



Condensed Consolidated Interim Financial Statements
(Expressed in thousands of Canadian Dollars, except per share amounts)

MEDICURE INC.

Three and nine months ended September 30, 2023
(unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the three and nine months ended September 30, 2023.



Condensed Consolidated Interim Statements of Financial Position
 (expressed in thousands of Canadian dollars, except per share amounts)
 (unaudited)

	Note	September 30, 2023	December 31, 2022
Assets			
Current assets:			
Cash and cash equivalents		\$ 5,642	\$ 4,857
Accounts receivable	3	5,531	5,635
Inventories	4	3,377	3,221
Prepaid expenses		761	1,134
Total current assets		15,311	14,847
Non-current assets:			
Property and equipment		856	1,187
Intangible assets	5	9,444	10,624
Goodwill	6	3,171	3,177
Other assets		63	63
Total non-current assets		13,534	15,051
Total assets		\$ 28,845	\$ 29,898
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 5,671	\$ 7,128
Current portion of royalty obligation	7	-	179
Current portion of acquisition payable	5	676	677
Current income taxes payable		6	60
Current portion of lease obligation		351	346
Total current liabilities		6,704	8,390
Non-current liabilities			
Lease obligation		275	503
Total non-current liabilities		275	503
Total liabilities		6,979	8,893
Equity:			
Share capital	8(b)	81,014	80,917
Contributed surplus		10,647	10,476
Accumulated other comprehensive income		(5,491)	(5,458)
Deficit		(64,304)	(64,930)
Total Equity		21,866	21,005
Total liabilities and equity		\$ 28,845	\$ 29,898
Commitments and contingencies	9(a) & 9(e)		

See accompanying notes to the condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Net (Loss) Income and Comprehensive Loss
(expressed in thousands of Canadian dollars, except per share amounts)
(unaudited)

	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue, net		\$ 5,002	\$ 5,287	\$ 16,623	\$ 16,750
Cost of goods sold	4, 9(c)	1,362	1,391	4,999	5,034
Gross profit		3,640	3,896	11,624	11,716
Expenses					
Selling	9	2,017	1,694	6,123	5,060
General and administrative	9	1,024	1,036	3,055	3,909
Research and development	9	508	314	1,703	1,984
		3,549	3,044	10,881	10,953
Other Income					
Change in fair value of contingent consideration	9(d)	-	(302)	-	(302)
Finance (income) costs:					
Finance (income) expense, net		(3)	33	(20)	90
Foreign exchange (gain) loss, net		17	(10)	71	25
		14	(279)	51	(187)
Net income (loss) before income taxes		\$ 77	\$ 1,131	\$ 692	\$ 950
Income tax (recovery) expense					
Current		(7)	18	66	39
Net income		\$ 84	\$ 1,113	\$ 626	\$ 911
Other comprehensive income:					
Item that may be reclassified to profit or loss					
Exchange differences on translation of foreign subsidiaries		455	1,257	(33)	1,587
Other comprehensive income, net of tax		455	1,257	(33)	1,587
Comprehensive income		\$ 539	\$ 2,370	\$ 593	\$ 2,498
Earnings per share					
Basic	8(d)	\$ 0.01	\$ 0.11	\$ 0.06	\$ 0.09
Diluted	8(d)	\$ 0.01	\$ 0.11	\$ 0.05	\$ 0.09

See accompanying notes to the condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Changes in Equity
 (expressed in thousands of Canadian dollars, except per share amounts)
 (unaudited)

	Note	Share Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total
Balance, December 31, 2021		\$ 80,917	\$ 10,429	\$ (6,640)	\$ (66,295)	\$ 18,411
Net income for the nine months ended September 30, 2022		-	-	-	911	911
Other comprehensive income for the nine months ended September 30, 2022		-	-	1,587	-	1,587
Share-based compensation	8(c)	-	50	-	-	50
Total transactions with owners		-	50	-	-	50
Balance, September 30, 2022		\$ 80,917	\$ 10,479	\$ (5,053)	\$ (65,384)	\$ 20,959

	Note	Share Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total
Balance, December 31, 2022		\$ 80,917	\$ 10,476	\$ (5,458)	\$ (64,930)	\$ 21,005
Net income for the nine months ended September 30, 2023		-	-	-	626	626
Other comprehensive loss for the nine months ended September 30, 2023		-	-	(33)	-	(33)
Transactions with owners, recorded directly in Equity						
Stock options exercised	8(c)	97	(41)	-	-	56
Share-based compensation	8(c)		212	-	-	212
Total transactions with owners		97	171	-	-	268
Balance, September 30, 2023		\$ 81,014	\$ 10,647	\$ (5,491)	\$ (64,304)	\$ 21,866

See accompanying notes to the condensed consolidated interim financial statements.



Condensed Consolidated Interim Statements of Cash Flows
 (expressed in thousands of Canadian dollars, except per share amounts)
 (unaudited)

For the nine months ended September 30	Note	2023	2022
Cash (used in) provided by:			
Operating activities:			
Net income for the period		\$ 626	\$ 911
Adjustments for:			
Change in fair value of contingent consideration	9(d)		(302)
Recovery of royalties	9(c)	(234)	-
Amortization of property, plant and equipment		319	343
Amortization of intangible assets	5	1,298	1,171
Share-based compensation	8(c)	212	50
Finance (income) expense, net		11	90
Unrealized foreign exchange (gain) loss		71	812
Income tax expense		66	39
Change in the following:			
Accounts receivable		86	(285)
Inventories		(178)	(61)
Prepaid expenses		334	203
Accounts payable and accrued liabilities		(1,108)	(865)
Other assets		-	27
Interest received (paid), net		31	10
Income taxes paid		(78)	(42)
Royalties paid	7	(304)	(772)
Cash flows from operating activities		1,152	1,329
Investing activities:			
Acquisition of intangible assets	5	(142)	(269)
Cash flows used in investing activities		(142)	(269)
Financing activities:			
Repayment of lease liability		(225)	(219)
Cash flows used in financing activities		(225)	(219)
Increase in cash and cash equivalents		785	841
Cash and cash equivalents, beginning of period		4,857	3,694
Cash and cash equivalents, end of period		\$ 5,642	\$ 4,535

See accompanying notes to the condensed consolidated interim financial statements.



Notes to the Condensed Consolidated Interim Financial Statements
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1. Reporting entity

Medicure Inc. (the "Company") is a company domiciled and incorporated in Canada and as of October 24, 2011, its Common Shares are listed on the TSX Venture Exchange ("TSX-V"). Prior to October 24, 2011 and beginning on March 29, 2010, the Company's Common Shares were listed on the NEX board of the TSX-V. Prior to March 29, 2010, the Company's Common Shares were listed on the Toronto Stock Exchange. Additionally, the Company's shares were listed on the American Stock Exchange (later called NYSE Amex and now called NYSE MKT) on February 17, 2004 and the shares ceased trading on the NYSE Amex effective July 3, 2008. The Company remains a U.S. Securities and Exchange Commission registrant. The address of the Company's registered office is 2-1250 Waverley Street, Winnipeg, Manitoba, Canada, R3T 6C6.

The Company is a biopharmaceutical company engaged in the research, development and commercialization of human therapeutics. Through its subsidiary Medicure International, Inc., the Company has rights to the commercial product AGGRASTAT® Injection (tirofiban hydrochloride) in the United States and its territories (Puerto Rico, U.S. Virgin Islands, and Guam). AGGRASTAT®, a glycoprotein GP IIb/IIIa receptor antagonist, is used for the treatment of acute coronary syndrome including unstable angina, which is characterized by chest pain when one is at rest, and non Q wave myocardial infarction.

In September 2019 the Company acquired ownership of ZYPITAMAG® from Cadila Healthcare Ltd., India ("Zydus") for the U.S. and Canadian markets. Under terms of the agreement, the Company previously had acquired U.S. marketing rights with a profit-sharing arrangement in December 2017. With this acquisition the Company obtained full control of the product including marketing and pricing negotiation for ZYPITAMAG®. ZYPITAMAG® is used for the treatment of patients with primary hyperlipidemia or mixed dyslipidemia and was approved in July 2017 by the U.S. Food and Drug Administration ("FDA") for sale and marketing in the United States. On May 1, 2018 ZYPITAMAG® was made available in retail pharmacies throughout the United States.

On December 17, 2020, the Company, through its subsidiary, Medicure Pharma Inc. acquired and began operating Marley Drug, Inc. ("Marley Drug"), a leading specialty pharmacy serving customers across the United States.

The Company's ongoing research and development activities include the continued development of MC-1 which is used for the treatment of pyridox(am)ine 5'-phosphate oxidase ("PNPO") deficiency.

2. Basis of preparation of financial statements

(a) Statement of compliance

These condensed consolidated interim financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and have been prepared using the same accounting policies and methods of application as those used in the Company's audited consolidated financial statements for the year ended December 31, 2022. These condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 21, 2023.



Notes to the Condensed Consolidated Interim Financial Statements
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2. Basis of preparation of financial statements (continued)

(b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for contingent consideration and the investment in Sensible Medical which are measured at fair value.

(c) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand dollar, except where indicated otherwise.

(d) Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the consolidated financial statements for the year ended December 31, 2022:

- Note 3(c)(ii): The valuation of the royalty obligation
- Note 3(e): The accruals for returns, chargebacks, rebates and discounts

Chargebacks are considered the most significant estimates and result from wholesalers selling the Company's products to end hospitals at prices lower than the wholesaler acquisition cost, which results in variable consideration for the Company. The provision is estimated using historical chargeback experience, timing of actual chargebacks processed during the year, expected chargeback levels based on the remaining products in the wholesaler distribution channel and pricing differences. Estimating the chargeback accrual is complex and judgmental due to the level of uncertainty involved in management's estimates for product that remains in the wholesaler distribution channel as period end, the extent of product sales that were expected to be subject to chargebacks and pricing differences.

- Note 3(i): The measurement and useful lives of intangible assets
- Note 3(o): The measurement of the amount and assessment of the recoverability of income tax assets and income tax provisions
- Note 3(q): The measurement and valuation of intangible assets and contingent consideration acquired and recorded as business combinations
- Note 3(l): Impairment of non-financial assets

The Company's annual goodwill impairment test is based on value-in-use calculations that use a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. The recoverable amount is most sensitive to the discount rate, revenue growth rate, and operating margin. A change in any of the significant assumptions or estimates used to evaluate goodwill could result in a material change to the results of operations. The key assumptions used to determine the recoverable amount are further explained in note 9 to the consolidated financial statements for the year ended December 31, 2022.

- Note 3(r): The incremental borrowing rate ("IBR") used in the valuation of leases



Notes to the Condensed Consolidated Interim Financial Statements
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3. Accounts Receivable

	September 30, 2023	December 31, 2022
Trade accounts receivable	\$ 5,016	\$ 5,525
Other accounts receivable	515	110
	\$ 5,531	\$ 5,635

As at September 30, 2023, there were three customers with amounts owing greater than 10% of the Company's accounts receivable which totaled 99% in aggregate (Customer A – 36%, Customer B – 17%, Customer C – 46%). As at December 31, 2022, there were three customers with amounts owing greater than 10% of the Company's accounts receivable which totaled 97% in aggregate (Customer A – 41%, Customer B – 19%, Customer C – 37%).

4. Inventories

	September 30, 2023	December 31, 2022
Finished product available-for-sale	\$ 2,321	\$ 2,365
Finished retail pharmacy product available for sale	549	267
Unfinished product and packaging materials	507	589
	\$ 3,377	\$ 3,221

Inventories expensed as part of cost of goods sold during the three and nine months ended September 30, 2023 amounted to \$1,492 and \$4,776, respectively (2022– \$1,248 and \$4,418).



Notes to the Condensed Consolidated Interim Financial Statements
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5. Intangible assets

Cost	Licenses	Patents and Drug Approvals	Brand Names and Trademarks	Customer list	Software	Total
At December 31, 2021	\$ 1,176	\$ 24,334	\$ 4,549	\$ 5,547	\$ 446	\$ 36,052
Additions	-	-	-	-	296	296
Effect of movements in exchange rates	80	1,662	311	379	39	2,471
At December 31, 2022	\$ 1,256	\$ 25,996	\$ 4,860	\$ 5,926	\$ 781	\$ 38,819
Additions	-	-	-	-	142	142
Effect of movements in exchange rates	(2)	(46)	(9)	(11)	-	(68)
At September 30, 2023	\$ 1,254	\$ 25,950	\$ 4,851	\$ 5,915	\$ 923	\$ 38,893

Accumulated amortization	Licenses	Patents and Drug Approvals	Brand Names and Trademarks	Customer list	Software	Total
At December 31, 2021	\$ 175	\$ 19,123	\$ 4,107	\$ 1,435	\$ -	\$ 24,840
Amortization	172	589	50	709	74	1,594
Effect of movements in exchange rates	19	1,330	284	126	2	1,761
At December 31, 2022	\$ 366	\$ 21,042	\$ 4,441	\$ 2,270	\$ 76	\$ 28,195
Amortization	134	457	39	549	119	1,298
Effect of movements in exchange rates	-	(35)	(8)	(1)	-	(44)
At September 30, 2023	\$ 500	\$ 21,464	\$ 4,472	\$ 2,818	\$ 195	\$ 29,449

Carrying amounts	Licenses	Patents and Drug Approvals	Brand Names and Trademarks	Customer list	Software	Total
At December 31, 2022	\$ 890	\$ 4,954	\$ 419	\$ 3,656	\$ 705	\$ 10,624
At September 30, 2023	\$ 754	\$ 4,486	\$ 379	\$ 3,097	\$ 728	\$ 9,444

In September 2019 the Company acquired ownership of ZYPITAMAG[®] for the U.S. and Canadian markets. Under terms of the agreement, Zydus received an upfront payment of U.S. \$5,000 (CDN \$6,760) and U.S. \$2,000 (CDN \$2,704) in deferred payments to be paid in equal instalments annually over the next four years, as well as contingent payments on the achievement of milestones and royalties related to net sales. The Company previously had acquired U.S. marketing rights with a profit-sharing arrangement. With this acquisition the Company obtained full control of marketing and pricing negotiation for ZYPITAMAG[®]. Upon completion of the acquisition \$8,930 was recorded within patents and drug approvals relating to the upfront and deferred payments and \$1,457 was transferred from licenses to patents and drug approvals pertaining to the cost of the previously acquired license over ZYPITAMAG[®]. The fair value of the remaining deferred payments of \$644 and \$630 is recorded on the statement of financial position within current portion of acquisition payable and acquisition payable, respectively. The initial amortization period pertaining to the ZYPITAMAG[®] intangible assets was 4.3 years. During the year-ended December 31, 2021, management applied a prospective change to the amortization period of ZYPITAMAG[®] license to extend the amortization period of the asset by 7 years, consistent with the term of the licensing agreement. The remaining amortization period of the ZYPITAMAG[®] license is 7.2 years as at September 30, 2023.



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5. Intangible assets (continued)

The Company had determined there were no indicators of impairment as at September 30, 2023.

As at September 30, 2023, intangible assets pertaining to AGGRASTAT® were fully amortized.

6. Goodwill

	Retail and Mail Order Pharmacy
At December 31, 2021	\$ 2,974
Effects of movements in exchange rates	203
At December 31, 2022	\$ 3,177
Effects of movements in exchange rates	(6)
At September 30, 2023	\$ 3,171

The Company performed an annual impairment test for the year-ended December 31, 2022 with respect to the goodwill acquired as part of the Marley Drug acquisition. The recoverable amount of the Retail and Mail Order Pharmacy CGU, in which Marley Drug is included, has been determined based on value in use.

(a) Key assumptions used in valuation calculations

The calculation of value in use for all the CGUs or group of CGUs is most sensitive to the following assumptions:

(i) Discount rate

Discount rates reflect the current market assessment of risks specific to each CGU or group of CGUs. The discount rate was estimated based on the weighted average cost of capital calculated based on the Company's performance relative to its industry. This rate was further adjusted to reflect the market assessment of any risk specific to the CGU or group of CGUs for which future estimates of cash flows have not been adjusted. The discount rate used during the value in use assessment completed at December 31, 2022, was 12.71%.

(ii) Operating margin

Forecasted operating margins are based on actual operating margins, less operational expenses achieved in the preceding years, plus adjustments to normalize the forecast for any non-reoccurring items. Margins are kept constant over the forecast period, with the exception of adjustments made in relation to inflation in future periods, unless management has started an efficiency improvement process.

(iii) Revenue growth rates

Revenue growth rates are based on approved budgets, published research, and current customer contracts. Management considers various factors when assessing revenue growth rates used within their assessment, including, but not limited to, changes in customer demographic and attrition of current customer base.

7. Royalty obligation

On July 18, 2011, the Company settled its then existing long-term debt with Birmingham Associates Ltd. ("Birmingham"), an affiliate of Elliott Associates L.P., in exchange for i) \$4,750 in cash; ii) 2,176,003 common shares of the Company; and iii) a royalty on future AGGRASTAT® sales until May 1, 2023. The royalty is based on 4% of the first \$2,000 of quarterly AGGRASTAT® sales, 6% on the portion of quarterly sales between \$2,000 and \$4,000 and 8% on the portion of quarterly sales exceeding \$4,000, payable within 60 days of the end of the preceding three-month periods ended February 28, May 31, August 31 and November 30. Birmingham had a one-time option to switch the royalty payment from AGGRASTAT® to a royalty on the sale of MC-1. Management determined there is no value to the option to switch the royalty to MC-1 as the product is not commercially available for sale and the extended long-term development timelines associated with commercialization of the product.



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7. Royalty obligation (continued)

In accordance with the terms of the agreement, if the Company were to dispose of its AGGRASTAT® rights, the acquirer would be required to assume the obligations under the royalty agreement.

The royalty obligation was recorded at its fair value at the date at which the liability was incurred, estimated to be \$902, and subsequently measured at amortized cost using the effective interest rate method at each reporting date. As indicated above, the royalty obligation ended on May 1, 2023, and as a result, the Company does not have a carrying value for the royalty obligation as at September 30, 2023 (December 31, 2022 - \$179).

The net change in the royalty obligation for the three and nine months ended September 30, 2023 was \$nil and a recovery of \$36, respectively, (2022 \$nil and \$6) and are recorded within finance income (expense), net on the condensed consolidated interim statements of net income (loss) and comprehensive income (loss). Royalties for the three and nine months ended September 30, 2023 totaled \$nil and \$136, respectively, (2022 – \$123 and \$340) with payments made during the three and nine months ended September 30, 2023 of \$185 and \$304, respectively (2022 – \$353 and \$772).

8. Capital Stock

(a) Authorized

The Company has authorized share capital of an unlimited number of common voting shares, an unlimited number of Class A common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, and the directors may fix prior to each series issued, the designation, rights, privileges, restrictions and conditions attached to each series of preferred shares.

(b) Shares issued and outstanding

Shares issued and outstanding are as follows:

	Number of Common Shares		Amount
Balance, December 31, 2021	10,251,313	\$	80,917
Balance, shares outstanding December 31, 2022	10,251,313	\$	80,917
Shares issued upon exercise of stock options [8(c)]	185,000		97
Balance, shares outstanding September 30, 2023	10,436,313	\$	81,014

(c) Stock option plan

The Company has a stock option plan which is administered by the Board of Directors of the Company with stock options granted to directors, management, employees and consultants as a form of compensation. The number of common shares reserved for issuance of stock options is limited to a maximum of 2,050,262 common shares of the Company at any time. The stock options generally have a maximum term of between five and ten years and vest within a five-year period from the date of grant.

Changes in the number of options outstanding during the three months ended September 30, 2023 and 2022 is as follows:

Nine months ended September 30	2023		2022	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	638,400	\$ 3.05	806,400	\$ 3.72
Granted	1,205,000	1.25	20,000	1.20
Exercised	(185,000)	(0.30)	-	-
Forfeited, cancelled or expired	(116,700)	(6.66)	(5,400)	(4.95)
Balance, end of period	1,541,700	\$ 1.70	772,400	\$ 3.72
Options exercisable, end of period	336,700	\$ 3.30	733,400	\$ 3.65



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8. Capital Stock (continued)

(c) Stock option plan (continued)

Options outstanding as at September 30, 2023 consist of the following:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Options outstanding weighted average exercise price	Number exercisable
\$1.10	60,000	2.83 years	\$ 1.10	60,000
\$1.11 - \$1.50	1,225,000	9.25 years	\$ 1.20	20,000
\$1.51 - \$3.00	81,700	1.25 years	\$ 1.90	81,700
\$3.01 - \$5.00	175,000	0.74 years	\$ 4.95	175,000
\$1.10 - \$5.00	1,541,700	7.61 years	\$ 1.70	336,700

Compensation expense related to stock options granted during the period or from previous periods under the stock option plan for the three and nine ended September 30, 2023 is \$82 and \$212, respectively (2022 – \$6 and \$50). The compensation expense was determined based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model. The expected life of stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

(d) Per share amounts

The following table reflects the share data used in the denominator of the basic and diluted (loss) earnings per share computations for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Weighted average shares outstanding for basic earnings per share	10,436,313	10,251,313	10,436,313	10,251,313
Effects of dilution from:				
Stock options	1,285,000	185,000	1,285,000	185,000
Weighted average shares outstanding for diluted earnings per share	11,721,313	10,436,313	11,721,313	10,436,313

Effects of dilution from 256,700 stock options were excluded in the calculation of weighted average shares outstanding for diluted income per share for the three and nine month periods ended September 30, 2023 as they are anti-dilutive.

Effects of dilution from 587,400 stock options were excluded in the calculation of weighted average shares outstanding for diluted income per share for the three and nine months ended September 30, 2022 as they are anti-dilutive.



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9. Commitments and contingencies

(a) Commitments

As at September 30, 2023, and in the normal course of business, the Company has obligations to make future payments representing contracts and other commitments that are known and committed as follows:

2023 - remaining	\$ 7,611
2024	297
2025	115
2026	118
	\$ 8,141

The Company has entered into a manufacturing and supply agreement to purchase a minimum quantity of AGGRASTAT® unfinished product inventory totaling US\$150 annually (based on current pricing) until 2024 and a minimum quantity of AGGRASTAT® finished product inventory totaling €490 annually.

Effective January 1, 2023, the Company renewed its business and administration services agreement with GVI Clinical Development Solutions (“GVI-CDS”), as described in note 10(b), under which the Company is committed to pay \$7 per month or \$85 per year for a one-year term.

Contracts with contract research organizations are payable over the terms of the associated agreements and clinical trials and timing of payments is largely dependent on various milestones being met, such as the number of patients recruited, number of monitoring visits conducted, the completion of certain data management activities, trial completion, and other trial related activities.

(b) Guarantees

The Company periodically enters into research agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the condensed consolidated interim financial statements with respect to these indemnification obligations.

(c) Royalties

As a part of the Birmingham debt settlement described in note 6, beginning on July 18, 2011, the Company is obligated to pay a royalty to Birmingham based on future commercial AGGRASTAT® sales until May 1, 2023. The royalty is based on 4% of the first \$2,000 of quarterly AGGRASTAT® sales, 6% on the portion of quarterly sales between \$2,000 and \$4,000 and 8% on the portion of quarterly sales exceeding \$4,000 payable within 60 days of the end of the preceding three-month periods ended February 28, May 31, August 31 and November 30. Birmingham had a one-time option to switch the royalty payment from AGGRASTAT® to a royalty on the sale of MC-1. Management has determined there is no value to the option to switch the royalty to MC-1 as the product is not commercially available for sale and the extended long-term development timeline associated with commercialization of the product. Royalties for the three and nine months ended September 30, 2023 totaled \$nil and \$136, respectively, (2022 – \$123 and \$340) with payments made during the three and nine months ended September 30, 2023 of \$185 and \$304, respectively (2022 – \$353 and \$772).



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9. Commitments and contingencies (continued)

(c) Royalties (continued)

With the acquisition of ZYPITAMAG[®] (note 5), completed on September 30, 2019, the Company is obligated to pay royalties to Zydus subsequent to the acquisition date on net sales of ZYPITAMAG[®] until a generic pitavastatin has been introduced within the territory in which the product is sold. During the three month period ended September 30, 2023, management of the Company had determined that a generic pitavastatin had been introduced within a territory in which the Company had the rights to sell ZYPITAMAG[®]. As a result, the Company elected to recognize a recovery through cost of goods sold of any accrued royalty expenditures relating to the sale of ZYPITAMAG[®], up until the date in which the first generic pitavastatin received approval within the territory in which the Company currently sells ZYPITAMAG[®]. As a result of this, during the three and nine month periods ended September 30, 2023, the Company recorded a recovery of \$281 and \$234 respectively, during the three and nine month periods ended September 30, 2023. (2022 – royalty expense of \$62 and \$145, respectively). The royalties recovered and expensed during the current and prior year, respectively, are recorded within cost of goods sold on the condensed consolidated interim statement of net income and comprehensive income.

(d) Contingent Consideration

On December 17, 2020, the Company acquired 100% of issued and outstanding shares of Marley Drug, a leading specialty pharmacy serving more than 30,000 customers across the United States for cash consideration of \$7,781.

The purchase agreement included contingent consideration of additional payments to the seller based on the achievement of certain future performance targets of Marley Drug. The first contingent consideration ("One Year Payment") is based on a one-year revenue target up to USD\$1.7 million based on Marley Drugs' historical revenues. The second contingent consideration ("Earn Out Payments") is based on certain revenue milestone targets over a two-year period within Marley Drug. The contingent consideration period commences on the successful transfer of all licenses unless it is triggered early by the seller. The One-Year Payment on the date of acquisition had been recorded within current portion of contingent consideration on the statement of financial position with an estimated fair value of \$1,922. The Earn Out Payments had been recorded within contingent consideration on the statement of financial position with an estimated fair value of \$51. The fair value of the contingent consideration was estimated using probability weighted scenarios and a discount rate of 12%.

At December 31, 2021, management concluded that there was a remote likelihood of the One Year Payment and the Earn Out Payments to occur based on fair value assessment completed at year-end. The fair value of the contingent consideration was estimated using probability weighted scenarios and a discount rate of 12%. As a result of the assessment completed by management, the Company recognized a gain of \$1,803 through other income on the consolidated statement of net loss and other comprehensive loss during the year-ended December 31, 2021.

At September 30, 2022, the One Year Payment period had concluded, and management's analysis determined that there were no amounts owing to the seller in relation to the one year payment. As a result, the Company recognized a gain of \$302 through other income on the condensed consolidated interim statement of net income and comprehensive income. At September 30, 2022, the remaining short-term and long-term contingent consideration payable balance is nil and \$44 (December 31, 2021 - \$293 and \$40), respectively.

(e) Contingencies

In the normal course of business, the Company may be subject to various claims or possible claims that may give rise to contingent liabilities. Management assesses these contingent liabilities on an ongoing basis, taking into consideration legal opinions and advice from legal counsel. Although management currently believes there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are inherently uncertain and management's view of these matters may change in the future.



Notes to the Condensed Consolidated Interim Financial Statements
(expressed in thousands of Canadian dollars, except per share amounts)
(unaudited)

9. Commitments and contingencies (continued)

(e) Contingencies (continued)

As of September 30, 2023, the Company has identified the following potential contingent liability:

Telephone Consumer Protection Act ("TCPA") Litigation

During the current quarter ended September 30, 2023, a class action claim was filed in Missouri state court against the Company's subsidiary, with regards to an unsolicited fax advertisement which have been claimed to be in violation of the federal TCPA legislation. At this time, the Company is unable to assess the potential outcome of this litigation, and as a result, has not recorded any provisions for this potential liability as at September 30, 2023.

10. Related party transactions

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, Chief Executive Officer, President and Chief Operating Officer and Chief Financial Officer are key management personnel for all periods.

In addition to their salaries, the Company also provides non-cash benefits and participation in the stock option plan. The following table details the compensation paid to key management personnel:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Salaries, fees and short-term benefits	\$ 155	\$ 129	\$ 473	\$ 408
Share-based payments	43	5	106	41
	\$ 198	\$ 134	\$ 579	\$ 449

(b) Transactions with related parties

Directors and key management personnel control 29% of the voting shares of the Company as at September 30, 2023 (December 31, 2022 – 28%).

During the three and nine months ended September 30, 2023 the Company paid GVI-CDS, a company controlled by the Chief Executive Officer, a total of \$11 and \$76 (2022 - \$85 and \$204) for clinical research services, \$21 and \$63, respectively, (2022 – \$21 and \$63) for business administration services, \$56 and \$167, respectively, (2022 – \$56 and \$172) in rental costs and \$9 and \$28, respectively, (2022 – \$9 and \$27) for information technology support services. As described in note 9(a), the business administration services summarized above are provided to the Company through a consulting agreement with GVI-CDS.

Research and development services are provided through a consulting agreement with CanAm Bioresearch Inc. ("CanAm"), a company controlled by the Chief Executive Officer. During the three and nine months ended September 30, 2023, the Company paid CanAm \$nil and \$5 respectively (2022 – \$nil and \$1) for research and development services.

These transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at September 30, 2023, included in accounts payable and accrued liabilities is \$43 (December 31, 2022 – \$15) payable to GVI -CDS, and \$4 (December 31, 2022 - \$nil) payable to CanAm. These amounts are unsecured, payable on demand and non-interest bearing.



Notes to the Condensed Consolidated Interim Financial Statements
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10. Related party transactions (continued)

(b) Transactions with related parties

Effective October 1, 2021, the Company signed a consulting agreement with its Chief Executive Officer, through ADF Family Holding Corp., a company owned by the Chief Executive Officer, for a term of 36 months, at a rate of \$18 per month. The aforementioned monthly fee shall be reviewed on January 1 by the Board of Directors of the Company for each succeeding year during the term of the agreement, and may be adjusted at the sole discretion of the Board of Directors. The Company may terminate the agreement at any time upon 120 days' written notice. There were not any amounts payable to ADF Family Holding Corp. as a result of this consulting agreement as at September 30, 2023 (December 31, 2022 - \$nil).

Effective June 1, 2022, the Company signed a consulting agreement with its Chief Financial Officer, through 10055098 Manitoba Ltd., a company owned by the Chief Financial Officer for a monthly rate of \$6, increasing to \$9 effective October 1, 2022, and increasing to \$10 effective March 1, 2023. The aforementioned fee shall be reviewed annually on January 1. The Company can terminate the agreement with 30 days' written notice; otherwise, the agreement has an indefinite term. As at September 30, 2023, there were no amounts payable to 10055098 Manitoba Limited (December 31, 2022 - \$20).

11. Segmented information

The Company operates under two segments, the marketing and distribution of commercial products and the operation of a retail and mail order pharmacy.

Revenue generated from external customers from the marketing and distribution of commercial products for the three and nine months ended September 30, 2023 and 2022 was 100% from sales to customers in the United States.

During the nine months ended September 30, 2023, 100% of total revenue from the marketing and distribution of commercial products was generated from seven customers. Customer A accounted for 33%, Customer B accounted for 18%, Customer C accounted for 46% and the remaining four customers accounted for approximately 4% of revenue.

During the nine months ended September 30, 2022, 100% of total revenue from the marketing and distribution of commercial products was generated from sixteen customers. Customer A accounted for 39%, Customer B accounted for 18%, Customer C accounted for 38% and the remaining thirteen customers accounted for approximately 5% of revenue.

The Company's property and equipment, intangible assets and goodwill are located in the following countries:

	September 30, 2023	December 31, 2022
Canada	\$ 227	\$ 392
United States	8,757	9,642
Barbados	4,486	4,954
	\$ 13,470	\$ 14,988



Notes to the Condensed Consolidated Interim Financial Statements
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11. Segmented information (continued)

The financial measures reviewed by the Company's chief operating decision maker are presented separately for the nine months ended September 30, 2023 and September 30, 2022:

September 30, 2023	Marketing and Distribution of Commercial Products	Retail and Mail Order Pharmacy	Total
Revenue	\$ 9,454	\$ 7,169	\$ 16,623
Operating expenses	(9,889)	(5,991)	(15,880)
Finance Income (expense), net	17	3	20
Foreign exchange loss, net	(71)	-	(71)
Net income (loss) before income taxes	\$ (489)	\$ 1,181	\$ 692

September 30, 2022	Marketing and Distribution of Commercial Products	Retail and Mail Order Pharmacy	Total
Revenue	\$ 11,101	\$ 5,649	\$ 16,750
Operating expenses	(11,287)	(4,700)	(15,987)
Other Income	302	-	302
Finance expense, net	(80)	(10)	(90)
Foreign exchange loss, net	(25)	-	(25)
Net income (loss) before income taxes	\$ 11	\$ 939	\$ 950