax expense (recovery)	(59)	(424)	3,988	(347)
Adjusted EBITDA	4,126	5,128	11,091	15,712

OVERVIEW

HLS is a Canadian-based North American specialty pharmaceutical company focused on addressing unmet needs in the treatment of psychiatric disorders and cardiovascular disease. The following is a discussion of the Company's products.

Clozaril and CSAN Pronto

HLS's lead product is Clozaril (an atypical antipsychotic indicated in the management of symptoms of treatment-resistant schizophrenia) for the Canadian and U.S. markets. Clozaril continues to lead the market for treatment-resistant schizophrenia in Canada, with a large part of this leadership attributed to the superior service and support provided by the dedicated resources of the Clozaril Support and Assistance Network ("CSAN"). The Company continues to improve and enhance the CSAN service. On October 17, 2019, the Company announced that Health Canada granted a medical device license to the

Athelas One capillary point-of-care medical device, that is being commercialized in Canada as CSAN Pronto. This system was designed to enhance and simplify the mandatory safety blood monitoring process for patients that are prescribed Clozaril. HLS has the exclusive Canadian rights to the device in the field of schizophrenia.

Vascepa

In 2017, the Company entered into a license agreement with Amarin Corporation plc (“Amarin”) to register, commercialize and distribute Vascepa (icosapent ethyl) capsules in Canada. Since then, several milestones have been achieved:

- In 2018, Amarin announced that its REDUCE-IT™ Cardiovascular Outcomes Study of Vascepa capsules met its primary endpoint, demonstrating an approximately 25% relative risk reduction, to a high degree of statistical significance ($p < 0.001$), in the primary endpoint composite of the first occurrence of major adverse CV events (“MACE”), including CV death, nonfatal myocardial infarction, nonfatal stroke, coronary revascularization, or unstable angina requiring hospitalization. Following release of these results, the Company paid Amarin a \$2.5 million milestone payment in 2018.
- Also, in 2018, Amarin presented more granular results of the REDUCE-IT Cardiovascular Outcomes Study in which Vascepa, taken as an add-on to a statin in a population presenting a residual cardiovascular risk, demonstrated a 20% reduction in cardiovascular death, a 31% reduction in heart attacks and a 28% reduction in strokes among other results when compared to a placebo add-on to a statin.
- On March 29, 2019, the Company announced that Health Canada had granted priority review status for Vascepa. This priority approval process could reduce the time to approval for Vascepa by more than four months in recognition of the potential that Vascepa could address a serious, life-threatening condition for which there is no other treatment in market and that there is substantial evidence of the clinical effectiveness of the treatment.
- On December 30, 2019, Health Canada approved Vascepa in Canada to reduce the risk of cardiovascular events (cardiovascular death, non-fatal myocardial infarction, non-fatal stroke, coronary revascularization, or hospitalization for unstable angina) in statin-treated patients with elevated triglycerides who are at high risk of cardiovascular disease or diabetes and at least one other cardiovascular risk factor. Following approval by Health Canada, the Company paid Amarin a \$2.5 million milestone payment in 2019.
- On January 6, 2020, the Company learned that Vascepa was added to Health Canada’s Register of Innovative Drugs and as a result it will benefit from data protection for a period of eight years, in addition to any other intellectual property rights. Following confirmation of data protection, the Company paid Amarin a \$3.75 million milestone payment in the first quarter of 2020. In addition, the Company has rights in a growing number of patents and patent applications related to Vascepa. Of the many patents issued, 12 are currently listed on Health Canada’s Patent Register, the last of which expires in 2039.
- The Company started commercial distribution of Vascepa in Canada in February 2020, ensuring that Vascepa was broadly available to all Canadian pharmacies through their usual pharmaceutical wholesalers within two weeks.
- On July 20, 2020, the Company announced that the Canadian Agency for Drugs and Technologies in Health (“CADTH”) had recommended that Vascepa be reimbursed by participating public drug

plans for statin-treated patients with established cardiovascular disease and elevated triglycerides. The Company further announced that the Patented Medicines Pricing Review Board (“PMPRB”) had also notified the Company that, further to its review, the initial price submitted by the Company for Vascepa did not trigger the investigation criteria for excessive pricing.

- On August 31, 2020, the Company announced that the results from the EVAPORATE Trial (Effect of Icosapent Ethyl on Progression of Coronary Atherosclerosis in Patients with Elevated Triglycerides on Statin Therapy) were presented at the European Society of Cardiology. In this trial, Vascepa demonstrated a 17% regression of low attenuation plaque volume over eighteen months when compared to placebo.
- On March 29, 2021, the Company announced that the Canadian Cardiovascular Society included icosapent ethyl (Vascepa) in its 2021 Canadian Cardiovascular Society Guidelines for the Management of Dyslipidemia for the Prevention of Cardiovascular Disease in the Adult, published in the Canadian Journal of Cardiology. The icosapent ethyl recommendation was classified as “Strong Recommendation; High-Quality Evidence” and was supported by the results of the REDUCE-IT cardiovascular outcomes study. Vascepa is now included in the treatment guidelines or otherwise recommended for use by 16 medical associations worldwide, including American Diabetes Association; American Heart Association; National Lipid Association; American Association of Clinical Endocrinologists; American College of Endocrinology; Endocrine Society; European Society of Cardiology; European Atherosclerosis Society; Chinese Society of Cardiology; Japan Circulation Society; Brazilian Society of Cardiology, Thrombosis Canada and the Canadian Stroke Best Practices.
- On August 16, 2021, the Company announced a promotional services agreement with Pfizer Inc. (“Pfizer”) for the expansion of Vascepa promotion in Canada. Under the terms of the agreement, Pfizer deployed a team across Canada to support education about Vascepa with primary care physician groups, which started in late September 2021. In October 2023, the promotional services agreement was amended to increase productivity of efforts with primary care prescribers with the highest potential and to realize cost efficiencies starting in 2024. The Company retains responsibility for Vascepa’s commercialization in Canada and the Company’s cardiovascular field personnel remain primarily focused on the specialist physician audience.
- On April 26, 2022, the Company announced completion of a Letter of Intent with the pan-Canadian Pharmaceutical Alliance for the confidential terms and conditions for reimbursement for Vascepa by all Canadian provincial, territorial and federal government drug plans.
- Subsequent to the completion of the Letter of Intent, there have been a series of public listing announcements.
 - On May 24, 2022, the Company announced that it had obtained public reimbursement for Vascepa in Quebec.
 - In June 2022, New Brunswick became the first Atlantic province with a public drug plan that reimburse Vascepa.
 - On July 25, 2022, the Company announced that Vascepa was reimbursed by Ontario’s Provincial Drug Plan effective July 21, 2022.
 - On August 2, 2022, the Company announced that the Saskatchewan Drug Plan became the first Western Canadian provincial drug plan to reimburse Vascepa.

- On February 6, 2024, the Company announced that it had entered into a product listing agreement with the province of British Columbia for the listing and public reimbursement of Vascepa.
- On July 29, 2024, the Company announced that it had entered into a product listing agreement with the province of Alberta for the listing and public reimbursement of Vascepa.
- To date, Vascepa is now reimbursed by public drug plans covering more than 90% of publicly insured Canadians. Vascepa is also covered for more than 95% of privately insured Canadians for the full in-label indication.
- On May 1, 2024, the Company provided Pfizer with a notice of termination of the existing promotional services agreement between the two companies. The Company worked with Pfizer to coordinate an orderly wind down and transition back to HLS of all activities related to our Vascepa primary care strategy, and Pfizer completed its promotional activities on August 31, 2024.

MyCare and MyCare Insite

On June 1, 2020, the Company entered into an agreement to distribute the MyCare Psychiatry Lab Assays and MyCare Insite point of care Therapeutic Drug-level Monitoring (“TDM”) tests in Canada.

On December 16, 2020, the Company announced that Health Canada approved the MyCare Psychiatry Lab Assay therapeutic drug-level monitoring tests in patients taking any of the six most common antipsychotic drugs. On July 21, 2021, Health Canada approved the MyCare Insite point of care therapeutic drug monitoring system for use with clozapine patients. The TDM technology is being introduced first in the medical laboratory environment and the benefits are being disseminated to clinicians in parallel.

Royalties

On September 30, 2020, the Company acquired certain entities that hold the rights to a diversified portfolio of royalty interests on global sales of four different products. By the end of fiscal 2023, two of the acquired royalties had reached the end of their useful lives.

On June 28, 2024, the Company announced that it had completed a sale of its royalty interest and milestone payment obligations in the global sales of olipudase alfa (marketed as Xenpozyme®).

The Company’s remaining royalty right consists of an interest in OBIZUR.

Corporate development

HLS intends to pursue additional product and pipeline opportunities in the central nervous system and cardiovascular therapeutic markets, and potentially in other therapeutic areas, through targeted business development efforts.

KEY PERFORMANCE INDICATORS

HLS measures the success of its strategies using several key performance indicators. These include Revenue, and Adjusted EBITDA, as described above. HLS believes these are important measures as they allow the company to evaluate its operating performance and identify financial and business trends relating to its financial condition and results of operations.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue	14,085	16,037	41,077	47,211
Expenses				
Cost of product sales	2,235	1,870	6,312	5,091
Selling and marketing	4,208	5,048	13,295	15,180
Medical, regulatory and patient support	1,439	1,675	4,124	4,188
General and administrative	2,077	2,316	6,255	7,040
Adjusted EBITDA ⁽¹⁾	4,126	5,128	11,091	15,712
Stock-based compensation	511	(19)	1,194	63
Amortization and depreciation	5,508	8,207	17,283	24,892
Finance and related costs, net	2,389	4,223	7,998	9,128
Other costs (income)	621	42	(2,740)	4,106
Loss before income taxes	(4,903)	(7,325)	(12,644)	(22,477)
Income tax expense (recovery)	(59)	(424)	3,988	(347)
Net loss for the period	(4,844)	(6,901)	(16,632)	(22,130)
Net loss per share:				
Basic and diluted	\$(0.15)	\$(0.21)	\$(0.52)	\$(0.68)

	As at September 30, 2024	As at December 31, 2023
Cash	17,540	21,952
Total assets	171,740	209,060
Total long-term debt and other liabilities	64,543	84,233
Total shareholders' equity	79,329	97,697

⁽¹⁾ See "Cautionary Note Regarding Non-IFRS Measures" section of this MD&A.

RESULTS OF OPERATIONS

The following section provides management's analysis of operating results, including key performance indicators.

Revenue

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Product sales				
Canada	11,087	10,153	30,878	28,755
United States	2,803	3,289	8,907	9,680
	13,890	13,442	39,785	38,435
Royalty revenue	195	2,595	1,292	8,776
	14,085	16,037	41,077	47,211

Revenue for the three and nine months ended September 30, 2024, decreased 12% and 13%, respectively, due to lower royalty revenues and was offset, in part, by growth of the Company's marketed products. Revenue for the Company's marketed products (Vascepa, and Clozaril) for the three and nine months ended September 30, 2024, increased 3% and 4%, respectively, from the prior year periods.

Product sales – Canada

000's of CAD	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% change	2024	2023	% change
Clozaril	9,013	8,946	0.7%	26,009	26,029	(0.1)%
Vascepa	6,077	4,665	30.3%	15,955	12,661	26.0%
Other	27	16		54	16	
	15,117	13,627	10.9%	42,018	38,706	8.6%

Canadian product sales of Vascepa and Clozaril in the third quarter of fiscal 2024 increased 11% in local currency, compared to the prior year, driven primarily by the 30% growth of Vascepa. For the nine months ended September 30, 2024, Canadian product sales of Vascepa and Clozaril increased 9% in local currency, compared to the same period in fiscal 2023.

Clozaril in Canada is supported by a comprehensive network of HLS employees including the Clozaril Support and Assistance Network ("CSAN"), that continue to maintain Clozaril as the market-leading therapeutic for treatment-resistant schizophrenia with a growing number of patients and a market share that has grown through the pandemic and despite the negative impact of Quebec's Bill 92 on our ability to attract new Clozaril patients in Quebec.

Product sales – United States

In the U.S. market, Clozaril revenue for the three and nine months ended September 30, 2024, decreased 15% and 8%, respectively, compared to fiscal 2023. Results have been impacted by wholesaler purchasing patterns including a high level of wholesaler inventory at the start of the year and a key customer wholesaler transition that took place during the third quarter of fiscal 2024.

Royalty revenues

Royalty revenues for the three and nine months ended September 30, 2024, were down 92% and 85%, respectively, compared to the prior year periods. The term for the largest royalty in the portfolio came to an end midway through the fourth quarter of fiscal 2023, while in the second quarter of fiscal 2024 the Company completed a sale of its Xenpозyme royalty interest. The Company has one remaining royalty interest which generated \$0.2 million in revenue in the third quarter of fiscal 2024.

Operating expenses

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cost of product sales	2,235	1,870	6,312	5,091
Selling and marketing	4,208	5,048	13,295	15,180
Medical, regulatory and patient support	1,439	1,675	4,124	4,188
General and administrative	2,077	2,316	6,255	7,040
	9,959	10,909	29,986	31,499

The increase in cost of product sales in the current year's quarter and year-to-date as compared to the prior year was driven by the growth in Vascepa sales volumes.

Excluding cost of product sales, operational expenses for the three and nine months ended September 30, 2024, decreased 15% and 10%, respectively, compared to the prior year periods. This was due to the Company's focus on cost management while continuing to support the growth potential of its marketed products. Notably, selling and marketing expenses were lower in the third quarter of fiscal 2024 in large part due to the discontinuation of co-promotional activities by its marketing partner at the end of August 2024.

Adjusted EBITDA ⁽¹⁾

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Adjusted EBITDA ⁽¹⁾	4,126	5,128	11,091	15,712

⁽¹⁾ See "Cautionary Note Regarding Non-IFRS Measures" section of this MD&A.

Adjusted EBITDA for the three and nine months ended September 30, 2024, decreased due to the decline in royalty revenue and was offset in part by growth in the Company's marketed products. Excluding royalty revenue, Adjusted EBITDA for the three and nine months ended September 30, 2024, would have been \$3.9 million and \$9.8 million, respectively, compared to \$2.5 million and \$6.9 million in the prior year periods, representing increases of 55% and 41%.

For the third quarter of fiscal 2024, the direct brand contribution from Clozaril to Adjusted EBITDA was \$6.8 million, while the direct brand contribution from Vascepa to Adjusted EBITDA was a loss of \$0.6 million. For the fiscal 2024 year-to-date period, the direct brand contribution from Clozaril to Adjusted EBITDA was \$20.4 million, while the direct brand contribution from Vascepa to Adjusted EBITDA was a loss of \$3.8 million.

Stock-based compensation

Stock-based compensation relates to the Company's Stock Option Plan, Performance Share Unit plan, and Deferred Share Unit plan.

Amortization and depreciation

Amortization and depreciation is primarily related to the intangible assets acquired in various transactions since fiscal 2015. The decrease in fiscal 2024 from fiscal 2023 is due to intangible assets related to certain royalty rights becoming fully amortized in late fiscal 2023.

Finance and related costs, net

Finance and related costs consist primarily of interest on borrowings under the credit agreement, accreted interest related to debt issuance costs, and fair value adjustments related to financial instruments. Higher effective interest rates in fiscal 2024 have resulted in a higher interest expense on borrowings under the credit agreement relative to fiscal 2023.

Other costs (income)

In fiscal 2024, the Company recorded a gain of \$3.4 million on the sale of royalty rights and costs of \$0.6 million associated with exiting its Vascepa co-promotional agreement. The prior year includes reorganization costs of \$1.5 million and an impairment charge of \$2.4 million.

Income tax

In the second quarter of fiscal 2024, the Government of Barbados passed tax measures to increase the Barbados corporate tax rate to 9% effective January 1, 2024, resulting in an increase to the Company's deferred tax liability associated with intangible assets in Barbados.

OUTLOOK FOR FISCAL 2024 and 2025

The Company has lowered its consolidated revenue guidance for fiscal 2024 to \$56.5-\$57.2 million from the previous range of \$58.5-\$59.7 million.

The Company has raised the low end of its Adjusted EBITDA guidance for fiscal 2024 to \$16.0-\$16.7 million from the previous range of \$15.5-\$16.7 million. The Company still expects that Vascepa will make a positive contribution to Adjusted EBITDA starting in the fourth quarter of this year.

The Company's preliminary outlook for fiscal 2025 is that revenue growth from promoted products will be in the high single-digit range while consolidated Adjusted EBITDA growth will be in the mid-20s percentage range.

LIQUIDITY AND CAPITAL RESOURCES

Capital Structure

The Company's strategy is to acquire rights to late stage, post-clinical and commercial stage branded pharmaceutical products for the North American market. This includes acquisition or in-licensing of soon-to-be-fileable or promotional stage branded pharmaceutical products in selected therapeutic areas and the acquisition of select established pharmaceutical products or royalty interests that meet certain financial criteria. This may occur through direct rights acquisitions or through the acquisition of specialty pharmaceutical companies. To execute this strategy, the Company may need to access the additional capacity under its senior secured term loan facility or seek other sources of financing.

Credit agreement

The Company has a credit agreement with a syndicate of bank lenders led JPMorgan Chase Bank, N.A. The maturity date of the credit agreement is August 11, 2026. The credit agreement comprises a senior secured term loan, a revolver facility and an expansion facility.

The principal amount of the senior secured term loan outstanding as at September 30, 2024 was \$70.0 million of which \$4.3 million is classified as current.

The amount available under the undrawn revolver facility is \$17.5 million, while an expansion facility of up to \$70.0 million is available under certain conditions to support acquisitions and other growth opportunities.

Interest on borrowing under the credit agreement accrues at a rate per month equal to the sum of the Adjusted Secured Overnight Financing Rate ("SOFR") plus a range of 2.75% to 5.00% depending on the leverage ratio of the Company at the time.

The Company may be required to make additional payments from surplus cash flows or the Company could choose to repay some or all of the amount outstanding at any time during the term.

Under the terms of the credit agreement, the lenders have security over substantially all of the assets of the Company.

Under the terms of the credit agreement, the Company is required to comply with financial covenants related to the maintenance of liquidity, operational results and coverage ratios. During the second quarter of fiscal 2024, the Company completed an amendment to the credit agreement. This amendment included revised financial covenants that provide operating flexibility during the next twelve months. As at September 30, 2024, the Company was in compliance with the financial covenants.

The terms of the credit agreement permit the Company, under certain conditions, to return capital to shareholders through dividends and share repurchases, however as a result of the amendments noted above these activities are restricted in the near term.

Return of Capital

During the first two quarters of fiscal 2024, the Company purchased for cancellation 186,907 common shares at an average price of C\$4.36 per common share for total consideration of \$0.6 million.

As a result of amendments to covenants under the credit agreement noted above, the Company has temporarily suspended purchases under its Normal Course Issuer Bid.

Cash flow

Cash flow from operating activities was \$4.8 million for the first three quarters of fiscal 2024 compared with \$12.1 million for the first quarter of fiscal 2023, reflecting lower royalty revenues and higher interest expense.

Investing activities in the first three quarters of fiscal 2024 consist of the proceeds of \$13.3 million from the sale of royalty rights and a payment of \$1.5 million related to deferred purchase consideration.

Financing activities in both the current and prior year includes the return of capital to shareholders through share buybacks, and quarterly repayments of borrowings under the credit agreement. In particular, in the third quarter of fiscal 2024 the Company used the proceeds of the sale of royalty rights to pay down debt. The prior year also includes dividends.

Financial position

As at September 30, 2024, the Company had cash of \$17.5 million and positive working capital. The Company believes that its cash balances and cash flow from operations will be sufficient to fund its operating activities for the ensuing twelve-month period. In addition, the undrawn portion of the revolving facility is available to the Company if needed.

Working capital items such as accounts receivable, inventory, accounts payable, accrued liabilities and provisions experienced fluctuations quarter-over-quarter related to seasonality and timing during fiscal 2024. However, these fluctuations were within normal ranges.

COMMITMENTS AND CONTINGENCIES

There have been no material changes in the commitments undertaken or contingencies faced by the Company since the year ended December 31, 2023, except as follows:

As a result of the sale of royalty rights noted above, the Company no longer has contingent obligations of up to \$18,500 for commercial performance milestones.

The Company's promotional services agreement with Pfizer Inc. was terminated in the second quarter of fiscal 2024, with a wind-down period that ended in the third quarter of fiscal 2024.

OFF-BALANCE SHEET ARRANGEMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

The Company has used interest rate swaps and foreign currency forward contracts to manage exposure to fluctuations in interest rates and the value between the Canadian dollar and the United States dollar. As at September 30, 2024, the fair value of outstanding derivative financial instruments is an asset of \$3, which is recognized on the balance sheet.

The Company has not entered into any off-balance sheet arrangements.

SELECTED QUARTERLY INFORMATION

	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Product sales				
Canada	10,464	9,154	10,637	11,087
United States	3,835	2,642	3,462	2,803
	14,299	11,796	14,099	13,890
Royalty revenue	1,564	677	420	195
Revenues	15,863	12,473	14,519	14,085
Adjusted EBITDA ⁽¹⁾	5,340	2,707	4,258	4,126
Net loss	(5,401)	(6,106)	(5,682)	(4,844)
	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Product sales				
Canada	9,442	8,811	9,791	10,153
United States	3,991	3,212	3,179	3,289
	13,433	12,023	12,970	13,442
Royalty revenue	2,242	2,734	3,447	2,595
Revenues	15,675	14,757	16,417	16,037
Adjusted EBITDA ⁽¹⁾	5,337	5,079	5,505	5,128
Net income (loss)	(6,429)	(5,792)	(9,437)	(6,901)

⁽¹⁾ See “Cautionary Note Regarding Non-IFRS Measures” section of this MD&A.

In the second quarter of fiscal 2024, the Company recorded a gain of \$3.4 million related to the sale of royalty rights and a deferred tax expense of \$3.1 million related to a change in the Barbados corporate tax rate.

In the fourth quarter of fiscal 2023, the Company recorded an impairment charge of \$1.5 million and reorganization costs of \$0.6 million.

In the third quarter of fiscal 2023, the Company recorded a fair value charge of \$1.8 million related to contingent consideration.

In the second quarter of fiscal 2023, the Company recorded an impairment charge of \$2.4 million and reorganization costs of \$1.5 million.

OUTSTANDING SHARE DATA

As at November 6, 2024, the Company had: 31,793,047 common shares outstanding and 3,603,226 stock options outstanding (resulting in a maximum issuance of 3,603,226 common shares).

RISK MANAGEMENT

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, including through the use of financial instruments where appropriate. Further discussion of the management of such risks is included in note 14 to the audited consolidated financial statements for the year ended December 31, 2023.

For a discussion of the additional risks and uncertainties facing the Company, please see the Company's Annual Information Form ("AIF") dated March 13, 2024 filed on SEDAR+.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

A description of the Company's material accounting policies is included in note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2023 and are unchanged as of the date of this MD&A, except that effective January 1, 2024 the Company adopted the Amendments to IAS 1, *Presentation of Financial Statements*. There was no impact to the presentation of the financial statements for the three and nine months ended September 30, 2024.

The preparation of the Company's consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. A description of the Company's significant estimates, judgments and assumptions is included in note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2023 and are unchanged as of the date of this MD&A, except as follows:

In its financial statements for the three months ended March 31, 2024, the Company noted that it had made the assumption that it would be able to mitigate any potential future breach in its covenants under its credit agreement. In the second quarter of fiscal 2024, the Company completed an amendment to its credit agreement to provide operating flexibility during the next twelve months.

CONTROLS AND PROCEDURES

Disclosure controls and procedures

Disclosure controls and procedures

The Company's management is responsible for establishing and maintaining disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") and have designed such disclosure controls and procedures to provide reasonable assurance that material information with respect to the Company is made known to them and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal controls over financial reporting

The Company's management is responsible for establishing and maintaining internal controls over financial reporting ("ICFR"), as defined in NI 52-109 and have designed such ICFR to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with IFRS.

The control framework the Company's management used to design the Company's ICFR is set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

There have been no changes in the Company's ICFR during the three months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Annual Information Form, can be found on SEDAR+ at www.sedarplus.ca.