HLS THERAPEUTICS INC.

ANNUAL INFORMATION FORM

March 11, 2026

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MEANING OF CERTAIN REFERENCES

HLS Therapeutics Inc. ("**HLS**" or the "**Company**") presents its consolidated financial statements in United States dollars. In this Annual Information Form, all references to "**US$**" are to United States dollars and all references to "**C$**" are to Canadian dollars. The information contained in this Annual Information Form is provided as at December 31, 2025 unless otherwise indicated. Certain terms used in this Annual Information Form are defined under "Glossary".

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking information within the meaning of applicable securities laws. In some cases, forward-looking statements may be identified by words such as "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "potential" and similar expressions. Forward-looking statements provide information about management's current expectations and plans and allow investors and others to get a better understanding of the anticipated financial position, results of operations and operating environment of HLS. Readers are cautioned that such information may not be appropriate for other purposes. Forward-looking information is based on the reasonable assumptions, estimates, analyses, beliefs and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. More particularly and without limitation, this Annual Information Form contains forward-looking statements concerning: industry trends, overall market growth rates and the Company's growth rates; expectations regarding revenue, expenses and operations; measures of the Company's operating performance and financial condition; the Company's business plans and strategies, including acquisition opportunities; intentions with respect to, and the ability to execute, the Company's growth strategies; future sales of the Company's products; future regulatory approval and sales of drugs and devices; securing additional licenses from third parties and the entry into license agreements for future product acquisitions; assessments of suppliers' manufacturing capacity and downstream supply of raw materials; relationships with pharmaceutical and device licensors; relationships with employees; the Company's competitive position in the industry; anticipated trends and challenges in the Company's business and the markets in which it operates; protection of the Company's intellectual property rights; the effects of any non-compliance with government regulations; the exercise of certain shareholder rights; statements with respect to future prospects for Company products, including Vascepa®, Clozaril®, Nilemdo™, Nexlizet® and the MyCare Products (as defined below); the future prospects for the products still remaining in the Royalty Portfolio (as defined below); HLS's pursuit of additional product and pipeline opportunities in certain therapeutic markets; future milestone payments; the purchase of Common Shares (as defined below) pursuant to the Company's normal course issuer bid; the promotion of HLS's approved and marketed products; HLS's anticipated cash needs and its need for additional financing; amendments to any laws, rules or regulations, and the impact and timing thereof, including with respect to approval, pricing or reimbursement of drug products; and other statements that are not historical facts.

By its very nature, forward-looking information requires management to make assumptions and is subject to inherent risks and uncertainties, which give rise to the possibility that management's assumptions, estimates, analyses, beliefs and opinions may not be correct and that HLS's expectations and plans will not be achieved. The forward-looking information contained in this Annual Information Form reflects assumptions regarding, but not limited to: revenue growth and operating efficiencies; customer demand for HLS's products; ongoing patent protection; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; trends in the pharmaceutical industry; there being no significant changes in regulatory, tax and healthcare laws and regulations; the absence of a material change in competition; and there being generally stable economic and financial conditions in Canada, the United States and globally. Although HLS believes that the forward-looking information in this Annual Information Form is based on information, assumptions and beliefs that are current, reasonable and complete, this information is necessarily subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information. Some of the factors, many of which are beyond HLS's control and the effects of which can be difficult to predict, but may cause actual results to differ from the results expressed by forward-looking information, include: HLS's dependence on revenue from sales of a limited number of products; HLS's reliance on third parties for the manufacture and supply of products; HLS's dependence on third parties for the manufacturing, supply and distribution of the products remaining in the Royalty Portfolio; natural disasters and other crises; risks associated with attracting and retaining key managerial personnel; risks and uncertainties related to HLS's acquisition growth strategy; risks and uncertainties related to HLS's ability to obtain or maintain regulatory approvals; risks related to changes in regulatory, tax and healthcare laws and regulations; and risks related to foreign exchange and market rate fluctuations.

This is not an exhaustive list of the factors that may affect the forward-looking information in this Annual Information Form. Investors and others should carefully consider these and other risk factors and not place undue reliance on the forward-looking information and statements. Further information regarding these and other factors are discussed in this Annual

Information Form under the heading "*Risk Factors*" and also in HLS's materials filed with the Canadian securities regulatory authorities from time to time, including, without limitation, HLS's Management's Discussion and Analysis ("**MD&A**") for the year ended December 31, 2025.

The forward-looking statements and information contained in this Annual Information Form 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.

THE COMPANY

Incorporation and Office Address

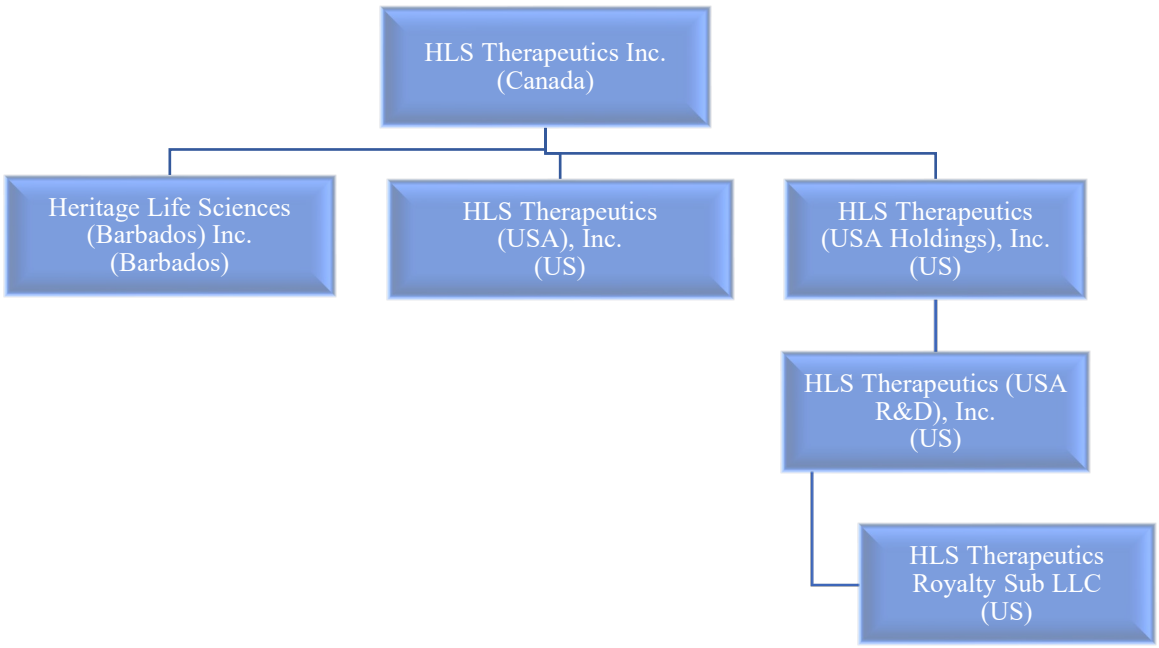
The Company was formed on March 12, 2018 by the amalgamation of HLS Therapeutics Inc. ("**Former HLS**") and Automodular Corporation ("**AMD**") by way of a plan of arrangement (the "**Arrangement**") pursuant to Section 183 of the *Business Corporations Act* (Ontario) (the "**OBCA**"). The Arrangement constituted a reverse take-over of AMD by Former HLS under the policies of the TSX Venture Exchange (the "**TSXV**"). Former HLS was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") on June 5, 2014 under the name "Heritage Life Sciences Inc." and changed its name to "HLS Therapeutics Inc." on December 18, 2014. On March 8, 2018, prior to the consummation of the Arrangement, Former HLS continued from the BCBCA to the OBCA.

In this Annual Information Form, the terms "Company" and "HLS" each refer to HLS Therapeutics Inc. and/or to Former HLS, as the context requires.

The head and registered office of the Company is located at 10 Carlson Court, Suite 701, Etobicoke, Ontario M9W 6L2.

Intercorporate Relationships

The following diagram illustrates the Company's intercorporate relationships, including the Company's subsidiaries that account, individually, for more than 10% of HLS's consolidated assets or revenues, or together, for more than 20% of HLS's consolidated assets or revenues. All subsidiaries are wholly-owned, directly or indirectly, by HLS.



BUSINESS OF THE COMPANY

General Development of the Business

A description of significant events or conditions that have influenced the general development of the business over the last three completed financial years is set out below.

Initial Capital Raise, Going-Public Transaction and Acquisition of Foundational Products

In 2015, HLS completed a US$200 million private placement financing of equity and a US$185 million debt financing to various investors in North America and overseas for total gross proceeds of US$385 million. HLS used a portion of the net proceeds of these financings to acquire the United States and Canadian rights to manufacture, market and sell Clozaril (the "**Clozaril Acquisition**") from Novartis for an aggregate cash purchase price of US$305 million. For a description of Clozaril, see "*– Narrative Description of HLS's Business – Products and Programs*".

On September 25, 2017, HLS entered into an exclusive agreement with Amarin Pharmaceuticals Ireland Limited and Amarin Pharma, Inc. (collectively "**Amarin**") for HLS to register, distribute and commercialize Vascepa (icosapent ethyl capsules) in Canada (the "**Vascepa Agreement**"). For a description of Vascepa, see "*– Narrative Description of HLS's Business – Products and Programs*".

On December 21, 2017, HLS and AMD entered into an arrangement agreement in respect of the Arrangement pursuant to which, among other things, HLS and AMD agreed to amalgamate and to continue as a company to be known as "HLS Therapeutics Inc."

The Arrangement, which constituted a reverse take-over of AMD by HLS under the policies of the TSXV, was consummated on March 12, 2018. On March 14, 2018, the Common Shares commenced trading on the TSXV under the symbol "HLS" and the AMD Shares were delisted from the TSXV. Upon completion of the Arrangement, Former HLS Shareholders held approximately 92% of the outstanding Common Shares, and former AMD Shareholders held approximately 8% of the outstanding Common Shares.

On February 7, 2019, HLS completed its graduation to the TSX and the Common Shares began trading on the TSX under the symbol "HLS". In connection with HLS's graduation to the TSX, the Common Shares were voluntarily delisted from the TSXV.

Year Ended December 31, 2023

Updates to Prior Credit Agreement

On September 29, 2022, the Company entered into a term loan agreement (the "**Prior Credit Agreement**") with a syndicate of bank lenders co-led by JPMorgan Chase Bank, N.A. and Silicon Valley Bank pursuant to which the lenders provided the Company with a senior secured term loan with a principal amount of US$100.0 million and a US$35.0 million revolving facility. On August 14, 2023, HLS announced an extension to the Prior Credit Agreement, which includes a senior secured term loan, revolver facility and expansion facility (the "**2023 Amended Agreement**") with a syndicate of bank lenders. Under the terms of the 2023 Amended Agreement, the maturity date was extended to August 11, 2026. In addition, total borrowing capacity increased. The remaining debt drawn on the prior revolving facility to fund a $10 million regulatory approval milestone in 2022 was combined with the principal amount remaining on the secured term loan for a new senior secured term loan balance of $93.8 million at the time of closing of the 2023 Amended Agreement. In addition, a new revolving facility of $30.0 million and an expansion facility of up to $70.0 million were put into place, through which the Company could access incremental loans to support growth opportunities. Interest rates under the 2023 Amended Agreement varied in a range of between 2.75% to 4.25% above the Adjusted Secured Overnight Financing Rate, depending on the net leverage of the Company over time.

Year Ended December 31, 2024

Termination of the Pfizer Agreement

On August 13, 2021, HLS had entered into a promotional services agreement (the "**Pfizer Agreement**") with Pfizer Inc. ("**Pfizer**") for the promotion of Vascepa in Canada, under which Pfizer would deploy a team across Canada to support

education about Vascepa with primary care physician groups. On May 1, 2024, HLS provided Pfizer with a notice of termination of the Pfizer Agreement for the promotion of Vascepa in Canada. On August 31, 2024, HLS and Pfizer completed the transition of Vascepa primary care sales responsibilities from Pfizer back to HLS.

Sale of the Xenpozyme Royalty Interest

On June 28, 2024, the Company closed a transaction with DRI Healthcare Trust ("**DRI**"), pursuant to which HLS sold its royalty interest and milestone payment obligations in the global sales of Xenpozyme (olipudase alfa), one of the products in the Royalty Portfolio, to DRI (the "**Xenpozyme Transaction**"). The transaction was valued at up to $45.75 million, which consisted of $13.25 million paid upfront from in cash from DRI to HLS, $14.0 million potentially payable from DRI to HLS in sales-based milestone payments, and DRI's assumption of $18.5 million of potential future milestone payment obligations. HLS recognized revenue from its royalty interest in Xenpozyme through June 30, 2024, and used the upfront proceeds from the sale to reduce the principal outstanding on the Company's term loan under the Amended Agreement.

Changes to Management Team

On September 16, 2024, John Hanna was named full time CFO and Brian Walsh was named Chief Commercial Officer.

Updates to Prior Credit Agreement

On June 27, 2024, HLS completed an additional amendment to the Prior Credit Agreement (the "**2024 Amended Agreement**"). Under the terms of the 2024 Amended Agreement, the revolving facility was reduced to $17.5 million. The range of interest rates under the 2024 Amended Agreement were modified to between 2.75% to 5.00% above the Adjusted Secured Overnight Financing Rate, depending on the net leverage of the Company over time. Existing provisions for restricted payments (such as share buybacks) and permitted qcquisitions (like business development initiatives) were modified to limit those payments until Q1 2025 financial statements are delivered to the syndicate (or sooner if certain financial ratios are met).

Year Ended December 31, 2025

New Credit Agreement

On August 19, 2025, HLS entered into a new credit agreement (the "**HLS Credit Agreement**") with a syndicate of lenders led by National Bank of Canada, replacing the Prior Credit Agreement. The HLS Credit Agreement provides for total facilities of CAD $107.0 million, consisting of a CAD $79.0 million senior secured term loan, a CAD $14.0 million delayed draw facility, and a CAD $14.0 million revolving credit facility, with an additional CAD $40.0 million uncommitted accordion feature.

Under the terms of the HLS Credit Agreement, the maturity date was extended to August 19, 2029, and interest rates were modified to a range of 2.25% to 3.50% above the Canadian Overnight Repo Rate Average (CORRA), varying based on the Company's net leverage ratio. The HLS Credit Agreement also made a transition to a Canadian dollar-denominated debt, and was designed to reduce foreign exchange exposure and provide enhanced financial flexibility for capital allocation priorities, including portfolio expansion and the Company's ongoing share buyback program.

In-Licensing of Nilemdo™ and Nexlizet®

On May 8, 2025, HLS entered into an exclusive license and collaboration agreement with Esperion Therapeutics, Inc. for the exclusive rights to commercialize the bempedoic acid-based products Nilemdo® (bempedoic acid) and Nexlizet® (bempedoic acid and ezetimibe) in Canada (the "**Esperion Agreement**"). Under the terms of the Esperion Agreement, HLS paid an upfront fee of $1.0 million (USD) and is responsible for obtaining Health Canada approval of the products, as well as the commercialization, reimbursement, and marketing of the products.

HLS may be required to pay additional near-term milestones of up to $9.0 million (USD), tied to the achievement of specific regulatory, pricing, and commercial sales objectives, of which milestone payments totaling US$1 million have been made as of March 10, 2026. Additionally, the Company is obligated to pay tiered double-digit royalties on net product sales in Canada. For a description of Nilemdo and Nexlizet, see "*– Narrative Description of HLS's Business – Products and Programs*".

Approval of Nilemdo and Notice of Non-Compliance for Nexlizet

On November 14, 2025, the Company received Health Canada approval for Nilemdo for use as an adjunct to diet and statin therapy, or as monotherapy in patients unable to tolerate statins, for the reduction of LDL-cholesterol and the prevention of cardiovascular events in adults with established or at high risk for atherosclerotic cardiovascular disease. The Company made Nilemdo product available beginning in March 2026, and plans to undertake a full commercial launch in April 2026.

On November 14, 2025, the Company also received a Notice of Non-Compliance ("NON") for Nexlizet, for which the Company is currently preparing a response to address outstanding regulatory requirements. HLS expects to address all outstanding regulatory requirements by the fourth quarter of 2026, and undertake a commercial launch in 2027. For a description of Nilemdo and Nexlizet, see "*– Narrative Description of HLS's Business – Products and Programs*".

Narrative Description of HLS's Business

Overview

HLS is a Canada-based North America-focused specialty pharmaceutical company focused on commercializing clinically differentiated pharmaceutical products in the specialty CNS and CV markets. HLS's current product portfolio includes Clozaril (a specialty CNS therapeutic) for the Canadian and U.S. markets, and Vascepa (CV therapeutic) for the Canadian market. HLS acquired the Canadian market rights to Nilemdo and Nexlizet (CV therapeutics) in May of 2025 and are in the process of obtaining required approvals and commercializing the two products. The HLS product portfolio also includes the MyCare Products (a line of Point-of-Care Device and Antipsychotic Reagents) for the Canadian market. HLS also holds a royalty interest in Takeda's Obizur which provides HLS with income based on worldwide sales of the product. HLS intends to pursue additional product and pipeline opportunities in the CNS and CV therapeutic markets, and potentially in other therapeutic areas, through targeted business development efforts. HLS's experienced management team has a long and proven track record of successfully sourcing, developing and commercializing drugs in a variety of therapeutic areas at all stages of their life cycle throughout North America and internationally.

In the financial years ended December 31, 2024 and December 31, 2025, HLS generated revenues of US$56.6 million and US$55.5 million, respectively.

Strategy

HLS's business strategy is to acquire (through acquisitions or in-licensing or similar arrangements) a diversified portfolio of branded pharmaceutical products for commercialization in North American markets. HLS's current strategic focus is on the acquisition and distribution of pharmaceuticals that address unmet medical needs in specialty CNS disorders, such as schizophrenia within psychiatry, epilepsy, Parkinson's disease and movement disorders within neurology, and CV disorders, such as lipid regulation and cardiovascular risk reduction in general. HLS management believes that the Company is well-positioned to focus on these therapeutic areas having regard to HLS management's proven expertise in the management of branded pharmaceuticals in both the CNS and CV areas in North American markets. Although HLS's strategy includes leveraging HLS management's experience in these therapeutic areas, HLS will also consider expanding and diversifying its portfolio by pursuing strategic acquisitions of rights to pharmaceutical products in other therapeutic areas. These activities may also include securing options to the rights to selective late-stage clinical assets for commercialization, primarily in the North American market.

In pursuing its strategic objectives, HLS management will continue to exercise financial discipline to selectively invest in cashflow generating or growth opportunities, both through strategic acquisitions as well as organic growth of existing product lines, in order to expand product portfolios and development pipeline in addition to supporting overall enterprise growth.

In seeking to acquire and grow the sales of branded pharmaceutical products in the specialty CNS and CV markets, HLS believes its strategy has the potential to create significant value while minimizing the costs and risks typically associated with discovery, and early-stage research and development. HLS's focus is on bringing pharmaceutical products to the Canadian and/or U.S. markets, especially if they are already being commercialized and/or have been approved outside of such territory. The agreements that HLS has entered into in respect of Vascepa, Nilemdo, Nexlizet and the MyCare Products are examples of this strategy.

Products and Programs

Clozaril (clozapine tablets) and CSAN Pronto

Clozaril (clozapine tablets) is currently HLS's largest revenue generating product. In Canada, Clozaril is an atypical antipsychotic indicated in the management of symptoms of treatment-resistant schizophrenia. In Canada, Clozaril is a promoted product that is supported by a dedicated sales team and related clinical resources. In the United States, Clozaril is indicated for the management of severely ill patients with schizophrenia who fail to respond adequately to standard drug treatment and for patients with schizophrenia or schizoaffective disorder who are judged to be at chronic risk for re-experiencing suicidal behaviour, based on history and recent clinical state. In the United States, Clozaril is a well-established legacy brand, which is off patent and is not promoted with a sales force.

Net sales for Clozaril in Canada and the United States for the year ended December 31, 2025 were US$24.6 million and US$12.4 million, respectively. Net sales for Clozaril in Canada and the United States for the year ended December 31, 2024 were US$26.1 million and US$12.6 million, respectively.

In Canada, Clozaril is actively promoted by a dedicated sales force and supported with clinical resources and has a leading market share versus generic clozapine offerings. HLS management believes that Clozaril is supported by HLS's best-in-class programs in place to enhance compliance, meet mandatory regulatory measures for patient safety monitoring and maximize treatment outcomes versus competing products. HLS operates a unique healthcare provider/patient portal for Clozaril that exceeds the requirements of Health Canada.

One such approach to its operation of the portal is the in-licensing of HLS's CSAN Pronto device which is designed to streamline blood testing for both patients and healthcare practitioners by enabling patients to have their blood monitoring work done right in their health care provider's office and to receive test results during their visit. CSAN Pronto uses imaging technology and artificial intelligence to quantitatively determine white blood cell and neutrophil counts from a single drop of blood, obtained from a "finger-stick" blood test. Results are communicated in minutes and are securely uploaded to a patient's CSAN profile becoming simultaneously available to the patient's healthcare team. Once test results are recorded in the CSAN registry, and assuming those results are within accessible range, patients can access their medication from their pharmacist. HLS believes that a point-of-care finger-stick blood test has the potential to reduce two important barriers to Clozaril use, which are a patient's non-adherence to blood work and the burden of the blood work regimen on the patient.

In Canada, HLS management expects that it will continue to promote Clozaril by reinforcing the product's therapeutic relevance as an atypical antipsychotic for treatment resistant schizophrenia patients, emphasizing the importance of a comprehensive and integrated safety environment. Central to this strategy is CSAN, which utilizes a dedicated team of clinical coordinators, field-based nurses and corresponding promotional investment, for a total of approximately 17 full time employees, all dedicated to Clozaril to provide essential monitoring and support services for patients and healthcare providers.

The Company's approach is aligned with established safety protocols that prioritize patient stability. Specifically, current practices recognize that for this high-risk and often fragile patient population, maintaining continuity of care is critical. As such, Health Canada stipulates that any transition between different brands of clozapine requires the formal consent of the treating physician and the proactive transfer of the patient to a corresponding manufacturer-specific registry. These measures are designed to ensure that the rigorous hematological monitoring necessary for successful therapy remains uninterrupted, acknowledging that the support systems integrated within CSAN are often a vital component of the patient's stabilized treatment plan as determined by the treating physician.

Protecting the privacy and security of personal information is essential and is fundamental to HLS's values and the way the Company does business. To that end, HLS is subject to and compliant with the Personal Information Protection and Electronic Documents Act in respect to its collection, use and disclosure of personal information.

Specific to patients, their participation in CSAN is subject to a consenting process. Once a decision has been made by a physician to prescribe Clozaril to a patient, the physician must first explain to the patient that their personal information will be collected, used by and shared with HLS, laboratories, other clozapine databases, health care providers (as reasonably needed for the safe utilization of this medication) and Health Canada (in order to maintain the registry and to monitor for potential adverse reactions associated with the medication). Next, the physician must obtain the patient's consent by way of a consent form that explains what personal information is collected, how it is used, and how it is shared in order to administer the program. The Clozaril product monograph also explains to the patient what personal information is collected and how it is used.

Vascepa (icosapent ethyl capsules)

On September 25, 2017, HLS entered into an exclusive agreement with Amarin Pharmaceuticals Ireland Limited and Amarin Pharma, Inc. (collectively "**Amarin**") for HLS to register, distribute and commercialize Vascepa (icosapent ethyl capsules) in Canada (the "**Vascepa Agreement**"). Vascepa (icosapent ethyl capsules) is a single-molecule prescription product that was formally launched by HLS in Canada on February 7, 2020. Vascepa has been approved by Health Canada for use 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 events due to established cardiovascular disease, or diabetes, and at least one other cardiovascular risk factor.

Under the Vascepa Agreement, HLS is responsible for maintaining regulatory approvals and commercializing Vascepa in Canada. Financial terms of the Vascepa Agreement include: (i) regulatory milestones payments to Amarin of up to an aggregate of US10.0 million, of which US$8.8 million were paid; and (ii) commercial milestone payments to Amarin of up to an aggregate of US$50.0 million, of which none have been paid as of March 10, 2026. HLS is also required to pay Amarin tiered double-digit royalties on net sales of Vascepa in Canada.

On January 6, 2020, Vascepa was added to Health Canada's Register of Innovative Drugs, otherwise known as having been granted "data protection." Data protection is intended to provide the manufacturer of an innovative drug with an internationally competitive, guaranteed minimum period of market exclusivity of eight years. As a result, Vascepa will benefit from data protection until December 30, 2027, a term of eight years from the date of Health Canada approval. Vascepa is also the subject of multiple issued and pending patents based on its unique clinical profile.

On March 29, 2021, HLS announced that the CCS had included Vascepa in its 2021 Canadian Cardiovascular Society Guidelines for the Management of Dyslipidemia for the Prevention of Cardiovascular Disease in Adults, published in the Canadian Journal of Cardiology.

As of March 10, 2026, HLS has reached agreements for Vascepa reimbursement with various private insurance plans across Canada and, as of year end, HLS had secured PLAs for the listing of Vascepa with Ontario, Quebec, Alberta, British Columbia, Manitoba, New Brunswick, Saskatchewan, Northwest Territories, the Non-Insured Health Benefits ("NIHB") Program For First Nations And Inuit Peoples, Veterans Affairs and Correctional Services Canada. HLS is pleased to now provide national coverage for Vascepa to more than 95% of eligible Canadians covered by both public and private plans, and continues to negotiate PLAs with additional payors where appropriate.

Nilemdo (bempedoic acid) and Nexlizet (bempedoic acid and ezetimibe)

On May 8, 2025, HLS entered into the Esperion Agreement with Esperion Therapeutics, Inc. ("**Esperion**") for the exclusive rights to commercialize the bempedoic acid-based products Nilemdo (bempedoic acid) and Nexlizet (bempedoic acid and ezetimibe) in Canada.

On November 14, 2025, Health Canada approved Nilemdo for use as an adjunct to diet and statin therapy, or as monotherapy in patients unable to tolerate statins, for the reduction of LDL-cholesterol and the prevention of cardiovascular events in adults with established or at high risk for atherosclerotic cardiovascular disease.

On November 14, 2025, Nilemdo was also added to Health Canada's Register of Innovative Drugs and thereby granted "data protection" until November 14, 2033, a term of eight years from the date of Health Canada approval. Nilemdo is also the subject of issued and pending patents based on its unique clinical profile.

HLS submitted reimbursement dossiers for Nilemdo to Canada's Drug Agency ("**CDA**") and private payers in the fourth quarter of 2025. HLS expects to reach arrangements with private payers througout 2026 and public payers in late 2026 and early 2027. The Company made Nilemdo product available beginning in March 2026, and plans to undertake a full commercial launch in April 2026.

On November 14, 2025, the Company also received a Notice of Non-Compliance ("NON") for Nexlizet, for which the Company is currently preparing a response to address outstanding regulatory requirements. HLS expects to address all outstanding regulatory requirements by the fourth quarter of 2026, and undertake a commercial launch in 2027.

Under the Esperion Agreement, HLS is responsible for maintaining regulatory approvals and commercializing Nilemdo and Nexlizet in Canada. Financial terms of the Esperion Agreement include commercial milestone payments to Esperion of up to an aggregate of US$85 million, of which milestone payments totaling US$1 million have been made as of March 10 , 2026. HLS is also required to pay Esperion tiered double-digit royalties on net sales of Nilemdo and Nexlizet in Canada.

Royalty Portfolio

On September 30, 2020, HLS entered into the Royalty Agreement to acquire certain entities that held the rights to a diversified portfolio of royalty interests on global sales of four different products. The only remaining royalty interest that HLS has in the Royalty Portfolio is Obizur, marketed by Takeda, which is a porcine recombinant Factor VIII for Acquired Hemophilia A. In addition, following the sale of one of the original four products, Xenpozyme, to DRI, HLS continues to have rights to certain sales milestones under the Xenpozyme Transaction.

MyCare Products

On June 1, 2020, HLS announced that it had become a Canadian distributor of the MyCare Products. On October 12, 2021, HLS and Saladax entered into the Amended and Restated Saladax Agreement, pursuant to which HLS became an exclusive Canadian distributor of certain MyCare Products.

MyCare™ Psychiatric Lab Assays are a line of tests that can be processed on major analyzers used in large Laboratory systems to measure the blood levels of the most common antipsychotic drugs, including clozapine, risperidone, quetiapine, aripiprazole, olanzapine and paliperidone ("**Therapeutic Drug Monitoring**", or "**TDM**"). MyCare Insite is a point-of-care device, similar to a blood glucose test, that requires only a single drop of blood taken by a finger stick to measure patient drug levels, providing TDM results in just minutes. Saladax filed for, and gained approval of, the MyCare Psychiatric Lab Assays from Health Canada in 2020, and HLS launched MyCare in first in the medical laboratory environment during the second half of 2022, and the benefits are being disseminated to clinicians in parallel. On July 21, 2021, Health Canada approved the MyCare Insite point of care TDM system for use with clozapine patients. In 2025, the product received coverage from INESSS in Quebec.

Competitive Conditions

The pharmaceutical industry is highly competitive and subject to rapid and significant technological change. Many of HLS's competitors have greater financial resources and marketing capabilities than HLS has. HLS's competitors in Canada, the United States and abroad are numerous and include, among others, major pharmaceutical and chemical companies.

Due to HLS's focus on commercial stage assets, one of HLS's main areas of competition is from manufacturers of generic pharmaceutical products. Generic versions are generally significantly less expensive than branded versions, and, where available, may be required in preference to the branded version under third party reimbursement programs, or substituted by pharmacies. If competitors introduce new products, delivery systems or processes with therapeutic or cost advantages, HLS's products can be subject to progressive price reductions or decreased volume of sales, or both. Most products that HLS would acquire under its strategy must compete with other products already on the market or products that are later developed by competitors. Manufacturers of generic pharmaceuticals typically invest far less in research, development and promotion than research-based pharmaceutical companies and therefore can price their products significantly lower than branded products. Accordingly, when a branded product loses its market exclusivity and enters its established brand stage, it normally faces intense price competition from generic forms of the product.

With respect to HLS's acquisition strategy, HLS management expects to compete principally with other pharmaceutical companies that seek to acquire late stage, mature and promotional stage pharmaceutical products as part of their growth strategy.

Competitive Strengths

HLS management believes that HLS's key business strengths include the following:

Product Acquisition and Operational Expertise of HLS Management

Members of HLS's executive management team and the HLS Board have deep pharmaceutical product acquisition and operational experience, and a proven track record of success. Members of HLS's broader management team are also experienced in various aspects of governance, corporate financing, pharmaceutical operations, including product development, clinical research, technology transfer, manufacturing, legal and regulatory affairs, intellectual property, sales and marketing, strategic planning and integration.

Superior Business Model for Acquisitions

In seeking to in-license or acquire innovative pharmaceutical products primarily for the purpose of generating a stream of stable, long-duration revenues and cash flow, HLS has the flexibility to consider a broad range of acquisition targets from a variety of therapeutic areas in addition to the CNS and CV space. Moreover, HLS management believes that the HLS management team's history of successfully acquiring pre-commercial or commercial stage brands from major pharmaceutical companies, coupled with its long and established track record and proven success in efficiently transitioning and judiciously managing acquired products and programs, will provide HLS with proficiency in choosing acquisition targets and will be viewed favourably by vendors and licensors in selecting their preferred partner for future transactions. Because HLS has operations in both Canada and the U.S., it has the ability to acquire and commercialize products in either or both of such territories; such flexibility may be advantageous to certain vendors or licensors.

Predictable Cost Structure

HLS's management has considerable experience managing commercial-stage pharmaceutical operations in North American markets. HLS's management has established and intends to continue to maintain a predictable cost structure by relying on a small but experienced employee base and outsourcing to leading outsource service providers certain of the operational functions associated with HLS's business, including manufacturing, warehousing, distribution, customer service, invoicing, collections, regulatory affairs, and medical and drug information. These outsourcing relationships minimize the need for significant overhead, and HLS's management believes the predictability, scalability, flexibility and efficiency gained by contracting with established, experienced service organizations will assist HLS in improving HLS's margins, achieving profitability and facilitating growth.

Pricing

The HLS model is not dependent on price increases. HLS management expects that, where and when appropriate, HLS will make competitively sound and typically modest pricing adjustments to maintain product viability and competitiveness.

Market

Industry Overview and Strategic Opportunity in Product Life Cycle

The pharmaceutical industry in North America is characterized by a distinct product life cycle governed by regulatory exclusivity and patent protection. Most brand-name drugs progress through several distinct phases, as follows:

- R&D and Clinical Trials: Discovery and testing phases (Phase I-III) to prove safety and efficacy. This stage is defined by high capital intensity and significant "binary" clinical risk.

- Regulatory Approval: Submission to Health Canada or the FDA. Success here begins to "de-risks" the asset, moving it from a scientific project to a commercial product.

- Launch and Peak Growth: The initial years of commercialization. Sales can scale rapidly as the drug is added to formularies and adopted as a standard of care by physicians.

- Maturity and Exclusivity: A period of often stable, high-volume sales protected by patents or data exclusivity. This is the period of maximum cash flow generation.

- Loss of Exclusivity (LOE): The "Generic Cliff." Upon patent expiry, bio-equivalent generics enter the market, often capturing 80% or more of branded volume within the first year due to mandatory pharmacy substitution.

- Established Brand Stage: The "long-tail" phase. While volume is significantly lower than peak, demand remains predictable due to brand loyalty, physician preference, and specific reimbursement niches.

Size of Market

The global pharmaceutical industry is a highly diverse and complex industry comprised of a variety of sectors, including large branded pharmaceutical companies, small to mid-sized specialty and niche market pharmaceutical manufacturers and marketers, biotechnology firms, research and development organizations and generic drug manufacturers. These participants compete for market share based on advantages including clinical efficacy and safety, technological innovation or novelty, convenience or ease of administration and cost effectiveness. In 2024, the global pharmaceutical market generated estimated gross sales of US$1.7 trillion, of which over US$800 billion were in North America, with the US accounting for nearly half of all global prescription drug sales (Source: Statista, Global Pharmaceutical Industry, January 2026). Global spending on medicines is expected to reach US$2.4 trillion by 2029 (Source: IQVIA The Global Use of Medicines Outlook through 2029).

The global market for CNS therapeutics, consisting broadly of drugs for the treatment of mental health disorders, neurological conditions and pain, was estimated at US$146 billion at ex-manufacturer prices in 2024. By 2029, the global CNS market is forecasted to reach US$195–215 billion (Source: IQVIA Mind Over Matter, White Paper, 2025). The global market for antipsychotic drugs is estimated at US$20.1 billion in 2025 and is expected to reach US$28.88 billion by 2031; the North American market represented 39.22% of the global market share in 2025. By therapeutic indication, schizophrenia accounted for 61.72% of the antipsychotic drug market in 2025 (Source: Mordor Intelligence, Antipsychotic Drugs Market Analysis, 2026).

The global CV drug market is estimated at US$160.39 billion in 2025 and is expected to reach US$188.66 billion by 2030 (Source: Mordor Intelligence, Global Cardiovascular Drugs Market, 2026). The global lipid-lowering drugs market was estimated at US$34.27 billion in 2024 and is forecasted to reach US$48.11 billion by 2034 (Source: Precedence Research, Lipid-lowering Drugs Market Size and Forecast 2025 to 2034). Cardiovascular disease, including heart disease and stroke, remains the leading cause of death in the United States, claiming more lives each year than all forms of cancer and accidental deaths combined (Source: American Heart Association, Heart Disease and Stroke Statistics 2026 Update). Heart disease was the second leading cause of death in Canada in 2023 (Source: Statistics Canada, Heart Disease and Strokes, 2026).

Industry Trends

HLS's management believes that a number of trends in the pharmaceutical industry create a favourable environment for the acquisition and distribution of well differentiated promotional stage and established brand stage products.

Demographics and Market Access

Growth and aging of the population in both the US and Canada contribute to demand for pharmaceutical therapies, particularly in chronic disease management. Structural healthcare frameworks, including the Patient Protection and Affordable Care Act in the US and provincial health programs in Canada, provide baseline patient access; however, the industry environment has increasingly emphasized cost-containment and value-based reimbursement. HLS believes products supported by clinical and pharmacoeconomic evidence may be better positioned within an increasingly cost-sensitive reimbursement landscape. This applies to both established brands and promotional-stage products addressing unmet medical needs.

United States Pricing and Regulatory Environment

The US pharmaceutical market continues to evolve in response to federal pricing initiatives, legislative proposals, and regulatory developments. Recent measures under the Inflation Reduction Act introduced mechanisms for negotiated pricing of certain medicines, and policymakers have also discussed additional pricing benchmarks and reforms affecting pharmaceutical distribution and pharmacy benefit managers (PBMs). In addition, the US FDA continues to modernize regulatory pathways,

which may affect evidentiary requirements, approval timelines, and lifecycle management strategies for pharmaceutical products. Furthermore, the emerging “Make America Healthy Again” (MAHA) policy agenda may create new opportunities for pharmaceutical companies through a shift toward consumer-driven healthcare models. This includes potential regulatory prioritization of "de-risked" therapeutic options and the expansion of direct-to-consumer selling models that bypass traditional insurance intermediaries to improve patient choice and price transparency. HLS monitors these developments to adapt its commercial and regulatory strategies within the dynamic policy environment.

Canadian Pricing and Regulatory Environment

The Canadian pharmaceutical market is undergoing significant transformation driven by federal and provincial pricing initiatives and modernized regulatory frameworks. The Patented Medicine Prices Review Board (PMPRB) recently implemented new Guidelines that utilize a basket of comparator countries to monitor and ensure that prices for patented medicines are not excessive. Simultaneously, the pan-Canadian Pharmaceutical Alliance (pCPA) continues to centralize price negotiations on behalf of federal, provincial, and territorial public drug plans, aiming to achieve greater value through collective bargaining.

Furthermore, Health Canada is modernizing its regulatory pathways, including the implementation of more agile clinical trial regulations and lifecycle management standards that align with international benchmarks. These developments, alongside the phased introduction of National Pharmacare starting with essential therapeutic areas, represent a shifting landscape for market access and reimbursement. HLS actively monitors these regulatory and pricing evolutions to ensure its commercial strategies remain resilient and compliant within the Canadian healthcare ecosystem.

Regional Commercialization and Strategic In-Licensing

HLS management identifies a growing trend of international pharmaceutical and biotechnology firms developing products that have successfully cleared Phase III clinical trials or received regulatory approval – but who may lack the specialized infrastructure to launch in the North American market. HLS focuses these efforts in particular in the CNS and CV therapeutic areas, where successful commercialization requires a high-touch, specialized sales force and deep expertise in navigating complex Canadian and U.S. market access and reimbursement landscapes described elsewhere herein.

HLS is uniquely positioned to capitalize on this trend by serving as a strategic commercial partner for these firms. By leveraging its established regional presence, HLS provides an efficient “turnkey” solution for international partners to enter the US or Canadian markets without the significant capital investment required to build their own local commercial, regulatory, and distribution capabilities. This strategy allows HLS to add high-potential, commercial-stage assets to its portfolio while allowing its partners to focus on their own core global operations.

Sales and Marketing

In Canada, HLS deploys a mix of various roles to optimize the utilization of branded Clozaril. This includes sales representatives to promote the brand to health care providers, but also a team of clinical coordinators and field nurse educators who support the complex patient journey. In addition, HLS has entered into agreements with most provinces as well as group purchasing organizations for hospitals, with the goal of enabling appropriate patient access to therapy.

HLS has deployed a dedicated cardiovascular sales force comprised of 23 commercial representatives who promote Vascepa to cardiologists, endocrinologists and selected general practitioners, in addition to a team of 5 medical science liaisons who support scientific engagement with key opinion leaders. HLS also has staff in leadership roles that oversee the field personnel, and staff in key commercial and medical support roles such as key account management, operations and product marketing. This team will also take on the promotion of Nilemdo in the second quarter of 2026 and are expected to promote Nexlizet at the appropriate time after approval.

HLS has reached agreements for Vascepa reimbursement with various private insurance plans across Canada and, as of year end, HLS had secured PLAs for the listing of Vascepa with Ontario, Quebec, Alberta, British Columbia, Manitoba, New Brunswick, Saskatchewan, Northwest Territories, Nova Scotia, PEI, the NIHB Program For First Nations And Inuit Peoples, Veterans Affairs and Correctional Services Canada. HLS is pleased to now provide national coverage for Vascepa to more than 90% of eligible Canadians covered by both public and private plans, and continues to negotiate PLAs with additional payors where appropriate.

HLS submitted reimbursement dossiers for Nilemdo to CDA and private payers in the fourth quarter of 2025. HLS expects to reach arrangements for Nilemdo with private payers througout 2026 and public payers in late 2026 and early 2027.

Customers

HLS has a limited number of customers, and the majority of HLS's sales of its main products, including Clozaril and Vascepa, are to large national wholesalers and institutions. See "*Risk Factors - Dependence on Wholesalers*".

Manufacturing, Supply and Distribution

HLS is focused on managing the production and distribution of pharmaceutical products and therefore partners with third-party contract manufacturers or its licensors for the manufacture and supply of the pharmaceutical products in its portfolio. Any products that HLS acquires will need to be manufactured in facilities, and by processes, that comply with the requirements of Health Canada and the FDA, as applicable. HLS and its product suppliers are, and will be, subject to extensive governmental regulation in connection with the manufacture of any pharmaceutical products. HLS and its product suppliers must ensure that all of the processes, methods and equipment are compliant with the requirements of Health Canada and the FDA. HLS relies on national third-party logistics providers in Canada and the United States to administer the distribution process – from warehousing to order processing, to shipping, invoicing and collection of sales proceeds. See "*Risk Factors – Risks Relating to the Business – Reliance on Third Parties for the Manufacture and Supply of Products*", " *– Risks Relating to the Business – Supply Interruptions May Negatively Impact Maintenance of Inventory Levels*" and " *– Risks Relating to the Business – Reliance on Third Parties to Perform Distribution, Logistics, Regulatory and Sales Services*".

While Novartis previously manufactured and supplied Clozaril for Canada, in mid-2018 HLS completed the qualification and approval of selected third party manufacturers for the manufacture of Clozaril for Canada.

In the U.S. market, HLS assumed the rights and obligations of Novartis under a U.S. production agreement between Novartis and a third-party contract manufacturer. This agreement had an initial term of five years and is renewable automatically for successive 12-month renewal terms. In addition, HLS has completed the qualification and approval of a second contract manufacturer for the supply of product to its markets.

With respect to Vascepa, Nilemdo and Nexlizet, and the MyCare Products, Amarin, Esperion and Saladax, respectively, are responsible for supplying HLS with finished product under negotiated supply terms.

Properties and Equipment

HLS maintains offices in Toronto, Ontario (Etobicoke); Montreal, Quebec (Dorval); Philadelphia, Pennsylvania (Rosemont); and Barbados. HLS's registered and head office is located at 10 Carlson Court, Suite 701, Etobicoke, Ontario, M9W 6L2. Since HLS purchases its products from third-party contract manufacturers or its licensors, HLS has very limited investment in property, plant or equipment for product production.

Employees

As of December 31, 2025, HLS had 85 employees, and as of March 10, 2026, HLS had 86 employees, none of whom are unionized.

Proprietary Protection

The pharmaceutical industry is highly dependent on protection of intellectual property rights for branded and promoted drug products. Patents are among the most important of such rights and include: (i) patents on drug products; (ii) patents on formulations of drug products; and (iii) patents on the processes for the manufacture and the use (method of treatment) of drug products. Patents have a finite lifespan (20 years from the date of filing on the discovery claimed in the patent) and have more importance to a company during the drug discovery process through the launch and growth of a product and diminishing to no importance once patent exclusivity is lost and the product reaches the established brand stage, as is the case with Clozaril. Thus, patent protection will likely have little if any significance for HLS's acquisition of established brand products. However, adequate patent protection will be important for any future HLS acquisitions of commercial stage products that have not yet lost patent exclusivity, like Vascepa, Nilemdo and Nexlizet, which will factor into the value of the acquisition. Patent protection for the products originally included in the Royalty Portfolio was important for the collection of royalty interests by HLS under the terms of the Royalty Agreement, and will remain important for the ongoing collection of royalty interests in Obizur.

Other intellectual property rights are also important in protecting a branded drug, such as brand names/trademarks in order to distinguish the drug from other branded drugs and generic versions. Such brand names are important in marketing the drug to physicians and patients and in identifying the drug in formularies. In both Canada and the United States, once a trademark is registered, the trademark owner must file for renewal, together with a statement that the trademark is being used, every 10 years to prevent its cancellation or expiration of the registration. HLS has acquired from Novartis the exclusive license to the Clozaril trademark in the United States and Canada, and to the CSAN trademark in Canada, and works to maintain the registrations in force. Similarly, HLS has acquired the exclusive license to the Vascepa trademark in Canada from Amarin and the Nilemdo and Nexlizet trademarks in Canada from Esperion. In addition, HLS has obtained trademark registrations in Canada and the United States for the HLS company name and logo, and is in the process of obtaining a trademark registration for CSAN Pronto in Canada, all of which are used to identify and brand HLS's marketed products and promotional materials.

Pharmaceutical companies register and maintain domain names (websites) for information about the company and the various drugs they market. HLS has acquired and maintains various domain names and related websites relating to Clozaril, Vascepa, Nilemdo and Nexlizet, and MyCare.

As part of its acquisition of Clozaril, HLS also licensed additional intellectual property rights from Novartis relating to Clozaril manufacturing and know-how, in order to be able to commercialize the product in the United States and Canada. HLS expects that it may enter into such license agreements for future product acquisitions. Such licenses are important for obtaining the technology transfer in order to commercialize acquired assets.

Data Protection

In addition to patent protection, drug products in Canada can benefit from data protection. Data protection is intended to provide the manufacturer of an innovative drug with an internationally competitive, guaranteed minimum period of market exclusivity of eight years, with the goal of providing incentives for innovators to invest in research, and to develop and market their products in Canada. During this period of time, a manufacturer seeking approval of a "generic" version of the innovative drug, on the basis of a direct or indirect comparison to the innovative drug, will be prevented from filing its drug submission for the first six years of the eight-year period.

Whether a drug product is eligible for data protection depends on the unique profile of that particular product and is determined by Health Canada at the time of approval. HLS expects to continue to consider innovative products for future acquisitions or in-licensing opportunities, where possible, and the potential for obtaining data protection status will continue to be an important due diligence matter.

Vascepa was granted data protection and was added to Health Canada's Register of Innovative Drugs and will therefore benefit from data protection until December 30, 2027. Nilemdo was granted data protection and was added to Health Canada's Register of Innovative Drugs and will therefore benefit from data protection until November 14, 2033.

Regulatory Environment

Government authorities in the United States, in Canada and in other countries extensively regulate, among other things, the research, development, testing, approval, manufacturing, labeling, post-approval monitoring and reporting, packaging, promotion, storage, advertising, distribution, marketing and export and import of pharmaceutical products at the federal, state, provincial and local level. The process of obtaining and maintaining approvals and the subsequent compliance with applicable federal, state, provincial, local and foreign regulatory requirements require the expenditure of substantial time, risk and financial resources. FDA approval must be obtained in the United States and approval of Health Canada must be obtained in Canada prior to marketing or manufacturing new pharmaceutical products for use by humans. Regulation by other agencies, such as the Drug Enforcement Administration, and state and local authorities in the United States, and by comparable agencies in other countries, may also be relevant. In the United States, the *Federal Food, Drug and Cosmetic Act*, as amended, and the regulations promulgated thereunder, and other federal and state statutes and regulations, govern, among other things, the testing, manufacture, safety, effectiveness, labeling, storage, record-keeping, approval, sale, distribution, advertising and promotion of HLS's products. In Canada, the federal *Food and Drugs Act*, as amended, and the regulations promulgated thereunder, and other federal and provincial statutes and regulations, govern, among other things, the testing, manufacture, safety, effectiveness, labeling, packaging, storage, record keeping, approval, import, sale, distribution, advertising, promotion and post-approval monitoring of HLS's products.

In addition to drug product approvals, applicable laws require that most companies involved in pharmaceutical production and sale hold licenses in respect of their activities and establishments. For example, the Canadian *Food and Drugs*

Act requires that, subject to limited exceptions, all Canadian establishments must hold an establishment licence to fabricate, package, label, distribute, import, wholesale, and/or test a pharmaceutical product. Further, to the extent that these activities are conducted outside of Canada, foreign sites must be included on an importer's license. Companies involved in the manufacture of pharmaceutical products are required to comply with manufacturing regulations, including current good manufacturing practice requirements enforced by the FDA and Health Canada and similar regulations enforced by regulatory agencies outside the United States and Canada. HLS and its suppliers will be subject to such regulatory requirements, and will also be subject to regular inspections from regulatory authorities. See "*Risk Factors – Risks Relating to the* Business – *Limitations Imposed by Government Regulation*".

HLS may be subject to price control restrictions on its pharmaceutical products in many countries in which it operates, which will limit the amount it can charge for its products. The potential volume of sales of HLS's products may also depend on whether such products are and continue to be listed on public and private formularies. See "*Risk Factors – Risks Relating to the* Business – *Limitations Imposed by Government Regulation*".

In the United States, the Federal Trade Commission, the FDA and state and local authorities regulate the advertising of pharmaceuticals. In Canada, Health Canada, the Competition Bureau and a number of self-regulatory authorities are among those that regulate the advertising of pharmaceuticals. In each case, advertising is strictly regulated and can be very limited.

The FDA can require a boxed warning (sometimes referred to as a "black box" warning) for products that have shown a significant risk of severe or life-threatening adverse events and similar warnings are also required to be displayed on such product in certain other jurisdictions, which can reduce the potential market for a product. See "*Risk Factors – Risks Relating to the* Business – *Publication of Negative Results of Studies or Clinical Trials* " and "*Risk Factors – Risks Relating to the* Business – *Limitations Imposed by Government Regulation*".

HLS is also subject to extensive federal and state health care marketing and fraud and abuse regulations, such as the federal *False Claims Act* in the United States, and federal, provincial and territorial marketing regulation in Canada. The United States federal *False Claims Act* imposes civil and criminal liability on individuals or entities who submit (or cause the submission of) false or fraudulent claims for payment to the government. See "*Risk Factors – Risks Relating to the* Business – *Limitations Imposed by Government Regulation*".

If HLS or its operations are found to be in violation of any of these laws, regulations, rules or policies or any other law or governmental regulation, or if interpretations of the foregoing change, HLS may be subject to loss of product approvals or necessary licenses to conduct its business, recalls, stop sales, public warnings, adverse publicity, civil and criminal penalties, damages, fines, exclusion from government programs, such as Medicare and Medicaid programs, and the curtailment or restructuring of its operations. See "*Risk Factors – Risks Relating to the* Business – *Limitations Imposed by Government Regulation*".

DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of Common Shares and 12,976,527 Preferred Shares. As of December 31, 2025, there were 31,273,681Common Shares outstanding and no Preferred Shares outstanding. The Preferred Shares were issued to former AMD Shareholders in connection with the Arrangement and redeemed in tranches between 2018 and 2021. See "*General Development of the Business –Initial Capital Raise, Going-Public Transaction and Acquisition of Foundational Products*".

The holders of the Common Shares are entitled:

(a) to vote at all meetings of shareholders of HLS except meetings at which only holders of a specified class of shares are entitled to vote;

(b) to receive, subject to the rights of the holders of another class of shares, any dividend declared by HLS (less any tax required to be deducted and withheld by HLS); and

(c) to receive, subject to the rights of the holders of another class of shares, the remaining property of HLS on the liquidation, dissolution or winding up of HLS, whether voluntary or involuntary.

DIVIDENDS AND DIVIDEND POLICY

On August 15, 2018, the Board established a dividend policy providing for the payment of quarterly dividends of C$0.05 per Common Share. On May 11, 2023, HLS announced that the Board decided to cancel the Company's dividend policy, and the final dividend was paid on June 15, 2023, to shareholders of record on April 28, 2023. The following table summarizes the cash dividends declared per Common Share for the past three years.

Declaration Date	Dividend Declared Per Common Share
May 10, 2023	C$0.05
March 15, 2023	C$0.05

The payment of any dividends in the future will be reviewed from time to time by the Board in the context of HLS's earnings, financial condition and other relevant factors.

Under the terms of the HLS Credit Agreement, dividends may not be paid by the Company unless (a) both before and immediately after the payment of such dividends no default has occurred or would occur under the HLS Credit Agreement as a result of the payment of such dividends, and (b) the Company is in compliance with its financial covenants, including a predetermined net debt to EBITDA ratio.

See "*Risk Factors – Risks Relating to the Ownership of Common Shares – Dividends on the Common Shares Not Guaranteed*".

PRIOR ISSUANCES OF UNLISTED SECURITIES

Since the beginning of the most recently completed financial year, HLS has not issued any securities that are not listed or quoted on a marketplace.

MARKET FOR SECURITIES

The Common Shares are listed on the TSX under the symbol "HLS." The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Common Shares on the TSX.

	Price (C$)		
Period	High	Low	Trading Volume
January 2025	4.31	3.70	543,566
February 2025	4.30	3.95	418,648
March 2025	4.98	3.90	435,155
April 2025	4.82	3.93	409,826
May 2025	5.27	4.24	199,911
June 2025	5.10	4.75	397,060
July 2025	5.45	4.73	326,037
August 2025	5.48	5.00	210,370
September 2025	5.76	5.15	906,320
October 2025	5.77	5.25	1,243,928
November 2025	5.61	4.45	495,736
December 2025	5.00	4.70	425,085

Source: Bloomberg

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding each individual who is currently a Director or executive officer of the Company, including each such individual's province or state and country of residence and principal occupation during the five preceding years. Each Director 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.

Name and Province/State of Residence	Position(s) with HLS	Age	Principal Occupation(s) for the past five years
John Welborn *North Carolina, U.S.A.* Director since 2021	Director[(1), (2)]	49	Senior Advisor, Stadium Capital Management, LLC since December 2022; Managing Director, Stadium Capital Management, LLC from August 2000 to December 2022.
Rodney Hill *Ontario, Canada* Director since 2018	Director[(1), (2)]	58	Global Head of Technology, Data and Security since 2023; Chief Risk Officer of Ontario Municipal Employees Retirement System from November 2015 to 2023.
Norma Beauchamp *Ontario, Canada* Director since 2021	Director [(1), (3)]	64	Corporate Director
Kyle Dempsey *Massachusetts, U.S.A.* Director since 2022	Director [(1), (2), (3)]	37	Partner at MVM Partners LLP since 2017
Christian Roy *Quebec, Canada* Director since 2023	Director [(1), (3)]	62	Consultant from June 2022; Partner and Executive Vice President of the Healthcare Division, TANK Worldwide from 2013 to June 2022
Christine Elliott *Ontario, Canada* Director since 2025	Director [(1), (3)]	70	Counsel Information at Fasken Martineau DuMoulin LLP since September 2022; Deputy Premier of Ontario, Minister of Health, and MPP Newmarket-Aurora from 2018 to 2022
Craig Millian *Massachusetts, U.S.A.* Director since 2023	Chief Executive Officer Director	58	CEO of HLS since May 2023; Chief Operating Officer of Corbus Pharmaceuticals from 2021 to April 2023; Chief Commercial Officer of Corbus Pharmaceuticals from 2019 to 2021
John Hanna *British Columbia, Canada* Director since 2023	CFO Director	61	CFO of HLS from September 2024; Interim CFO of HLS from January 29, 2024; CFO at Inca Networks Inc. from November 2020 to October 2023.
Brian T. Walsh *Massachusetts, U.S.A.*	Chief Commercial Officer	48	Chief Commercial Officer of HLS since September 2024. SVP Commercial HLS since June 2023; VP, Corporate Development of Corbus Pharmaceuticals from 2021 to April 2023; VP & Head, Global Marketing of Corbus Pharmaceuticals from 2019 to 2021
Ryan C. Lennox *Ontario, Canada*	Senior Vice President, Legal, HR and Compliance and Corporate Secretary	45	Senior Vice President, Legal, HR and Compliance of HLS from March 25, 2021; General Counsel and Corporate Secretary of HLS from May 2018 to March 25, 2021
Jason Gross *Ontario, Canada*	Vice President, Scientific Affairs	61	Vice President, Scientific Affairs of HLS since June 2014

Name and Province/State of Residence	Position(s) with HLS	Age	Principal Occupation(s) for the past five years
David Spence *Ontario, Canada*	Vice President, Corporate Controller	58	Vice President, Corporate Controller since June 2022; Corporate Controller of HLS from January 2018 to June 2022
Patricia Perry *Quebec, Canada*	Vice President, Human Resources	50	Vice President of HR of HLS since March 25, 2021; Senior Director of HR of HLS from July 2019 to March 25, 2021; President of P2Conseils, providing HR consultancy work since 2015
Dawn Edinboro *Bottom Bay, Barbados*	Vice President, General Manager, Heritage Life Sciences (Barbados) Inc.	53	Vice President, General Manager of Heritage Life Sciences (Barbados), Inc. since July 2022; Senior Director, Finance and Administration, Heritage Life Sciences (Barbados), Inc. from July 2017 to June 2022

Notes:

(1) Independent director.
(2) Member of the Audit Committee.
(3) Member of the Compensation and Governance Committee.

As at March 10, 2026, based on publicly available information, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, 216,149 Common Shares, representing approximately 0.69% of the Company's Common Shares on a basic basis.

Corporate Cease Trade Orders

To the knowledge of the Company, no Director or executive officer of the Company (nor any personal holding company of any of such individuals) is, as of the date of this Annual Information Form, or was within ten years before the date of this Annual Information Form, 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.

Penalties or Sanctions

To the knowledge of the Company, no Director or executive officer (nor any personal holding company of any of such individuals) and no securityholder holding a sufficient number of securities of HLS to affect materially the control of HLS, 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 be likely to be considered important to a reasonable investor in making an investment decision.

Bankruptcies

Except as otherwise disclosed herein, to the knowledge of the Company, no Director or executive officer of the Company (nor any personal holding company of any of such individuals) and no securityholder holding a sufficient number of securities of HLS to affect materially the control of HLS: (i) is, as of the date of this Annual Information Form, or has been within the ten years before the date of this Annual Information Form, 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 Annual Information Form, 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.

Conflicts of Interest

To the best of HLS's knowledge, there are no known existing or potential conflicts of interest among HLS or any of its subsidiaries and a director or officer of HLS or any of its subsidiaries as at the date hereof.

AUDITOR AND AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Audit Committee operates under the Mandate of the Audit Committee set out at Appendix A hereto. The Audit Committee's main function is to oversee the Company's accounting and financial reporting processes, internal systems of control, independent auditor relationships and the audits of the Company's financial statements. The Audit Committee's responsibilities include:

- reviewing and pre-approving the engagement of the Company's independent auditors to perform audit services and any permissible non-audit services;
- evaluating the performance of the Company's independent auditors and deciding whether to retain their services;
- reviewing the Company's annual and quarterly financial statements and reports and discussing the statements and reports with the Company's independent auditors and management;
- reviewing with the Company's independent auditors and management significant issues that may arise regarding accounting principles and financial statement presentation, as well as matters concerning the scope, adequacy and effectiveness of the Company's financial controls; and
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding financial controls, accounting or auditing matters.

Composition of the Audit Committee

HLS's Audit Committee consists of Rodney Hill (Chair), John Welborn and Kyle Dempsey. The Board has determined that each of Rodney Hill, John Welborn and Kyle Dempsey meets the requirements for independence under National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

The Board has also determined that each of the members of the Audit Committee meets the requirements for being "financially literate" within the meaning of NI 52-110. For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by HLS's financial statements. All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues. Below is a description of the education and experience of each member of HLS's Audit Committee relevant to the performance of his duties as a member of the Company's Audit Committee:

Rodney Hill is an independent Director. Mr. Hill has extensive experience in business management, risk management, finance and accounting. He is currently the Global Head of Technology, Data and Security 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 Executive Vice President & Chief Auditor, became the Chief Risk Officer in 2015 and moved to his current position in 2023. 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.

John L Welborn, Jr. currently serves as a Senior Advisor to Stadium Capital Management, LLC, an investment advisory firm. Previously, Mr. Welborn was Managing Director and Co-Chief Investment Officer of Stadium. 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.

Kyle Dempsey is a Partner at MVM Partners LLP (MVM), a growth equity firm that has invested in innovative, high growth healthcare businesses since 1997. Mr. Dempsey joined MVM in 2017 as an Investment Principal. Before joining MVM, Mr. Dempsey was a consultant at Bain & Company, working mainly in the healthcare practice to support clients with commercialization and business development projects. He received his M.D. from Harvard Medical School, his M.B.A. from Harvard Business School, and his B.A. in biochemistry from Bowdoin College. Mr. Dempsey currently serves as a board director GT Medical, and he is also a board observer at MDxHealth (NASDAQ: MDXH).

Audit Committee Oversight

At no time during the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, Ernst & Young LLP) not adopted by the Board.

Reliance on Certain Exemptions

At no time since the beginning of the most recently completed financial year has the Company relied on the exemptions set out in section 2.4 (De Minimis Non-Audit Services), subsection 3.2 (Initial Public Offerings), subsection 3.4 (Events Outside Control of Member) or subsection 3.5 (Death, Disability or Resignation of Audit Committee Member) in NI 52-110, or on any exemption granted under Part 8 (Exemptions) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve and disclose, as required, the retention of the external auditor for non-audit services to be provided to the Company that are permitted under applicable law. Annually, the external auditor submits its work plan to the Audit Committee, including the nature and scope of any audit-related advisory services planned for the upcoming year. That plan is then reviewed and pre-approved by the Audit Committee. Any unplanned Audit Committee related advisory services or other advisory services are presented for pre-approval at the regularly scheduled meetings of the Audit Committee. Audit Committee pre-approval of non-audit services is not required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the Audit Committee regarding HLS's engagement of the external auditor, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each service provided and the policies and procedures do not include delegation of the Audit Committee's responsibilities under applicable Canadian securities laws to HLS's management. The Audit Committee may delegate to a member of the Audit Committee the authority to grant pre-approvals, provided the pre-approvals are presented to the Audit Committee at its next subsequent meeting.

External Auditor Service Fees

The aggregate fees billed by the external auditors of HLS in each of the last two fiscal years were as follows:

Financial Year Ended	Audit Fees	Audit-Related Fees[1]	Tax Fees[2]	All Other Fees[3]
December 31, 2024	C$558,064	NIL	C$142,599	NIL
December 31, 2025	C$503,000	NIL	C$165,245	C$500,000

Notes:

(1) Audit-related fees were for assurance and related services reasonably related to the performance of the audit of the consolidated financial statements and are not reported under "Audit Fees" above.

(2) Tax fees were incurred for services consisting of tax compliance, including the preparation and review of tax returns, assistance regarding tax audits and tax advisory services relating to domestic and international taxation.

(3) All Other Fees represent fees incurred for services other than audit fees, audit-related fees and tax fees.

RISK FACTORS

An investment in securities of the Company involves significant risks. Investors should carefully consider the risks described below, the other information described elsewhere in this Annual Information Form and those risks set out in HLS's MD&A for the year ended December 31, 2025 (as updated by subsequent interim MD&A of the Company) before making a decision to buy securities of the Company. If any of the following or other risks occur, the Company's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the trading price of securities of the Company could decline and investors could lose all or part of their investment in such securities. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

Risks Relating to the Business

The operations of HLS are speculative due to the nature of its business, which is the acquisition and commercialization of clinically differentiated pharmaceutical products in the specialty CNS and CV markets. The risks below are not the only ones facing HLS. Additional risks not currently known to HLS, or that HLS currently deems immaterial, may also impair HLS's operations. If any of the following risks actually occur, HLS's business, financial condition and operating results could be adversely affected.

Substantially All Revenue from Sales of a Limited Number of Products

HLS currently derives substantially all of its revenue from sales of Clozaril and Vascepa, and such sales are expected to continue to account for most of HLS's revenue in the near term. Accordingly, if demand for Clozaril or Vascepa declines significantly or the revenue therefrom of otherwise declines significantly, the business, financial condition and operating results of HLS would be adversely affected.

Reliance on Third Parties for the Manufacture and Supply of Products

HLS does not have the internal capability to manufacture pharmaceutical products and relies on third parties to manufacture its products, including Clozaril. HLS also relies on third parties to manufacture products such as Vascepa, Nilemdo and CSAN Pronto, that are covered under licensing and other agreements. HLS cannot be certain that manufacturing sources it utilizes currently or new manufacturing sources in the future will continue to be available or that it will be able to continue to outsource the manufacturing of its products on reasonable or acceptable terms. In addition, outsourcing manufacturing exposes HLS to a number of risks which are outside of its control, including: (i) HLS's suppliers may fail to comply with current government mandated good manufacturing practices which would result in mandated production halts or limitations; and (ii) HLS's suppliers may experience manufacturing, quality, control, yield or other issues, including those arising from extreme weather or natural disasters and the availability of raw materials and key components, which would require the supplier to halt or limit production of HLS's products.

If HLS encounters delays or difficulties with sourcing or obtaining raw materials, active pharmaceutical ingredients suppliers, contract manufacturers, packagers or distributors, sales of its products could be delayed. If HLS changes the source or location of supply or modifies the manufacturing process or source of raw materials, regulatory authorities will require it to demonstrate that the product produced by the new source or from the modified process is equivalent to the product used in any clinical trials that were conducted. If HLS is unable to demonstrate this equivalence, it will be unable to manufacture products from the new source or location of supply, or use the modified process. HLS may incur substantial expenses in order to ensure equivalence. This may negatively affect its business, financial condition and operating results.

Supply Interruptions May Negatively Impact Maintenance of Inventory Levels

Supply interruptions may occur, and HLS's inventory of finished products may not always be adequate to satisfy demand. Numerous factors could cause interruptions in the supply of HLS's finished products, including: (i) failure to have a third-party supply chain validated in a timely manner; (ii) shortages in raw material and packaging components required by HLS's manufacturers; (iii) changes in sources for manufacturing or packaging; (iv) changes in regulatory, legal or compliance requirements for products, suppliers or manufacturers; (v) HLS's failure to timely locate and obtain replacement manufacturers as needed; (vi) conditions affecting the cost and availability of raw materials; and (vii) product recall stemming from quality or regulatory reasons impacting the integrity of the product. There can be no assurances that HLS's supply of products will not be interrupted in the future. An interruption may have an adverse effect on HLS's business, financial results and operations.

Reliance on Third Parties to Perform Distribution, Logistics, Regulatory and Sales Services

HLS relies on third parties to provide information technology, medical, distribution, logistics, regulatory and sales services including warehousing of finished product, accounts receivable management, billing, collection and record keeping. If the third parties cease to be able to provide HLS with these services, or do not provide these services in a timely or professional manner HLS may not be able to successfully manage the product revenues or integrate new products into its business, which may result in decreases in sales. Additionally, any delay or interruption in the process or in payment could result in a delay delivering product to HLS's customers, which could have a material effect on HLS's business, financial condition and operating results.

Dependence on Wholesalers

HLS sells to wholesalers in the U.S. and to wholesalers and institutions in Canada. Wholesalers act as an intermediary between a manufacturer or its distributor and institutional and retail customers. All of HLS's sales in the U.S. and a portion of HLS's sales in Canada are to wholesale distributors. HLS relies on wholesalers to maintain adequate stock and to provide appropriate customer service and order fulfillment to their customers within the territories in which HLS is authorized to distribute its products. If wholesalers do not perform these duties adequately, then such performance could negatively impact HLS's business and financial results. Wholesale distributors will typically charge fees for services that are a function of volume. If there is a change in HLS's volumes, such fees could increase, or such fees could increase unilaterally independent of changes in HLS's volumes. Any such increase in fees could adversely impact HLS's revenues and results of operations.

Reliance on Third Parties to Undertake Promotion and Distribution of Products

HLS has previously entered into promotion and distribution agreements with selected partners in the past, and may enter into additional promotion and distribution agreements with selected partners in the future. HLS may rely on these partners to undertake marketing and sales efforts where promotion and distribution rights have been granted. Reliance on these agreements could expose HLS to a number of risks, including the following: (i) partners may not devote sufficient resources to HLS's products; (ii) disputes may arise with respect to payments that HLS believes are due under such promotion and distribution agreements; (iii) unwillingness on the part of partners to provide updates regarding the progress of its marketing and sales activities, or to permit public disclosure of these activities; (iv) partners may terminate the relationship; (v) disputes with partners could result in litigation or arbitration; (vi) partners may pursue higher priority programs or change the focus of their programs, which could affect the partner's commitment to their respective territories; (vii) non-renewal of distribution agreements or renewal on less favorable terms; (viii) partners may market or distribute products that compete with HLS's products; and (ix) partners' activities may result in compliance issues. There is no assurance that partners will effectively be able to achieve significant sales of products in their respective territories and their inability to do so may impact adversely HLS's revenues and results of operations.

Dependence on Third Parties for the Development, Manufacturing, Supply, Distribution and Commercialization of the Products Underlying the Royalty Portfolio and the Collection of the Royalty Amounts

HLS is not involved in any aspect of the operations relating to the remaining product underlying the Royalty Portfolio. HLS's royalty income from the worldwide sales of Obizur is dependent on the ability and continued efforts of Takeda to profitably carry out its manufacturing, supply, distribution and commercialization activities. Delays, interruptions, or failures to carry out these activities profitably may reduce HLS's royalty income and impact its revenues, which is outside of HLS's control.

Public Health Crises, Pandemics, Epidemics or Other Adverse Public Health Developments Could Have a Material Adverse Effect on the Company's Business Strategy and Objectives, the Result of Which Could Adversely Impact the Sales of its Products, its Revenues, Results of Operations and Research and Development Activities

Any outbreaks of contagious diseases or other adverse public health developments could have a material adverse effect on the successful implementation of the Company's business strategy and objectives, the results of which could materially adversely impact the sales of its products, revenues, results of operation and research and development activities. For example, the outbreak of COVID-19 resulted in governmental authorities implementing numerous measures to try to contain the pandemic, such as travel bans and restrictions, quarantines, shelter in place orders, increased border and port controls and closures, and shutdowns.

The COVID-19 pandemic significantly increased economic and demand uncertainty throughout North America, and caused disruption and volatility in the global capital markets. Any future adverse public health developments could impact the Company's capital resources and liquidity in the future, including the availability of financing on attractive terms, if at all.

At different points throughout the COVID-19 pandemic, access to hospitals and other health care facilities were limited in many jurisdictions where the Company operates and such access may be limited in the future as a result of future public health crises or pandemics. Because the Company's sales and marketing processes are dependent on, among other things, access to health care facilities and providers, future pandemics or public health crises may limit the Company's salesforce's ability to meet face-to-face with health care professionals to detail its products.

The duration and impact of pandemics and public health crises on the Company are difficult to determine and the potential long-term impact will depend on a number of factors, including the ultimate geographic spread of the pandemic or public health crisis, the severity of the disease and duration of the outbreak, directives of public health and governmental authorities, the extent and duration of governmental assistance for businesses and individuals adversely impacted, the extent to which manufacturers, suppliers and distributers return to normalized levels of production and capital spending, the effectiveness and use of treatments and vaccines.

Natural Disasters and Other Crises

Third parties on which HLS relies, including its manufacturers, suppliers and distributors, have operations around the world and are exposed to a number of global and regional risks outside of our control. These include, but are not limited to, natural disasters, such as earthquakes, tsunamis, power shortages or outages, floods or monsoons, political crises, such as terrorism, war, political instability or other conflict, or other events outside of our control. This could materially and adversely affect HLS's business and could have a material adverse effect on HLS and its financial results.

Inability to Attract and Retain Key Managerial Personnel

HLS is highly dependent upon a relatively small group of qualified managerial personnel. These individuals have an in-depth understanding of HLS's business objectives and the markets within which HLS intends to operate. The loss of the services of one or more of HLS's directors or officers could have a detrimental effect on HLS, its operations and its ability to execute its strategy successfully, which could materially and adversely affect HLS's business.

In addition, HLS's anticipated growth will require additional expertise and the addition of new qualified personnel. There is intense competition for qualified personnel in the pharmaceutical field. Therefore, HLS may not be able to attract and retain the qualified personnel necessary for the development of its business. The failure to recruit additional key managerial personnel in a timely manner would harm HLS's business development programs, its ability to manage day-to-day operations, attract collaboration partners, attract and retain other employees and generate revenues. HLS may not maintain key person life insurance on any of its employees.

Acquisition Growth Strategy Subject to Significant Risks

As part of its business strategy, HLS intends to engage in acquisitions to acquire rights to (or other economic benefit from) 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 stage pharmaceutical products. Acquisition of target products or businesses may also require that HLS acquire ancillary products or businesses that are outside of its business strategy. If HLS identifies suitable acquisition candidates, it may be unable to successfully negotiate the acquisition at a price or on terms and conditions acceptable to HLS, including as a result of the limitations imposed by HLS's debt obligations.

HLS may also encounter intense competition from other entities having a business objective similar to HLS's to acquire rights to pharmaceutical products, which makes it more difficult to find attractive opportunities on acceptable terms. Many of these entities are well-established and may possess greater technical, human and other resources than HLS and HLS's financial resources will be relatively limited when contrasted with those of many of these competitors. HLS's ability to compete with respect to the acquisition of rights to late stage, post-clinical, promotional stage branded pharmaceutical products and established stage branded pharmaceutical products in selected therapeutic areas will be limited by HLS's available financial resources. If financing is available through the sale of debt, equity or other securities, the terms of such financing may not be favourable to HLS. In addition, the HLS Credit Agreement contains restrictions on the ability of HLS to raise capital through

issuing or incurring additional debt. Failure to raise capital when required could materially and adversely affect HLS's business and unsuccessful acquisition attempts could result in direct expenses to HLS and adversely impact HLS's operating results.

HLS's future financial performance depends in part upon its ability to effectively integrate acquired companies and assets. The integration of acquired companies and other assets may require significant management time and resources that would otherwise be available for the ongoing management of HLS's existing operations. Failure to expand operational and financial systems and controls or to integrate appropriate personnel at a pace consistent with HLS's growth could also adversely affect its operating results. Management of HLS cannot forecast the number, timing or size of future acquisitions, or the effect that any such acquisitions may have on HLS's operating or financial results.

Even if HLS is able to acquire rights to pharmaceutical products, it may not generate sales sufficient to create a profit or otherwise avoid a loss. For example, the marketing strategy, distribution channels and levels of competition with respect to acquired products may be different than those of Clozaril or Vascepa, and HLS's ability to compete favourably in those product categories may be limited.

Failure to Realize Expected Returns on Vascepa, Nilemdo and Nexlizet

In-licensing transactions involve risks that could materially and adversely affect HLS's business, including the failure of the commercialization endeavours under the Vascepa Agreement and the Esperion Agreement, respectively, to realize the results HLS expects. If the commercialization endeavours under either the Vascepa Agreement or the Esperion Agreement fail to realize the results that HLS expects, such transaction(s) could materially and adversely affect HLS's business and could have a material adverse effect on HLS and its financial results.

Reliance on Third-Party Clinical Data and Regulatory Acceptance

Although the Company focuses on acquiring and in-licensing de-risked assets that have typically completed advanced clinical trials, it remains subject to risks inherent in the clinical development and regulatory processes conducted by its partners or licensors. The Company's success is heavily dependent on the quality, integrity, and regulatory compliance of clinical data generated by third parties. For products developed outside of Canada, Health Canada may require additional clinical evidence or "bridging" studies to demonstrate that the data is applicable to the Canadian population and local medical practice. There is no assurance that Health Canada or the FDA will accept foreign clinical data as sufficient for approval, and any requirement for additional local studies would be costly and time-consuming, potentially delaying or halting commercialization indefinitely.

Furthermore, even for approved products, regulatory authorities may mandate Phase IV post-marketing studies to further monitor safety and efficacy. Any failure by the Company or its licensors to successfully complete these obligations, or the emergence of unfavorable results from such studies, could lead to restrictive labeling, "black box" warnings, or the suspension of marketing approvals. The Company also sometimes relies on its licensors to maintain the original regulatory filings and the underlying clinical data for licensed products. Any flaws in the original trial design, safety issues emerging from long-term data, or regulatory non-compliance by a licensor could adversely affect the Company's ability to maintain its own approvals or successfully launch new indications. Any of these factors could materially harm the Company's financial condition and its ability to generate revenue from current or future product candidates.

Inability to Obtain or Maintain Regulatory Approvals

The commercialization of pharmaceutical products in Canada and the U.S. and other jurisdictions is highly regulated, which significantly increases the difficulty and costs involved in obtaining and maintaining regulatory approval for marketing new and existing products, and approval is never guaranteed.

The regulatory approval process can be long and may involve significant delays despite HLS's best efforts. Even if HLS's product candidates were to successfully obtain approval from regulatory authorities, such approval may not be obtained in a timely manner, and any such approval might significantly limit the approved indications for use, including more limited patient populations, require that precautions, contraindications or warnings be included on the product labeling, including black box warnings, require expensive and time-consuming post-approval clinical studies, risk management plans or Risk Evaluation and Mitigation Strategy (as may be required by the FDA under the *Food and Drug Administration Amendments Act* and/or Health Canada under the *Food and Drugs Act* and related *Food and Drug Regulations*), or surveillance as conditions of approval, or, through the product label, the approval may limit the claims that HLS may make, which may impede the successful commercialization of HLS's product, including substantial reductions in the projected peak revenues and lifetime product

potentials for HLS's products. Such limitations in the approved indication could materially and adversely affect HLS's business and could have a material adverse effect on HLS and its financial results.

Following any approval for commercial sale of HLS's product candidates, certain changes to the product, such as changes in manufacturing processes and additional labeling claims, as well as new safety information, will be subject to additional notification to, or review and approval by, regulatory authorities. Furthermore, regulations of the Therapeutic Products Directorate (the "**TPD**") of Health Canada are rigorous, time consuming and costly and HLS cannot predict the extent to which it may be affected by changes in regulatory developments and its ability to meet such regulations. There is a risk that HLS's current or future products may be withdrawn from the market and the required approvals suspended because of non-compliance with regulatory requirements. If there is delay or failure to obtain or maintain regulatory approvals for HLS's product candidates in Canada or the U.S. or other jurisdictions, or if any approval contains significant limitations, HLS's ability to market to HLS's full target market will be reduced and HLS's ability to realize the full market potential of HLS's product candidates will be hampered. This could materially and adversely affect HLS's business and could have a material adverse effect on HLS and its financial results.

Limitations Imposed by Government Regulation

In both domestic and foreign markets, the formulation, manufacturing, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of HLS's products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints which are beyond HLS's control. Such laws, regulations and other constraints may exist at all levels of government. There can be no assurance that HLS will be in compliance with all of these laws, regulations and other constraints. Failure to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or claims and could negatively impact HLS's business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements may result in significant compliance costs or lead HLS to discontinue product sales and may have an adverse effect on the marketing of HLS's products, resulting in significant loss of sales.

In addition, the marketing, promotional and pricing, discount, rebate or co-pay practices of pharmaceutical companies, as well as the manner in which companies, in-house or third-party sales forces interact with purchasers, prescribers and patients, are subject to extensive regulation, enforcement of which may result in the imposition of civil and/or criminal penalties, injunctions, and/or limitations on marketing practices for HLS's products. Many companies have been the subject of claims related to these practices asserted by federal authorities. These claims have resulted in fines and other consequences.

Companies may not promote drugs for "off-label" uses – that is, uses that are not described in the product's labeling and that differ from those approved by the FDA, Health Canada or other applicable regulatory agencies. A company that is found to have improperly promoted off-label uses may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions. In addition, HLS management's attention could be diverted from business operations and HLS's reputation could be damaged.

Changes in Pricing, Access or Reimbursement Policies in Canada and the United States

In Canada, certain provincial and territorial regulatory authorities in Canada have the ability to determine whether consumers of a drug sold within such province or territory will be reimbursed by a provincial/territorial governmental health plan for that drug by listing drugs on formularies. The listing or non-listing on these formularies, or the potential for restrictive "tiering" that favors generic alternatives, can materially affect both the price and the volume of drugs sold within provinces/territories. Increasing expenditures for healthcare have been the subject of considerable public attention in Canada and the U.S. Both private and government entities are seeking ways to reduce or contain healthcare costs, and third party payors are increasingly challenging the price and examining the cost effectiveness of pharmaceutical products and services.

The Company's ability to successfully commercialize its products, particularly newer cardiovascular assets like Vascepa, Nilemdo and Nexlizet, depends heavily on the extent to which coverage and reimbursement are available from government health administration authorities and private insurers. Any changes in provincial/territorial formulary policies regarding reimbursement to consumers, or the provision or restriction of co-pay support, for the cost of Clozaril, Vascepa and other pharmaceutical products that may be acquired by HLS in the future, could negatively impact demand for HLS's products and HLS's ability to sell its products at viable prices, which could materially and adversely affect HLS's business.

Additionally, in the United States, Medicaid/Medicare, Veteran's Affairs Federal Supply Service, State Fee-for Service and Managed Medicaid and other U.S. federal-funded programs may change any aspects of the law pertaining to

formulary coverage, to the level of mandatory rebates, or to the base on which the rebates are calculated. This could negatively impact HLS revenues from loss of volume, or reduction of earnings from changes in level of rebates.

Product Pricing Regulations on Certain Patented Drug Products

All patented pharmaceutical products introduced in Canada, including Vascepa, Nilemdo, and Nexlizet, are subject to the price-control mandate of the Patented Medicine Prices Review Board ("**PMPRB**"). The PMPRB monitors compliance by reviewing average transaction prices against established ceiling prices. If the PMPRB determines a product is excessively priced, it may order a price reduction and the disgorgement of "excess revenues" through fines or further price offsets. Such restrictions may hamper the Company's ability to profitably commercialize its products at their full market potential.

The regulatory framework for the PMPRB has stabilized following several years of interim guidance. The PMPRB currently utilizes a revised schedule of reference countries as the basis for international price comparisons, a list that notably excludes higher price jurisdictions like the United States and Switzerland. Under the current guidelines, the price of new patented medicines is generally capped relative to the median international price of these countries. While the Company remains in compliance with existing directives, the PMPRB continues to refine its investigative criteria and "New Medicine" review processes. Any future changes to PMPRB methodology, or the finalization of new long-term guidelines, may result in more restrictive pricing requirements. The Company's ability to predict or adapt to these evolving directives is limited, and unfavorable price rulings could have a material adverse effect on its business, financial condition, and results of operations.

Risk of Being Removed from or Failure to be Included in Public and Private Formularies

Managed care organizations, pharmacy benefit managers, group purchasing organizations and other third-party payors try to negotiate the pricing of medical services and drug products to control their costs. Managed care organizations and pharmacy benefit managers typically develop public and commercial formularies to reduce their cost for medications. Formularies can be based on the prices and therapeutic benefits of the available products. Due to their lower costs, generic products are often favoured. The breadth of the products covered by formularies varies considerably from one managed care organization to another, and many formularies include alternative and competitive products for treatment of particular medical conditions. Increasing expenditures for healthcare have been the subject of considerable public attention in Canada and the U.S. Both private and government entities are seeking ways to reduce or contain healthcare costs, and third-party payors are increasingly challenging the price and examining the cost effectiveness of pharmaceutical products and services. Failure to be included in such formularies or to achieve favourable formulary status may negatively impact the utilization of HLS's products. If HLS's products are not included within an adequate number of formularies or adequate reimbursement levels are not provided, or if those policies increasingly favour generic products, HLS's market share and gross margins could be harmed, as could HLS's business, financial condition, results of operations and cash flows.

Dependence on Product Development and Supply Chain Operations

HLS may undertake product development and technical transfers to maximize the potential of its product rights by exploring opportunities to develop new packaging, dosages, and formulations and consider alternative suppliers that may improve product offerings, increase supply reliability or reduce costs. Product development and technology transfers are expensive, time consuming and outcomes are inherently uncertain.

Flaws in the product development or technology transfer protocols may not become apparent until the work is well-advanced. HLS may experience numerous unforeseen events that could cause its product development or technical transfers to be delayed, suspended or terminated, or which could delay or prevent HLS's ability to receive regulatory approval for or commercialize any output from its product development or technology transfer projects.

Inability to Secure Additional Financing to Complete Future Acquisitions

There can be no assurance that HLS will be able to raise the additional funding that it will need to carry out its business objectives and to complete acquisitions. The development of HLS's business depends upon prevailing capital market conditions, HLS's business performance and its ability to obtain financing through debt financing, equity financing or other means. There is no assurance that HLS will be successful in obtaining the financing it requires as and when needed or at all in order to complete future acquisitions or to refinance existing debt. If additional financing is raised by the issuance of Common Shares from treasury, shareholders may suffer dilution.

Highly Competitive Pharmaceutical Industry

HLS's products will face competition from new pharmaceutical and biotech products that treat some of the same diseases and conditions as HLS's products. Many of HLS's competitors have greater financial resources and selling and marketing capabilities. HLS will face further competition from drug development companies that focus their efforts on developing, acquiring and marketing products that are similar in nature to HLS's products, but that in some instances offer improvements over its products, such as less frequent dosing, taste-masking, new dosage formats and other novel approaches to improve existing products. HLS's competitors may succeed in developing technologies and products that are more effective, have better side effect profiles, or are less expensive to use than any that it may license or acquire. These developments could render HLS's products obsolete or uncompetitive, which would have a material adverse effect on HLS's business, financial condition and operating results.

Significant Competition from Manufacturers of Generic Products

Generic versions of pharmaceutical products are generally significantly less expensive than branded versions, and, where available, may be required in preference to the branded version under third-party reimbursement programs, or substituted by pharmacies. If sales of any of HLS's products that no longer enjoy market exclusivity or are not sufficiently protected by associated intellectual property were to increase substantially, competitors may be more likely to develop generic formulations that compete directly with such products. For example, HLS may face increased competition from manufacturers of generic Clozaril in both Canada and the United States. Increased generic competition would have a material adverse effect on HLS's business and financial results.

Expiration of Core Patent Protection

HLS has and may in the future also acquire rights to additional products that still enjoy patent protection. This patent protection will eventually expire and, in such situations, in order to continue to obtain commercial benefits from these products, HLS will rely on product manufacturing trade secrets, know-how and related non-patent intellectual property. The effect of this patent expiration depends, among other things, upon the nature of the market and the position of these products in the market from time to time, the growth of the market, the complexities and economics of manufacture of a competitive product and regulatory approval requirements of generic drug laws. In the event that competition develops from generic products, this competition could have a material adverse effect on HLS's business, financial condition and operating results. The entrance into the market of a generic pharmaceutical product may erode the branded product's market share which may have a material adverse effect on HLS's business, financial condition and results of operations.

Royalty Term and Revenue Risk

The Company's remaining royalty interest is subject to fluctuations in duration and payment volume that are often beyond the Company's control. The actual term of this royalty depends on a complex interplay of factors, including patent expiration dates, the entry of generic or biosimilar competitors, and the strength of regulatory exclusivity in various jurisdictions. There is an inherent risk that the royalty term may expire earlier than anticipated due to unforeseen developments such as patent invalidation, successful "design-around" strategies by third parties, or changes in the interpretation of the governing royalty contracts. Any such acceleration of the royalty expiry or a significant reduction in the underlying product's market share would lead to a decline in royalty income and could negatively impact the Company's overall financial results.

Inability to Protect, Maintain and Enforce Intellectual Property and Data Protection

HLS's success will depend in part on its ability or on the ability of licensors of products to HLS to protect, maintain and enforce intellectual property rights, data protection and licensing arrangements for its products. No assurance can be given that the licenses or rights used by, or granted to, HLS, will not be challenged, invalidated, infringed or circumvented, or that the rights granted thereunder will provide competitive advantages to HLS. Any loss of intellectual property or data protection is likely to adversely affect HLS's operating results. HLS's commercial success will also depend in part on it or its licensors not infringing patents or proprietary rights of others and not breaching the licenses granted to it or its licensors, as the case may be. There can be no assurance that HLS or its licensors will be able to obtain a license to any third-party technology that may be required to conduct HLS's business or that such technology can be licensed at a reasonable cost. There is no certainty that HLS will not be challenged by its partners for non-compliance with its existing or future licensing arrangements. Consequently, there may be a risk that licensing arrangements are withdrawn with no compensation or penalties to HLS.

HLS will rely on trade secrets, know-how and other proprietary information as well as requiring employees, suppliers and other third-party service providers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and HLS may not have adequate remedies for such breaches. Others may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to HLS's proprietary information and adopt it in a competitive manner. If a third party obtains HLS's proprietary information and adopts it in a competitive manner, it may have a material effect on HLS's business, financial condition and operating results.

Product Liability Claims

The administration of drugs to humans, whether in clinical trials or after marketing clearance is obtained, can result in product liability claims. Product liability claims can be expensive, difficult to defend and may result in large judgments or settlements against HLS. In addition, third-party collaborators and licensees may not protect HLS from product liability claims.

HLS will maintain product liability insurance in connection with the marketing of its products. HLS may not be able to obtain or maintain adequate protection against potential liabilities arising from product sales. If HLS is unable to obtain sufficient levels of insurance at acceptable cost or otherwise protect against potential product liability claims, it will be exposed to product liability claims. A successful product liability claim in excess of its insurance coverage could harm HLS's financial condition, results of operations and prevent or interfere with its product commercialization efforts. In addition, any successful claim may prevent HLS from obtaining adequate product liability insurance in the future on commercially desirable terms. Even if a claim is not successful, defending such a claim may be time-consuming and expensive and would result in HLS needing to divert resources which could otherwise be used in developing its business.

Unexpected Product Safety or Efficacy Concerns

Unexpected safety or efficacy concerns can arise with respect to marketed products, whether or not scientifically justified, leading to product recalls, withdrawals or declining sales, as well as product liability, consumer fraud and/or other claims. This could have a material adverse effect on HLS's business, financial results and operating results.

HLS's Significant Debt Liabilities

HLS has significant liabilities, contingent or otherwise, including those incurred in connection with the Vascepa Agreement, the Esperion Agreement and the HLS Credit Agreement. HLS's ability to satisfy these liabilities will be contingent upon its success in achieving sufficient revenues from the rights to Clozaril, Vascepa, Nilemdo, Nexlizet, MyCare and other products it acquires to be able to make payments when due and payable, including payments of deferred purchase price, milestone payments and payments of loan interest and principal repayment. While HLS was successful in securing financing under the HLS Credit Agreement, there is no assurance that HLS will be able to secure future additional financing to repay its liabilities under the HLS Credit Agreement or any other agreement to which it is a party, should cash flows from operations be insufficient to repay these liabilities. HLS's inability to repay outstanding debt when due would have a material adverse impact on its business.

The obligations of HLS under the HLS Credit Agreement and other related finance documents are secured by substantially all the assets of the Company. In the event of a default in payment on, or of the acceleration of, any of HLS's secured indebtedness, and upon the exercise of the remedies on behalf of the lenders under the HLS Credit Agreement, such enforcement would have a material adverse effect on the business, operations, financial condition and prospects of HLS.

Failure to Achieve Anticipated Tax Benefits

HLS has a corporate structure which involves operations in lower tax jurisdictions. There can be no assurance that the anticipated tax benefits from HLS's corporate structure or from any particular transaction will be achieved by HLS. In addition, changes in tax laws could negatively impact HLS's business, operations and profitability.

Publication of Negative Results of Studies or Clinical Trials

From time to time, studies or clinical trials on various aspects of pharmaceutical products are conducted by academics or others, including government agencies. The results of these studies or trials, when published, may have a dramatic effect on the market for the pharmaceutical product that is the subject of the study. The publication of negative results of studies or clinical trials related to HLS's products or the therapeutic areas in which HLS's products compete could adversely affect HLS's

sales, the prescription trends for its products and the reputation of its products. In the event of the publication of negative results of studies or clinical trials related to HLS's products or the therapeutic areas in which HLS's products compete, HLS's business, financial condition, and operating results could be materially adversely affected.

Estimates, Judgments and Assumptions

The preparation of HLS'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. HLS cannot provide assurance that its estimates, judgments and assumptions with respect to, among other things, revenue recognition, amortization and/or impairment of long-lived assets, income taxes, and fair value of stock-based compensation and/or financial instruments, are accurate or adequate, which could have a material adverse effect on HLS's results of operations, financial condition, and cash flows.

Risk of Foreign Exchange and Market Rate Fluctuations

HLS may be exposed to fluctuations of the Canadian dollar against certain other currencies because HLS publishes its financial statements in U.S. dollars, while a portion of its assets, liabilities, revenues and costs are or will be denominated in other currencies, such as the Canadian dollar. HLS has borrowed funds under the HLS Credit Agreement in Canadian dollars and has payment obligations under the Vascepa Agreement and the Esperion Agreement in U.S. dollars. Exchange rates for currencies of the countries in which HLS operates may fluctuate in relation to the U.S. dollar, and such fluctuations, especially as between the Canadian dollar and the U.S. dollar, may have a material adverse effect on HLS's earnings or assets when translating foreign currency into U.S. dollars. In order to mitigate the risk, HLS has used forward contracts to reduce its exposure to foreign currency risk and may or may not do so in the future. Dependent on the nature, amount and timing of foreign currency receipts and payments, HLS may from time to time enter into foreign currency contracts. Accordingly, HLS may experience economic loss and a negative impact on earnings solely as a result of foreign exchange rate fluctuations, which include foreign currency devaluations against the U.S. dollar. HLS does not typically carry currency convertibility risk insurance.

Tariffs or Cross-Border Trade Restrictions

The Company is subject to risks associated with international trade disputes and the imposition of tariffs or other trade barriers, particularly between Canada and the United States. Following the executive order signed on February 1, 2025, which briefly proposed a 25% tariff on most goods imported into the United States, the North American trade environment remains characterized by significant volatility. Although the implementation of that specific order was subsequently suspended pending further diplomatic negotiations, there remains a continued risk that the United States, or other countries around the world, could reintroduce broad or sector-specific tariffs on goods exported from Canada.

While the Company currently assesses that existing tariffs do not have a material impact on its core operations, any future imposition of cross-border duties could increase the landed cost of the Company's products or the components and inputs used by its third-party manufacturers. Furthermore, as the Company relies on a global supply chain for its cardiovascular and CNS portfolios, and any escalation in trade protectionism could lead to supply chain disruptions or higher cost of goods sold. Such developments could adversely affect the Company's margins, financial results, and overall profitability.

Failure to Successfully Evaluate Material Risks in Completed and Future Investments

HLS will regularly review investment opportunities and as part of the review, conduct business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in any particular transaction. Despite HLS's efforts, it may be unsuccessful in ascertaining or evaluating all such risks. As a result, HLS may not realize the intended advantages of any given investment and may not identify all of the risks relating to the investment. If HLS fails to realize the expected benefits from one or more investments, or does not identify all of the risks associated with a particular investment, HLS's business, results of operations and financial condition could be adversely affected.

Regulations Restricting Revenue Generating Activities

From time to time, governments, government agencies and industry self-regulatory bodies in Canada, the United States and other countries in which HLS may operate have adopted statutes, regulations and rulings that directly or indirectly affect the activities of HLS and its future products. These regulations could adversely impact HLS's ability to execute its business strategy and generate revenues as planned.

Inability to Maintain Effective Internal Controls Over Financial Reporting

HLS's management, with the participation of its Chief Executive Officer and its Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. HLS's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives due to its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is therefore subject to error, collusion, or improper override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis, and although it is possible to incorporate into the financial reporting process safeguards to reduce this risk, they cannot be guaranteed to entirely eliminate it. If HLS fails to maintain effective internal control over financial reporting, then there is an increased risk of an error in its financial statements that could result in HLS being required to restate previously issued financial statements at a later date.

Increases in Interest Rates

Increases in interest rates, both domestically and internationally, could negatively affect HLS's cost of financing its operations and investments. Adverse credit market conditions could limit the Company's ability to refinance its existing credit facility and raise additional debt that may be needed to fund the Company's operations. HLS's ability to maintain its current credit facility and its ability to issue or borrow long-term debt and raise financing are critical to the success of HLS's business. The Company's ability to conduct operations could be materially and adversely impacted should these or other adverse conditions affect the Company's sources of liquidity.

Compromise of Electronic Data

HLS maintains significant amounts of data electronically in locations around the world. This data relates to all aspects of the Company's business and also contains certain patient or customer data, including potentially sensitive patient personal health information. The Company maintains systems and processes designed to protect this data, but notwithstanding such protective measures, there is a risk of intrusion or tampering that could compromise the integrity and privacy of this data. In addition, HLS provides confidential and proprietary information, or personal health information, to its third party business partners in certain cases where doing so is necessary to conduct the Company's business, and in a manner consistent with the scope of the consent provided. While HLS obtains assurances from those parties that they have systems and processes in place to protect such data, and where applicable, that they will take steps to assure the protections of such data by third parties, nonetheless those partners may also be subject to data intrusion or otherwise compromise the protection of such data. While HLS and its third party business partners maintain systems for preventing and detecting a breach of their respective information technology systems, HLS and those third parties may be unaware that a breach has occurred and may be unable to detect an ongoing breach. HLS has exposure to similar security risks faced by other large companies that have data stored on their information technology systems. To its knowledge, HLS has not experienced any material breach of its cybersecurity systems. If HLS's or any third party service providers' systems fail to operate effectively or are damaged, destroyed, or shut down, or there are problems with transitioning to upgraded or replacement systems, or there are security breaches in these systems, any of the aforementioned could occur as a result of natural disasters, software or equipment failures, telecommunications failures, loss or theft of equipment, acts of terrorism, circumvention of security systems, or other cyber-attacks, HLS could experience delays or decreases in product sales, and reduced efficiency of its operations. Any compromise of the confidential data of HLS's patients, customers or itself, or failure to prevent or mitigate the loss of this data could disrupt HLS's operations, damage its reputation, violate applicable laws and regulations and subject the Company to additional costs and liabilities and have a material and adverse impact on its business, financial condition and performance.

Inability to Obtain Third Party Reimbursement

The Company's ability to successfully market the Company's products may depend in part on whether appropriate reimbursement levels for the cost of the products and related treatments are obtained from government authorities and private health insurers and other organizations, such as health maintenance organizations and managed care organizations. This reimbursement and the associated governmental healthcare reimbursement systems are under constant review. The Company also could lose the ability to access such reimbursement by government authorities and private health insurers and other organizations as a result of changing laws, policies and practices of such entities.

Third party payors increasingly challenge the pricing of pharmaceutical products. In addition, the trend toward managed health care in the U.S., the growth of organizations such as health maintenance organizations and managed care

organizations and legislative proposals to reform health care and government insurance programs in the jurisdictions in which the Company sells its products could significantly influence the purchase of pharmaceutical products, resulting in price changes and/or a reduction in product demand. Such cost containment measures and health care reform could affect the Company's ability to sell its products, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Relating to Medical Device Business

Medical Device Regulatory Regime

The commercialization of medical devices in Canada, the U.S. and other jurisdictions are highly regulated, and are regulated in a way that is different from those of pharmaceutical products. These medical device regulations significantly increase the difficulty and costs involved in obtaining and maintaining regulatory approval for marketing new and existing products, and approval is never guaranteed.

The Company's Performance Will Depend on Successful Improvements to Existing Products and Services and Commercialization of New Products and Services

This market is characterized by rapid change and technological innovation. The Company's performance depends on the successful commercialization of new products and services that reflect and respond to changes in the marketplace, technology and customer demands and increasingly on our ability to anticipate emerging trends in white blood cell count testing. For various reasons, including the potential inability to comply with complex regulatory regimes, we cannot be sure that we will be able to successfully commercialize new products; and our failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company Competes in Highly Competitive Markets and May Lose Market Share to Companies with Greater Resources or More Effective Technologies

New competitors may enter our markets or existing alternatives may reposition to pursue our market. To compete successfully, we must provide technically superior, proven products that deliver more precise, cost-effective, high quality clinical capabilities, in a complete package of products and services, and do so ahead of our competitors.

Disruption of HLS's Critical Information Systems or Material Cyberattacks or Security Breaches of HLS's Products May Adversely Affect its Business and Customer Relations

Information technology helps us operate CSAN Pronto efficiently, and to interface with and support our customers and patients. There is an increasing threat of information security attacks for companies such as HLS, and our CSAN Pronto provider. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

We distribute physical medical devices that rely upon cloud-based software systems to operate properly and consumables that are used in conjunction with the medical device to prepare and store the test sample. Both of these products often are connected to and reside within our provider's information technology infrastructures. The measures implemented to protect those may not be effective in securing these products, particularly since techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target.

A security breach, whether of our products, of our customers' network security and systems or of third party hosting services, could disrupt treatments, disrupt access to our customers' stored information, and could lead to the loss of, damage to or public disclosure of our customers' stored information, including patient health information. Such an event could have serious negative consequences, including possible patient injury, regulatory action, fines, penalties and damages, reduced demand for our solutions, an unwillingness of our customers to use our solutions, harm to our reputation and brand, and time consuming and expensive litigation, any of which could have an adverse effect on our financial results.

If we, or our providers, were to experience a significant cyberattack or security breach of our information systems or data, the costs associated with the investigation, remediation and potential notification of the breach to customers and counter-parties could be material. Our cybersecurity insurance may be inadequate. In the future, our insurance coverage may become prohibitively expensive and/or not be available on acceptable terms or in sufficient amounts, if at all.

Risks Relating to the Ownership of Common Shares

Unpredictability and Volatility of Common Share Price

Publicly-traded securities such as the Common Shares do not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to a variety of factors, including the following: actual or anticipated fluctuations in HLS's quarterly results of operations; recommendations by securities research analysts; changes in the economic performance or market valuations of companies in the industry in which HLS operates; addition or departure of HLS's executive officers and other key personnel; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving HLS or its competitors; operating and share price performance of other companies that investors deem comparable to HLS; and news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in HLS's industry or target markets.

In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the shares of HLS. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against HLS, could result in substantial costs and diversion of management's attention and resources.

Global Financial Conditions

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

Future Sales of Common Shares by Existing Shareholders

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares.

Holders of Options will generally have an immediate income inclusion for tax purposes when they exercise their Options. As a result, HLS expects that such holders will often wish to sell some or all Common Shares purchased on the exercise of their Options in the same year that they exercise their options of HLS. This may result in a greater number of Common Shares being sold in the public market, and fewer long-term holders of Common Shares by HLS's management and employees.

Dividends on the Common Shares Not Guaranteed

The Company used to have a policy of paying quarterly cash dividends on the Common Shares (see "*Dividends and Dividend Policy*"). The decision whether or not to pay dividends and the amount of any such dividends are subject to the discretion of the Board, which evaluates proposed dividend payments and the solvency test requirements of the OBCA. Any future declaration of dividends are not guaranteed and dividends may not be declared. The amount of cash available to the Company to pay dividends, if any, can vary significantly from period to period for a number of reasons, including, among other things: the Company's operational and financial performance; fluctuations in market prices; the amount of cash required or retained for debt service or repayment; restrictions, coverants or other conditions set forth in current or future term loan agreements; amounts required to fund capital expenditures and working capital requirements; access to capital markets; foreign currency exchange rates and interest rates; and the other risk factors set forth in this Annual Information Form.

In addition, the level of dividends per Common Share will be affected by the number of outstanding Common Shares and other securities that may be entitled to receive cash dividends or other payments. Dividends may be increased, reduced or suspended depending on the Company's operational success. The market value of Common Shares may deteriorate if HLS is unable to meet dividend expectations in the future, and that deterioration may be material.

Dilution of Shareholders of HLS

HLS may issue additional equity securities to finance its activities, including in order to finance acquisitions. If HLS were to issue Common Shares, a holder of Common Shares may experience dilution in HLS's cash flow or earnings per share. Moreover, as HLS's intention to issue additional equity securities becomes publicly known, the Common Share price may be materially adversely affected.

Concentrated Ownership of Common Shares

A small number of institutional shareholders own a substantial number of the outstanding Common Shares. As such, these institutional shareholders are in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. As well, these shareholders could delay or prevent a change in control of HLS that could otherwise be beneficial to HLS shareholders.

Publication of Inaccurate or Unfavourable Research and Reports

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

Enforcement of Judgements Against Foreign Persons May Not be Possible

Certain officers and directors named in this Annual Information Form, are located outside of Canada and, as a result, it may not be possible for Canadian investors to effect service of process within Canada upon these persons. All or a substantial portion of the assets of these persons are likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against such persons in Canada or to enforce a judgment obtained in Canadian courts against such persons outside of Canada.

MATERIAL CONTRACTS

This Annual Information Form includes a summary description of certain material agreements of the Company. The summary description discloses all attributes material to an investor in securities of the Company but is not complete and is qualified by reference to the terms of the material agreements, which have been filed under the Company's profile on SEDAR+ at www.sedarplus.com. Investors are encouraged to read the full text of such material agreements.

The only material contract, other than those contracts entered into in the ordinary course of business, that HLS entered into within the most recently completed financial year, or that HLS entered into prior to the most recently completed financial year and that is still in effect, is the Vascepa Agreement.

See "*The Company – Narrative Description of HLS's Business – Products and Programs – Vascepa (icosapent ethyl capsules)*".

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of the directors or executive officers of HLS, any Common Shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of the outstanding Common Shares, or any associate or affiliate of any of the foregoing persons in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect HLS or any of HLS's subsidiaries.

LEGAL PROCEEDINGS

Management of HLS is not aware of any existing or contemplated legal proceedings material to HLS, or a subsidiary of HLS, to which it is a party or to which its property is the subject.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

EXPERTS

The Company's auditors are Ernst & Young LLP, located in Toronto, Ontario. Ernst & Young LLP has advised that it is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration, principal holders of the Common Shares and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular dated May 13, 2025, prepared in connection with the annual meeting of shareholders held on June 20, 2025. Additional financial information is provided in the audited annual consolidated financial statements and MD&A of the Company for the year ended December 31, 2025. Such documentation, as well as additional information relating to the Company, may be found under the Company's profile on SEDAR+ at www.sedarplus.com.

GLOSSARY

Certain terms used in this Annual Information Form have the following meanings:

"**2023 Amended Agreement**" has the meaning given in "*Business of the Company – General Development of the Business – Year Ended December 31, 2023 – Updates to Credit Agreement*";

"**2024 Amended Agreement**" has the meaning given in "*Business of the Company – General Development of the Business – Year Ended December 31, 2024 – Updates to Credit Agreement*";

"**affiliate**" means, when describing a relationship between two Persons, that either one of them is under the direct or indirect control of the other, or each of them is directly or indirectly controlled by the same Person;

"**Amarin**" has the meaning given in "*Business of the Company – Narrative Description of HLS's Business – Products and Programs – Vascepa (icosapent ethyl capsules)*";

"**AMD**" means Automodular Corporation, a predecessor to HLS;

"**AMD Shareholders**" means the registered holders and/or beneficial owners of the AMD Shares, as the context requires;

"**AMD Shares**" means the common shares in the capital of AMD;

"**Amended and Restated Saladax Agreement**" means the amended and restated supply and distribution agreement between HLS and Saladax dated October 12, 2021, pursuant to which HLS became the exclusive Canadian distributor of certain MyCare Products, namely the MyCare™ (lab based test) drug level assays;

"**Arrangement**" has the meaning given in "*The Company – Incorporation and Office Address*";

"**BCBCA**" means *Business Corporations Act* (British Columbia);

"**Board**" means the board of directors of the Company;

"**Boston Scientific**" means Boston Scientific Corporation;

"**CCS**" means the Canadian Cardiovascular Society;

"**Clozaril Acquisition**" has the meaning given in "*Business of the Company – General Development of the Business – Initial Capital Raise, Going-Public Transaction and Acquistion of Foundational Products*";

"**CNS**" means central nervous system;

"**Common Shares**" means the common shares in the capital of HLS;

"**COVID-19**" means coronavirus disease 2019;

"**CrownWheel**" means CrownWheel Partners LLC, a wholly-owned portfolio company of Longitude Capital;

"**CSAN**" means the Clozaril Support and Assistance Program;

"**CV**" means cardiovascular;

"**Directors**" means directors of the Company, and "**Director**" means any one of them;

*"**Esperion**" has the meaning given in "Business of the Company – Narrative Description of HLS's Business – Products and Programs – Nilemdo (bempedoic acid) and Nexlizet (bempedoic acid and ezetimibe)";*

*"**Esperion Agreement**" has the meaning given in "Business of the Company – Narrative Description of HLS's Business – Products and Programs – Nilemdo (bempedoic acid) and Nexlizet (bempedoic acid and ezetimibe)";*

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

"**Former HLS**" has the meaning given in "*The Company– Incorporation and Office Address*";

"**Former HLS Shareholders**" means the registered holders and/or beneficial owners of the Pre-Amalgamation Common Shares, as the context requires;

"**HLS Credit Agreement**" means the credit agreement dated as of August 19, 2025 among the Company and a syndicate of bank lenders led by National Bank of Canada, which replaced the Prior Credit Agreement. The HLS Credit Agreement provides for total facilities of CAD $107.0 million, consisting of a CAD $79.0 million senior secured term loan, a CAD $14.0 million delayed draw facility, and a CAD $14.0 million revolving credit facility, with an additional CAD $40.0 million uncommitted accordion feature; "**IFRS**" means International Financial Reporting Standards;

"**MD&A**" means the Company's Management's Discussion and Analysis;

"**MyCare Products**" means certain of Saladax's MyCareTM Psychiatry line of products and the MyCare Insite Point-of-Care Device and Antipsychotic Reagents;

"**NI 52-110**" has the meaning given in "*Auditor and Audit Committee Information – Composition of the Audit Committee*";

"**NIHB**" means Non-Insured Health Benefits;

"**Novartis**" means Novartis International AG and/or its affiliates, as the context may require;

"**OBCA**" means *Business Corporations Act* (Ontario);

"**Options**" means the options to purchase Common Shares awarded under the Stock Option Plan;

"**Person**" includes an individual, firm, trust, partnership, association, corporation, joint venture, trustee, executor, administrator, legal representative or government;

"**Pfizer**" means Pfizer Inc.;

"**Pfizer Agreement**" has the meaning given in "*Business of the Company – General Development of the Business – Year Ended December 31, 2024 – Agreement with Pfizer for Vascepa in Canada*";

"**PLA**" means Product Listing Agreement;

"**PMPRB**" means the Patented Medicine Prices Review Board;

"**Pre-Amalgamation Common Shares**" means the common shares in the capital of Former HLS;

"**Preferred Shares**" means the Class A preferred shares in the capital of HLS;

"**Prior Credit Agreement**" means the credit agreement dated as of September 29, 2022 among the Company and a syndicate of bank lenders co-led by JPMorgan Chase Bank, N.A. and Silicon Valley Bank pursuant to which the lenders provided the Company with a senior secured term loan with a principal amount of US$100.0 million and a US$35.0 million revolving facility, as amended by way of each of the 2023 Amended Agreement and 2024 Amended Agreement;

"**Royalty Agreement**" means the Membership Interest Purchase Agreement dated September 30, 2020 between HLS and certain entities related to CrownWheel;

"**Royalty Portfolio**" means the current or past rights to royalty interests based on global sales of (i) the EMBLEM S-ICD System, which is a subcutaneous implantable defibrillator for the treatment of life-threatening ventricular tachyarrhythmias currently marketed by Boston Scientific Corporation; (ii) Obizur, which is a porcine recombinant Factor VIII for Acquired Hemophilia A currently marketed by Takeda Pharmaceutical Company Limited; (iii) Eraxis, which is a IV echinocandin for the treatment of Candidemia and other forms of Candida infections currently marketed by Pfizer; and (iv) Xenpozyme, which is a enzyme replacement therapy for acid sphingomyelinase deficiency, an orphan disease with high unmet medical need, currently marketed by Sanofi Genzyme;

"**Saladax**" means Saladax Biomedical, Inc.;

"**Sanofi Genzyme**" means olipudase alfa, now marketed by Sanofi Genzyme;

"**Stock Option Plan**" means the Amended and Restated Stock Option Plan of the Company, which was approved by the HLS Board on May 16, 2023 and by holders of Common Shares on June 16, 2023;

"**Takeda**" means Takeda Pharmaceutical Company Limited;

"**TPD**" has the meaning given in "*Risk Factors – Risks Relating to the* Business – *Inability to Obtain or Maintain Regulatory Approvals*";

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange;

"**U.S.**", or "**U.S.A.**" means the United States of America; and

"**Vascepa Agreement**" has the meaning given in "*Business of the Company – Narrative Description of HLS's Business – Products and Programs – Vascepa (icosapent ethyl capsules)*".

APPENDIX A

HLS Therapeutics®

HLS THERAPEUTICS INC.
AUDIT COMMITTEE MANDATE
(this "Mandate")

1. Introduction

The Audit Committee (the "Committee" or the "Audit Committee") of HLS Therapeutics Inc. (the "Company") is a committee of the Board of Directors (the "Board"). The Committee shall oversee the accounting and financial reporting practices of the Company and the audits of the Company's financial statements and exercise the responsibilities and duties set out in this Mandate.

2. Membership

Number of Members

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

Independence of Members

Each member of the Committee must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Instrument 52-110 *Audit Committees*, as may be amended from time to time.

Chair

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee (the "Chair"). The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this Mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board.

Financial Literacy of Members

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

Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

3. Meetings

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Quorum

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

Calling of Meetings

The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Company's Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

Minutes; Reporting to the Board

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

Attendance of Non-Members

The external auditors are entitled to, at the expense of the Company, attend and be heard at each Audit Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

Meetings without Management

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board by default, but the Committee shall have the power to otherwise regulate its procedure.

Access to Management

The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company.

4. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In

addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the "Applicable Requirements").

Financial Reports

(a) **General**

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

(b) **Review of Annual Financial Reports**

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

(c) **Review of Interim Financial Reports**

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

5. Review Considerations

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

(i) meet with management and the auditors to discuss the financial statements and MD&A;

(ii) review the disclosures in the financial statements;

(iii) review the audit report or review report prepared by the auditors;

(iv) discuss with management, the auditors and internal legal counsel (if any) as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

(v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;

(vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under Canadian GAAP;

(vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

(viii) review management's report on the effectiveness of internal controls over financial reporting (certificate of filing);

(ix) review the factors identified by management as factors that may affect future financial results;

(x) oversee the administration of and review the results of the Company's complaints reporting and whistleblower hotline program; and

(xi) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(b) **Approval of Other Financial Disclosures**

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Company, press releases disclosing, or based upon, financial results of the Company and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated.

Auditors

(a) **General**

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) **Nomination and Compensation**

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) **Resolution of Disagreements**

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) **Discussions with Auditors**

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee. The Audit Committee shall also review on an ongoing basis with the auditors and management significant issues that may arise regarding accounting principles and financial statement presentation, as well as matters concerning the scope, adequacy and effectiveness of the Company's financial controls.

(e) **Audit Plan**

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

(f) **Quarterly Review Report**

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Company.

(g) **Independence of Auditors**

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

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

As appropriate, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

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

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Company that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) **Approval of Hiring Policies**

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

(k) **Financial Executives**

The Committee shall review and discuss with management and the Board the appointment of key financial executives.

Internal Controls

(l) **General**

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

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

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

(i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;

(ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;

(iii) any material issues raised by any inquiry or investigation by the Company's regulators;

(iv) updates from management regarding any investigations of fraudulent activies; and

(v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the Company's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Hotline Whistleblower Procedures

The Audit Committee shall establish a complaints reporting procedure and whistleblower hotline for (a) the receipt, retention, and treatment of complaints received by the Company, including regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding the Company's affairs, including questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by members of the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel (if any) to reach a satisfactory conclusion, in each case in accordance with the Complaints Reporting and Whistleblowing Policy of the Company.

Audit Committee Disclosure

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

Delegation

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

6. 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 Audit Committee, functions. 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.

7. Mandate Review

The Committee shall review and update this Mandate as deemed advisable from time to time and present it to the Board for approval.

REVIEW AND APPROVAL			
Approved By:	Board of Directors	Adopted:	March 12, 2018
		Updated:	August 6, 2024