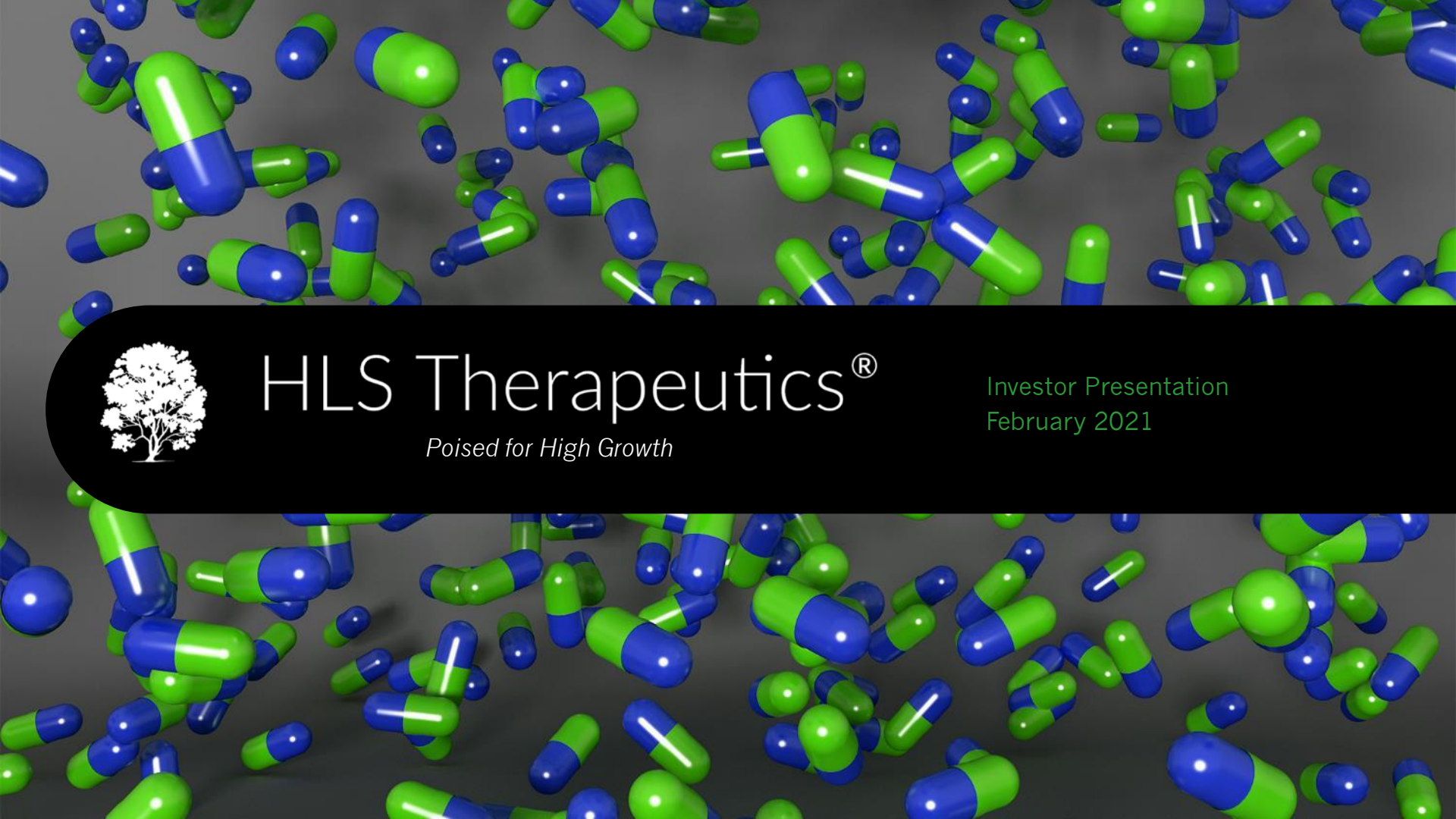


HLS Therapeutics®

Poised for High Growth

Investor Presentation
February 2021

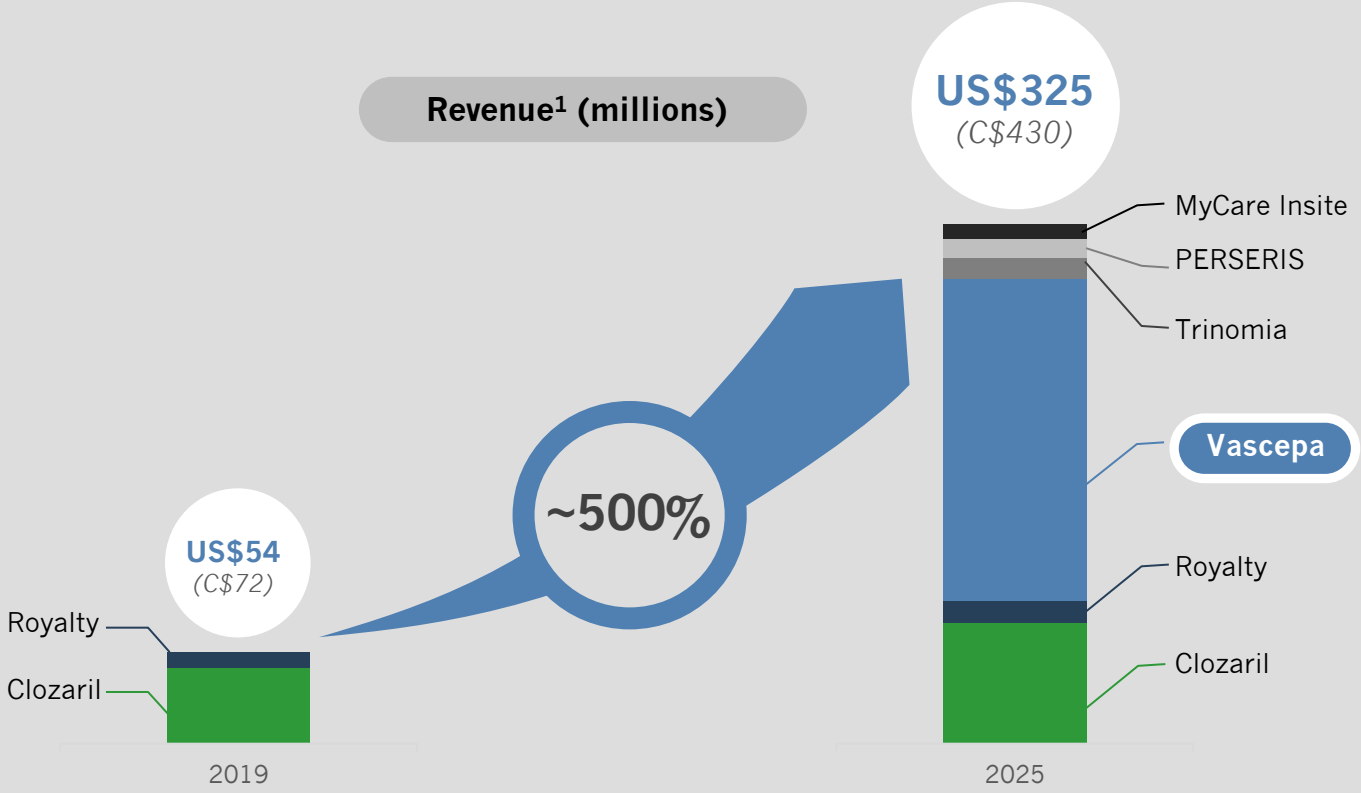
Forward-looking statements

Certain statements in this presentation are “forward-looking statements”. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always using words or phrases such as “project”, “forecast”, “target”, “expect”, “seek”, “endeavour”, “anticipate”, “plan”, “estimate”, “believe”, “intend”, or stating that certain actions, events or results may, could, should, would, might or will occur or be taken, or achieved) are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of known and unknown risks and uncertainties which would cause actual results or events to differ materially from those presently anticipated. A number of factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this presentation. These factors should be considered carefully and prospective investors should not place undue reliance on these forward-looking statements. Although the forward-looking statements contained in this presentation are based upon what HLS currently believes to be reasonable assumptions, HLS cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. Except as required by law, HLS does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forward-looking statement, nor does it intend, or assume any obligation, to update or revise these forward-looking statements to reflect new events or circumstances.

- **All figures in USD unless otherwise noted.**
- **Historical financials are per HLS filed quarterly and annual statements**
- **Forward-looking financial estimates are converted at an exchange rate of 1 USD = 1.33047 CAD and 1 CAD = 0.751613 USD**

HLS: A growth story in the making

TSX: HLS | **Market Cap[2] C$500M**



Vascepa

Blockbuster Potential:

C$275-325M peak-year revenue estimate

C$100-130M peak-year Adj EBITDA estimate

1: 2019 are actual results and 2025 are estimates
2: as at 02/04/21

Who We Are

Canadian-based, North American focused pharma company

2

THERAPEUTIC AREAS

Cardiovascular
&
Central Nervous System

6

PRODUCTS

3 in-market
3 in pipeline
+
4 royalty interests

US$39.6M

Year-to-date[1] revenue

OPERATIONAL STRENGTH

US$15.4M

Year-to-date
Adj EBITDA

[1] for the nine-month period ended September 30, 2020

Our portfolio

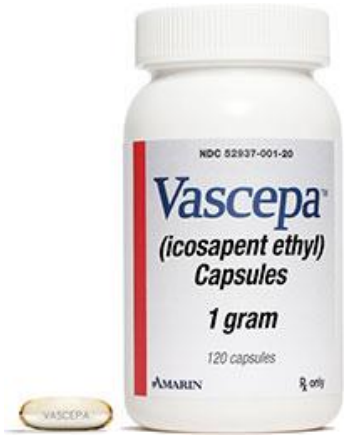
CARDIOVASCULAR (CV)			
Vascepa	Transformative	Canada	Marketed
Trinomia	Transformative	Canada	Pipeline
CENTRAL NERVOUS SYSTEM (CNS)			
Clozaril	Foundational	U.S./Canada	Marketed
CSAN Pronto	Foundational	U.S./Canada	Marketed
PERSERIS	Transformative	Canada	Approved. Pre-launch phase
MyCare Insite	Transformative	Canada	Pipeline
ROYALTY PRODUCTS			
Royalty Portfolio	Foundational	Global	Marketed by third parties

Vascepa: Next pillar in cardiovascular risk reduction

“This may be the **biggest development in cardiovascular prevention since statins.**”[1]

Deepak L. Bhatt, MD, MPH

- Professor of Medicine at Harvard Medical School
- Exec Director of Interventional Cardiovascular Programs at Brigham and Women’s Hospital Heart and Vascular Center
- Global Principal Investigator and Steering Committee Chair for REDUCE-IT



[1] Brigham and Women’s REDUCE-IT results press release November 10, 2018

Vascepa: HLS has exclusive Canadian rights

First and only Health Canada-approved drug to reduce the risk of CV events and death in statin-treated patients with elevated triglycerides and other risk factors

PEAK-YEAR & BEYOND

C$275-325M net revenue potential

35-40% target Adj EBITDA margin

C$100-130M Adj EBITDA per year



Launched in Canada in February 2020

Long runway: 8-years of data exclusivity. Patent protection into the 2030's

Vascepa: REDUCE-IT trial delivered

Trial design

8,200 PATIENTS

11 COUNTRIES

5-YEAR TRIAL

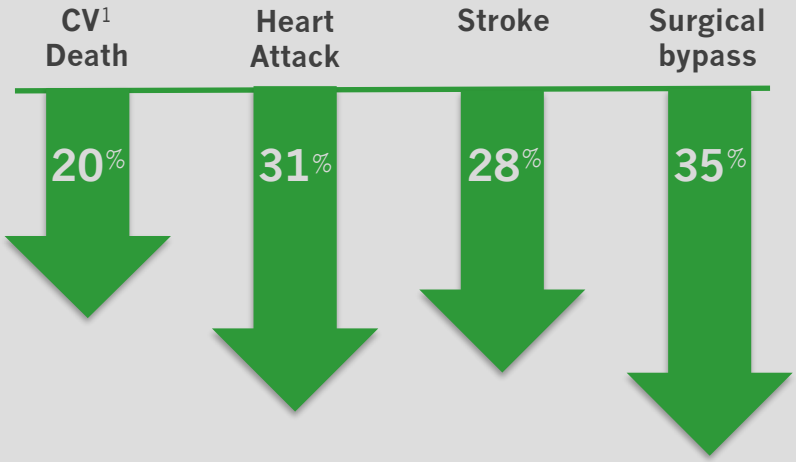
Trial results

Primary endpoint



Reduction in Major Adverse CV[1] Events

Significant reductions on secondary endpoints



Blockbuster clinical results

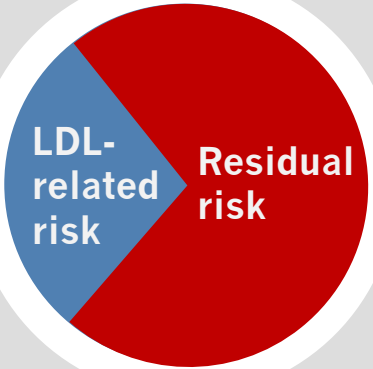
[1] CV = Cardiovascular

Vascepa: Characteristics of a category leader

The Problem

#1 Killer globally is cardiovascular disease

Unmet Need



The Solution

Vascepa effectively and safely lowers CV events by **30%**

up to **2M** Canadians in-label

Clozaril: Canadian Market Leader

WHO essential medicine

Schizophrenia
1% of population

1/3 patients
Do not respond to first line treatment

LIFE CHANGING
Clozaril can be life changing, often the only and last recourse for patients not responding to first line treatment

80%
Response rate

~US$45-50M
(C$60-67M)
annual revenue



Strong consistent cash flow

CSAN: Patient Portal is our competitive advantage for Clozaril in Canada

25 dedicated resources

Sales reps

Nurses

Physician consultants

24/7 availability

CSAN: Clozaril Support and Assistance Network

200,000 blood tests/year

55% market share

50,000 calls to customers/ year

Every week Follow-up with 1,300 patients to ensure compliance



Growing franchise in a genericized Canadian market

PERSERIS: Synergistic to CNS/psychiatry franchise

PRE-LAUNCH

Exclusive Canadian rights

First once-monthly risperidone long-acting injectable (LAI)

Indicated for the treatment of schizophrenia in adults

Compelling positioning and well-defined marketing plan





C$15-20M annual revenue potential *(US$11-15M)*

MyCare Insite: Synergistic to CNS/psychiatry franchise

PIPELINE

Exclusive Canadian distributor

Point-of-care device using a single drop of blood to measure the level of six antipsychotic drugs in patients' blood

No product of this type currently exists in Canada





C$10M, annual revenue potential *(US$7.5M)*

Trinomia: Synergistic to cardiovascular franchise

Exclusive Canadian Rights

PIPELINE

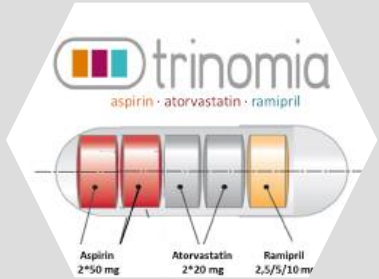
INDICATION

SECONDARY PREVENTION OF CARDIOVASCULAR EVENTS

- Aspirin (anti-coagulant)
- Atorvastatin (lipid lowering)
- Ramipril (anti-hypertensive)

DIFFERENTIATION

TRI-COMBO CAPSULE "Polypill"



COMPLIANCE/ADHERENCE IMPROVEMENT

Patients at risk following an initial CV event are poly medicated (7-8 drugs).

Pill burden is biggest reason for non-adherence to treatment

2020 Q1 Q2 Q3 Q4 **2021** Q1 Q2 Q3 Q4

Accepted for review by HC

HC Response

C$15-20M annual revenue potential *(US$11-15M)*

Royalty Portfolio: reliable cash flow from foundational assets

Increased diversification

Four non-correlated products

Diversifies revenue, AEBITDA & cash flow

Products marketed by global blue-chip healthcare organizations

SANOFI GENZYME · Pfizer · Takeda · Boston Scientific

Average annual AEBITDA of ~$11M[1]

Purchase price 5.5X Adjusted EBITDA

IRR >20%

forecasted over next ten years

Long-term stable cash flow to support organic and acquisitive growth

1: expected over a ten-year period beginning in 2021

Strong balance sheet

SUMMARY BALANCE SHEET & CAPITALIZATION

(US$ millions)	At Dec 31, 2019	At Sep 30, 2020
Cash and Cash Equivalents	47.1	**20.9**
Senior Secured Term Loan	93.8	**109.9**
Net Debt (Term Loan less Cash)	46.7	**89.0**

	At Dec 31, 2019	At Sep 30, 2020
Shares Outstanding ('000's)	31,059	**31,744**

US$70M debt expansion facility

Preliminary short-form base shelf prospectus filed

Quarterly dividend

NCIB

A business of scale based on two foundational products

With potential blockbuster product, Vascepa, on deck

(USD$ millions)		*FY 2019*	*YTD 2019*[2]	YTD 2020[2,3]
REVENUE (USD$ millions)	Product	*44.6*	*33.2*	33.8
	Royalty	*9.6*	*7.1*	5.8
	Total	***54.2***	***40.2***	**39.6**
ADJUSTED EBITDA[1] (USD$ millions)		***31.6***	***24.4***	**15.4**

2020 Adjusted EBITDA reflects investment in the launch of Vascepa and includes a one-time $1.3M charge related to the CEO transition in Q3

1: net loss adjusted for (i) “stock-based compensation”, (ii) “amortization and depreciation”, (iii) “acquisition and transaction costs”, (iv) “finance and related costs”, and (v) “income tax recovery”
2: for the nine-month periods ended Sept 30, 2019 and Sept 30, 2020

Veteran specialty pharma leadership team

MANAGEMENT

William Wells | Executive Chairman
Former CEO and Director of Biovail

Gilbert Godin | CEO & Director
Co-Founder of HLS. Former Executive Vice President and COO of Biovail, CEO of Duchesnay (USA), President of MDS Pharma (USA); VP at Schering-Plough (FR) and L'Oreal

Tim Hendrickson | Chief Financial Officer
Formerly of Cubist Pharmaceuticals; Procter & Gamble; P&G Pharmaceuticals; and Warner Chilcott

Ryan Lennox | General Counsel
Former Senior Counsel at Amgen Inc., where he was responsible for all of the legal affairs of their Canadian affiliate

Dr. Jason Gross | VP, Scientific Affairs
Former VP of Scientific and Medical Affairs at Crown, MDS Capital, and Zenith Goldline, ex-National Institutes of Health (NIH) and Food & Drug Administration (FDA)

Sanjiv Sharma | Chief Commercial Officer
Former SVP Worldwide Commercial & Country Head-US for NicOx; and VP Commercial for Duchesnay USA, Biovail, Aventis

Dr. Hemanth Varghese, Phd | Head of Corporate Strategy and Business Development
Former senior executive with Valeant and Endo in Business Development and in Operations, prior to which he was VP of Business Development for Biovail

BOARD

William Wells | Executive Chairman
Current or former Board roles with: Biovail/Valeant, Medgenesis, ACADIA Pharmaceuticals, EnerCare and Evizone

Gilbert Godin | Director
HLS Co-Founder and Chief Executive Officer

J. Spencer Lanthier | Lead Director
Former Chairman and CEO of KPMG Canada, formerly board member of TMX Group, Torstar Corp., Biovail Corp., Rona Inc., Ellis-Don Inc.

Yvon Bastien | Independent Director
Former CEO of Sanofi Aventis in Canada, formerly held executive positions with Eli Lilly, IMS Canada, Delta Healthcare

Laura Brege | Independent Director
Managing Director of Cervantes Life Science Partners, LLC, current Board roles with Acadia Pharmaceuticals, Aratana Therapeutics, Pacira Pharmaceuticals, Portola Pharmaceuticals and Dynavax Technologies

Don DeGolyer | Independent Director
President and CEO of Vertice Pharma, formerly COO with ENDO Pharmaceuticals and Sandoz North America

Greg Gubitz | Director
Co-Founder and founding CEO of HLS. Former Board roles with: biOasis, Telesta, Drug Royalty and Imperial Plastech

Rodney Hill | Independent Director
Chief Risk Officer with OMERS

Strength

Strong cash flow and balance sheet

Dividend: C$0.20 per share per year

Experienced leadership

Execution

Clear value creating strategy
Cash flow/Growth/Explosive growth

3 commercial-stage assets

3 assets in pre-approval stage

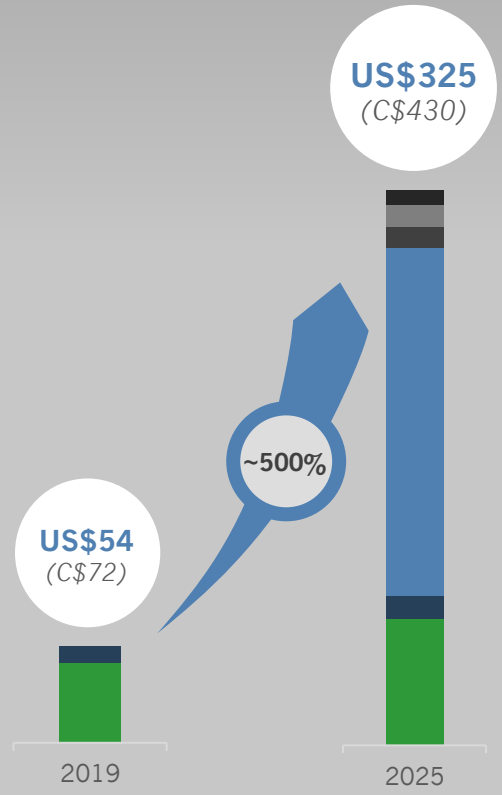
Growing royalty portfolio

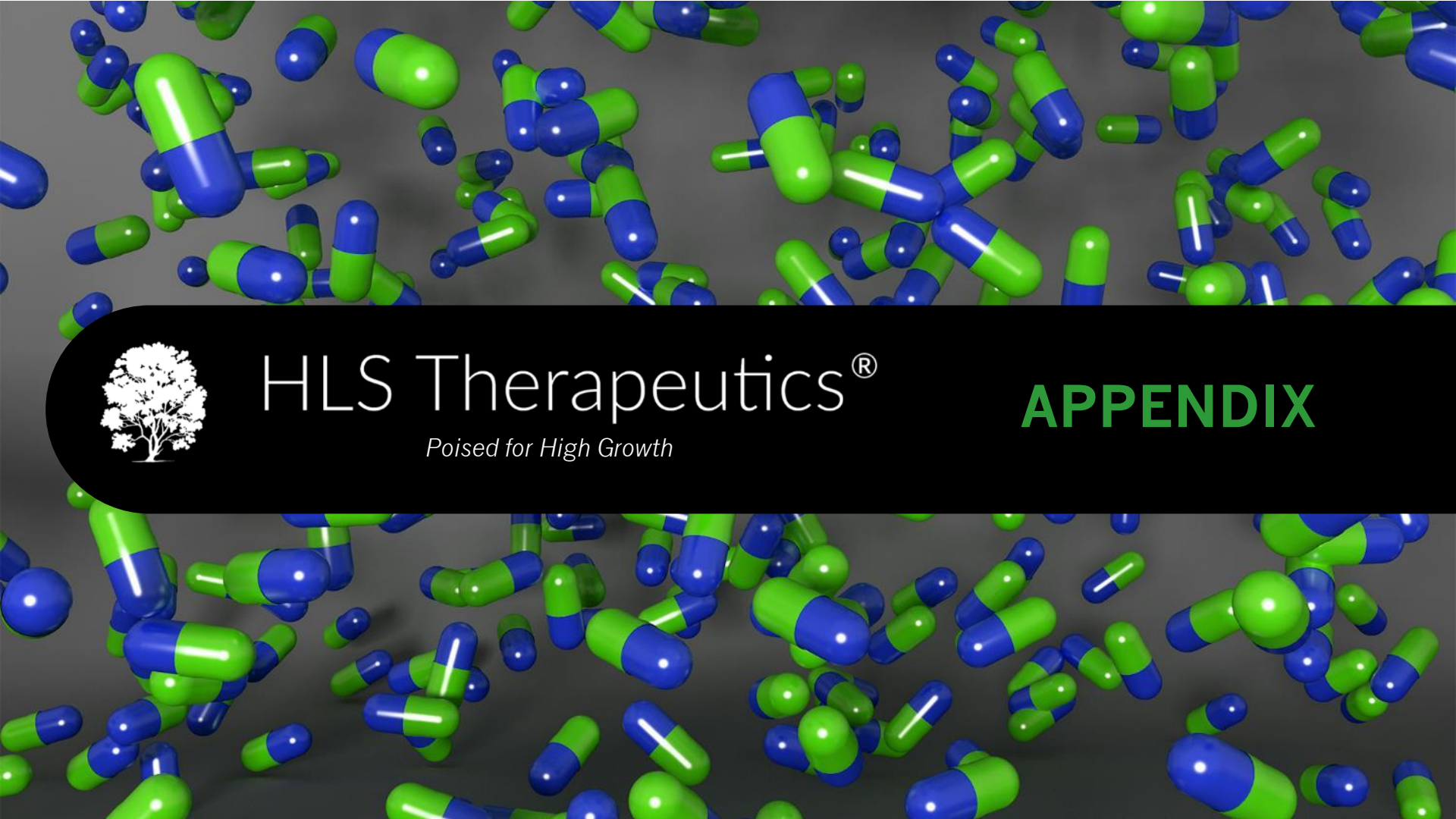
Opportunity

Vascepa: C$275-325M sales estimate

Scalable platforms in CV & CNS

Robust deal flow for acquisitions



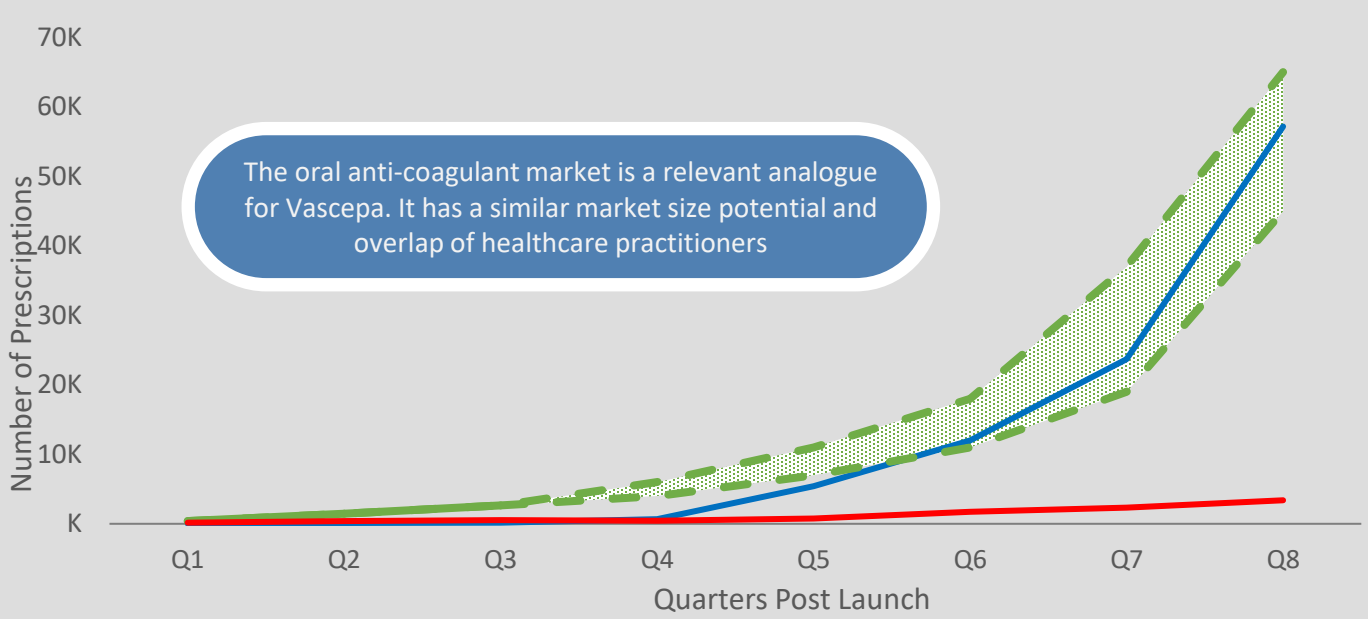


HLS Therapeutics®

Poised for High Growth

APPENDIX

Vascepa Recent Analogues: two-year comparison

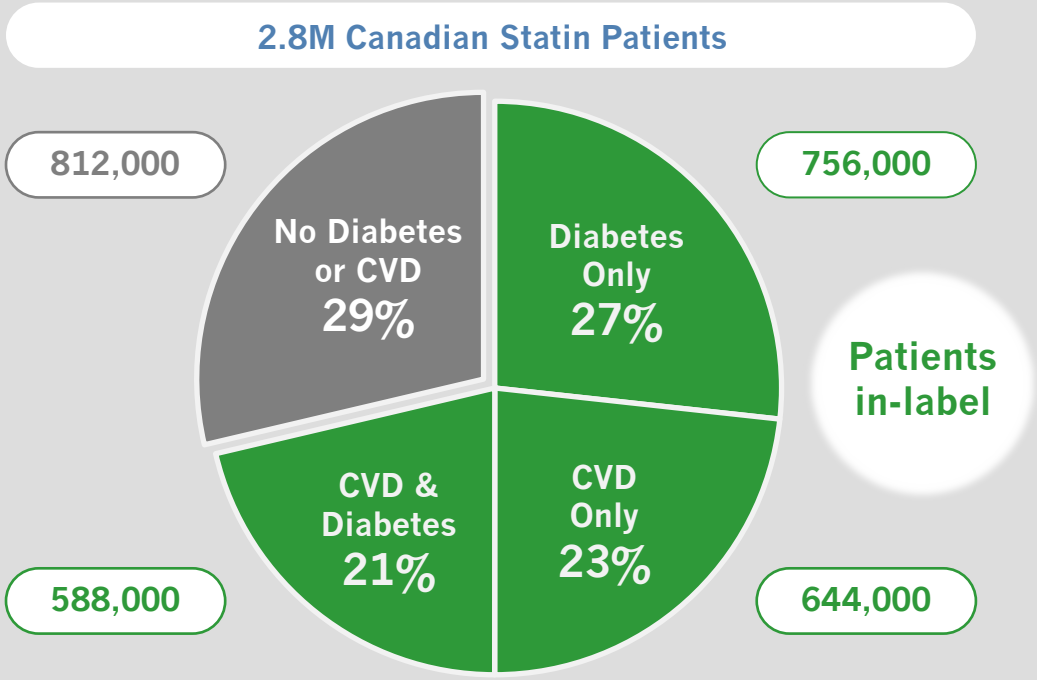


	Patients at Peak
Vascepa (projection)	130-150K (projected)
Eliquis	290K (actual)
Pradaxa	85K (actual)

	Launch	Daily Cost	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
Vascepa	**Feb 2020**	**$9.80**	417	1,454	2,639	**4-6K**	**7-11K**	**11-18K**	**19-37K**	**45-65K**
Eliquis*	**Dec 2012**	**$3.20**	23	110	192	672	5,438	12,008	23,692	57,184
Pradaxa*	**Nov 2010**	**$3.20**	164	388	559	431	770	1,733	2,345	3,402

Source: IQVIA Analogue Planner, Q2 2020

Up to 2M patients in-label



	All Statin Patients	Relative Share of REDUCE-IT population
Diabetes	27%	**High Risk:** Primary Prevention:
CVD	23%	**Very High Risk:** Secondary prevention:
Both	21%	
Neither	29%	Not included in REDUCE-IT trial

REDUCE-IT studied statin-treated patients with elevated triglycerides with established CVD (Very High Risk), or with diabetes and one or more CV risk factor(s) (High Risk)

CVD only + CVD with Diabetes = Up to 1.2M
CVD only + CVD with Diabetes + Diabetes and risk factor = Up to 2M

Source: https://www150.statcan.gc.ca/n1/pub/82-003-x/2016001/article/14305/tbl/tbl02-eng.htm
https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2989357/
https://www150.statcan.gc.ca/n1/pub/82-625-x/2018001/article/54982-eng.htm