AEQUUS PHARMACEUTICALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2024

As of August 28, 2024

This management discussion and analysis ("MD&A") of Aequus Pharmaceuticals Inc. (the "Company" or "Aequus") is for the six months ended June 30, 2024 and is performed by management using information available as of August 28, 2024. We have prepared this MD&A with reference to National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the Company's condensed interim financial statements as at June 30, 2024 and for the six months then ended, and the related notes thereto. The Company's condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements as at December 31, 2023 and for the fiscal year then ended, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Interpretation Committee. All amounts are expressed in Canadian dollars unless otherwise indicated.

Certain statements and information in this MD&A contain forward-looking statements or forward-looking information under applicable Canadian securities legislation (collectively, "forward-looking statements") that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "predict", "project", "potential", "continue", "ongoing", or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions.

Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to:

- *our ability to obtain funding for our operations, including funding for research and commercial activities;*
- *expected product launch success of preservative-free bimatoprost 0.03% eye drops termed "ZIMED® PF" ("ZIMED");*
- *the expected benefits of Evolve™ ("Evolve") and ZIMED;*
- *sales of Evolve returning to Canada;*
- *our estimates of the size and characteristics of the potential markets for Evolve and other third-party products and our internal product candidates;*
- *our business model and strategic plans;*
- *our ability to achieve profitability;*
- *our ability to establish and maintain relationships with collaborators with acceptable development, regulatory and commercialization expertise, and the benefits to be derived from such collaborative efforts;*
- *whether we will be able to extend our current commercial relationships with third-party collaborators;*
- *our ability to expand commercial relationships with third-party collaborators to include additional products;*
- *whether our third-party collaborators will maintain their intellectual property rights in the technology we license;*
- *the manufacturing capacity of third-party manufacturers for our product candidates;*
- *the implementation of our business model and strategic plans;*

- *our ability to develop and commercialize product candidates;*
- *our commercialization, marketing and manufacturing capabilities and strategy;*
- *our ability to leverage internal capabilities and know-how;*
- *our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;*
- *our expectations regarding federal, provincial and foreign regulatory requirements;*
- *whether we will receive, and the timing and costs of obtaining, a development and commercial partner for our product candidates;*
- *the therapeutic benefits, effectiveness and safety of our product candidates;*
- *the accuracy of our estimates of the size and characteristics of the markets that may be addressed by our products and product candidates;*
- *the rate and degree of market acceptance and clinical utility of our future products, if any;*
- *whether our e-commerce and digital technology platform will result in greater access to or benefit eyecare professionals;*
- *the timing of, and our ability and our collaborators' ability, if any, to obtain and maintain regulatory approvals for our product candidates;*
- *our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;*
- *our ability to engage and retain the employees or consultants required to grow our business;*
- *the compensation that is expected to be paid to employees and consultants of the Company;*
- *our future financial performance, projected expenditures and ability to make investments;*
- *our expectations regarding the use of proceeds from the Company's investments, including investments in reVision Therapeutics, Inc. ("reVision") or REV-0100;*
- *developments relating to our competitors and our industry, including the success of competing therapies that are or become available;*
- *estimates of our expenses, future revenue, capital requirements and our needs for additional financing;*
- *our ability to advance product candidates into, and successfully complete, clinical trials; and*
- *our ability to recruit sufficient numbers of patients for our future clinical trials.*

Many factors could cause our 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. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language above and on subsequent pages, including under the heading ***Forward-looking Statements and Other Risk Factors****. Readers are advised to refer to the cautionary language when reading any forward-looking statements.*

Such forward-looking statements reflect our current views with respect to future events, are subject to risks and uncertainties, and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Aequus as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined below under the headings ***Financial Instruments and Risk Management*** *and* ***Risks****.*

// OVERVIEW

Aequus is a specialty pharmaceutical company, with a focus on commercializing value-added products in specialty therapeutic areas in the Canadian market. Aequus' sales force currently markets third-party or exclusively licensed products for which the Company receives revenues from product sales or based upon a percentage of net sales. The Company continues to build its pipeline in ophthalmology and is actively negotiating opportunities to distribute commercial ready products in multiple specialties. Our commercial infrastructure is currently Canadian-based, with specialty sales representatives, cross-functional management personnel currently available to promote specialty medicines to physicians, biosimilar drugs and over the counter products in multiple channels.

Our commercial investments are supported and validated by insights from patients, physicians and payers to ensure there is a realizable benefit for all parties. Aequus' management team has a proven track record of successfully managing the required clinical development, regulatory approval, market access, patient programs and omni-channel marketing of products either directly or through collaborations. We are actively pursuing longer-term licensing agreements, in key therapeutic areas, to bring more stable and accelerated growth to commercial operations.

// GROWTH STRATEGY

Aequus is a revenue-generating, specialty pharmaceutical company with commercial activities in Canada. Aequus looks to leverage its core capabilities, commercial infrastructure, existing product portfolio and experienced personnel in the pursuit of new products and innovative devices. The Company's near-term growth strategy includes the following key components:

- Progressive build-out of the Company's commercial platform, including leveraging its specialty sales force in Canada, to enable Aequus to continue to in-license and sell high-value, branded products in Canada.
- Targeted business development in key therapeutic areas: Ophthalmology, Eyecare, Specialty Rx/Devices and Online/Retail.
- Accelerate our short-term strategy of bringing innovative, commercially de-risked healthcare products and/or devices to Canadians.

ZIMED officially launched and shipped to wholesale, retail pharmacy and professional offices in September 2023. All internal resources, including sales personnel, regulatory and operations are now focused on the acceleration of uptake and penetration into the Canadian market. ZIMED is the first multi-dose, preservative-free, bimatoprost product option available for Canadian clinicians and their patients.

With the launch of ZIMED, and the resources required to maximize penetration and revenue driven by ophthalmology, we have focused our immediate commercial activities on this exciting opportunity. We continue to seek global partners who share our vision of delivering innovative, valued added solutions that create improved patient outcomes. The launch of ZIMED demonstrates our digital technology capabilities with product websites, integrated digital advertising, interactive Omni-channel resources and multi-professional video, and educational support. As we continue to engage and expand our partner portfolio of products and devices, these capabilities, supported by strategic external experts, will further our ability to capture opportunities in varied therapeutic areas.

// HIGHLIGHTS

- During this year, the Company entered into additional demand loan agreements with the chairman and chief executive officer ("CEO") of the Company, for unsecured demand loans totaling $1,357,294. The loans bear interest at an annual rate of 6%, to be calculated and accrued monthly, and are repayable on demand.
- Evolve branded eyedrops remain unavailable for sale in Canada. Health Canada initiated the pause in sales, which was required due to the manufacturer, Medicom Healthcare Ltd. ("Medicom"), changing their Medical Device Single Audit Program ("MDSAP") provider. Sales and management resources have been reallocated to ZIMED and business development opportunities.
- The Company recognized $213,968 (June 30, 2023 - $190,660) in product sales for the six months ended June 30, 2024. This is a total revenue increase of $23,308, or 12%, over the same period last year, which was expected as a result of the increase in ZIMED sales. Future ZIMED sales are expected to continue to increase as prescriptions switch to this unique value-added formulation and convenient multi-dose delivery system. The Company is also working to expand our existing partnerships into both existing and new specialty therapeutic areas.

// KEY STRATEGIC COLLABORATIONS

MEDICOM HEALTHCARE LTD. //

In 2019, Aequus signed an exclusive distribution agreement with Medicom, a United Kingdom-based pharmaceutical company with a focus on preservative-free therapies in ophthalmology. Under the distribution agreement, Aequus will receive commercial rights within Canada to novel portions of Medicom's portfolio of ophthalmology products, including ZIMED.

The agreement allows the Company an opportunity to co-commercialize a portfolio of products with Medicom and pursue non-competing products that bring synergistic value to the organization and partnerships.

ADVANCED OPHTHALMIC INNOVATIONS //

In May 2024, Aequus signed an exclusive distribution agreement with Advanced Ophthalmic Innovations ("AOI"). AOI is a research and development company based in Singapore and focuses on creating and manufacturing innovative ophthalmic implants. AOI is committed to bringing long-term vision-protecting solutions to glaucoma patients worldwide. Under the agreement, Aequus will receive the rights to distribute the PAUL® glaucoma drainage device in Canada.

// COMMERCIAL PRODUCT UPDATES

Product	Therapeutic Area	Indication	Stage	Program Status
			Preclinical / Clinical / Approval / Marketed	
Evolve	Ophthalmology	Dry Eye Disease	Completed	Not available for sale: pending action from Medicom
ZIMED® PF (bimatoprost 0.03% preservative-free prescription drug)	Ophthalmology	Glaucoma	Completed	Launch – August 2023
PAUL® (Glaucoma implant)	Ophthalmology	Glaucoma	Completed	Pre-registration

ZIMED® PF, A PRESERVATIVE-FREE BIMATOPROST PRESCRIPTION DRUG //

ZIMED became available for wholesale distribution in Canada on August 24, 2023. As part of the sales launch, the Company launched a user-friendly education website for patients and professionals. With a focus on elevated interocular pressure and glaucoma, this website features ZIMED, the first preservative-free multi-dose bimatoprost available in Canada. Retail distribution to pharmacies across Canada began in August 2023, with full national distribution, wholesale and retail pharmacies, completed in Q1 2024. Marketing awareness programs, digital, trade and professional in-clinic sales efforts will coincide with product availability in key wholesale and retail pharmacies nationally. In Q1 2024, the commercial team built upon the launch activities, executed strategic marketing initiatives and rolled out education campaigns targeting key health care providers nationally.

In July 2019, Aequus completed the formal agreement with Medicom for the promotion of preservative-free bimatoprost 0.03% ophthalmic product, ZIMED, in Canada. Under the terms of this exclusive licensing agreement, Medicom will supply the product while Aequus will be responsible for marketing, distribution and sales in Canada upon approval of the product by Health Canada. Aequus received a NDS (new drug submission) approval from Health Canada in December 2022.

Prostaglandins are the first-line approach among intraocular pressure-lowering agents, and bimatoprost is the highest selling prostaglandin on the market. ZIMED is positioned as the most efficacious molecule in a non-preserved format, with minimal packaging. ZIMED is the first preservative-free prostaglandin in a convenient multi-dose bottle available in Canada.

EVOLVE™ DRY EYE PRODUCTS //

Launched in 2015 in Europe, the Evolve brand has grown to five products across 35 countries with two additional products in development. With an array of products, the brand can address the various symptoms involved with dry eye disease and blepharitis, including discomfort, stinging, burning and dryness. Currently in Canada, the dry eye market is estimated at over $100M.

- On October 19, 2020, the Company, together with its partner Medicom, was issued a new Medical Device License ("MDL") for the first of three product submissions made for the Evolve preservative-free dry eye product line. The new MDL has been issued for Evolve Intensive Gel – a unique cross-linked combination of Carbomer 980, Hyaluronate and Glycerol – that act together to provide intensive, durable hydration for patients with moderate to severe forms of dry eye disease. The formulation will be made available in an easy-squeeze eye drop bottle, containing 360 micro-drops, and no preservatives, phosphates or buffers.
- On October 29, 2020, Aequus, together with its partner Medicom, announced that Aequus had been issued a new MDL for the second of three product submissions made for the Evolve preservative-free dry eye product line. The new MDL was issued for Evolve Daily Intensive – an advanced formulation of 0.2% hyaluronate, free of preservatives and phosphates, and made available in a multidose bottle for ease of use for all patients. The formulation contains 350 micro-drops that can be dispensed with gentle squeezing – an important feature for chronic users and many dry eye patients.
- In March 2021, Aequus launched the newly approved Evolve products for the treatment of dry eye.
- In summer 2023, the Company paused sales of Evolve. The manufacturer, Medicom, is in the process of changing its MDSAP provider. The switch was necessitated by the existing notified body being unable to offer all relevant global certifications. Until this process is completed, Aequus will pause sales of the class-leading Evolve range of products in the Canadian market. With the focus of sales and resources on ophthalmology and the ZIMED launch, there are no current plans to promote Evolve or dry eye products in Canada.

PAUL® GLAUCOMA IMPLANT //

Already available in over 40 countries around the world, PAUL® is a glaucoma drainage device designed to regulate intraocular pressure in the patient's eyes and prevent further progression of the disease. PAUL® has introduced many innovative design features and unified these into one device and offers an innovative solution for patients with moderate to severe glaucoma. PAUL® is not yet approved by Health Canada.

// OVERALL PERFORMANCE

With the launch of ZIMED in August 2023, the Company is focusing its commercial infrastructure on growth initiatives while it continues to look for additional partnering opportunities. Business development continues to prioritize opportunities focused on eyecare commercial products that complement our existing portfolio. Our senior pharmaceutical personnel, diverse skills and flexible business model allow us to look at products, research and companies in multiple therapeutical areas, including innovative drugs and biosimilars.

The Company also continues to generate revenue from its commercial platform, which was launched in 2016. Since then Aequus has developed its own sales force and expects to continue growing sales revenues by increasing its portfolio of commercial stage products, which include ZIMED.

The Company has historically funded its operations with proceeds from revenue, as well as from equity financing, debt and through the exercise of warrants. Aequus expects to seek additional funding through equity or debt financing and partnership collaborations to finance its product development, commercial product portfolio and corporate growth. However, if Aequus' product development and commercial activities do not show positive progress or commercial contracts are not renewed, or capital market conditions in relation to the life sciences sector are unfavorable, its ability to obtain additional funding will be adversely affected.

// DISCUSSION OF OPERATIONS

Aequus recorded a net loss of $1,345,121 for the six months ended June 30, 2024, which is 6.90% less than the loss of $1,445,198 for the six months ended June 30, 2023. The decrease in net loss was mainly due to a decrease of $54,478, or 4%, in expenses plus the recovery of $43,061 of Evolve inventory.

ZIMED was launched on August 24, 2023. The bulk of wholesale and large retail distribution was executed in September and early October. During the six months ended June 30, 2024, the Company recognized $213,968 of ZIMED product sales compared to $nil for the six months ended June 30, 2023. The initial uptake of ZIMED is in line with the Company's expectations. During this launch period, ZIMED was not covered by most payors. However, by the end of Q2 2024 the majority of private insurers have covered ZIMED on their formularies.

The Company realized a 100% decrease in Evolve product sales during the six months ended June 30, 2024, relative to the comparable period last year. The Company paused the sale of Evolve products in July 2023.

// SELECTED FINANCIAL INFORMATION

The following table provides an overview of the financial results in the three and six months ended June 30, 2024, as compared to those in three and six months ended June 30, 2023.

	Three Months Ended June 30			Six Months Ended June 30		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Revenue						
Product sales	161,413	98,409	63,004	213,968	190,660	23,308
Cost of goods sold	86,562	46,482	40,080	104,153	85,473	18,680
	74,851	51,927	22,924	109,815	105,187	4,628
Operating expenditures:						
Research and development	-	25,824	(25,824)	-	227,185	(227,185)
Sales and marketing	538,159	372,844	165,315	980,878	723,895	256,983
General and administration	259,428	353,584	(94,156)	514,550	598,826	(84,276)
	(797,587)	(752,252)	45,335	(1,495,428)	(1,549,906)	54,478
Loss before other income (loss)	(722,736)	(700,325)	22,411	(1,385,613)	(1,444,719)	(59,106)
Other income (loss)	39,703	(550)	40,253	40,492	(479)	40,971
Net loss	(683,033)	(700,875)	17,842	(1,345,121)	(1,445,198)	(100,077)

REVENUES //

Aequus experienced an increase in product sale revenue related to ZIMED sales compared to Evolve sales in the comparable period. Evolve sales were paused in summer 2023; ZIMED was launched at the end of August and its revenue for the six months ended June 30, 2024 was $213,968. Aequus plans to reduce the risks associated with short-term contracts by diversifying revenue to new licensed products, focusing resources on sales-related activities, adding additional partners with new product licenses with immediate revenue potential or alternate channel opportunities.

RESEARCH AND DEVELOPMENT EXPENSES //

The Company incurred product development expenses of $nil during the three and six months ended June 30, 2024 compared to $25,824 and $227,185 respectively during the same period in 2023. The decrease was attributable to no expenses related to the approval process of ZIMED during the six months ended June 30, 2024.

	Three Months Ended June 30			Six Months Ended June 30		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Consulting	-	25,824	(25,824)	-	69,096	(69,096)
Development costs	-	-	-	-	158,089	(158,086)
	-	25,824	(25,824)	-	227,185	(227,185)

SALES AND MARKETING EXPENSES //

S&M expenses were $538,159 the three months ended June 30, 2024 compared to $372,844 for the three months ended June 30, 2023, an increase of $165,315. The changes in S&M expenses were primarily impacted by the following items:

- Advertising and promotion costs were $35,547 higher during the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, mainly due to continuing marketing initiatives of promoting ZIMED.
- Management, wages and related increased by $72,333 during the three months ended June 30, 2024, as compared to the same period in 2023. This increase was primarily from a general increase in salaries and the number of full-time employees dedicated to selling activities.
- Travel and accommodation increased by $19,336 for the three months ended June 30, 2024, as compared to the same period in 2023, due to an increase in travel by outside sales team and ophthalmology conference attendance.
- Consulting fees increased by $43,602 during the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, due to new expenses specifically related to ZIMED and market access activities.
- S&M expenses were $980,878 for the six months ended June 30, 2024 compared to $723,895 for the six months ended June 30, 2023, an increase of $256,983. The changes in S&M expenses were primarily impacted by the following items:
    - Advertising and promotion costs were $72,980 higher during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, mainly due to continuing marketing initiatives of promoting ZIMED.
    - Management, wages and related increased by $119,635 during the six months ended June 30, 2024, as compared to the same period in 2023. This increase was primarily from a general increase in salaries and the number of full-time employees.
    - Travel and accommodation increased by $15,704 for the six months ended June 30, 2024, as compared to the same period in 2023, due to an increase in travel by outside sales team and conference attendance.
    - Consulting fees increased by $54,349 during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, due to new expenses specifically related to ZIMED.

The following table summarizes the Company's S&M expenses for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023:

	Three Months Ended June 30			Six Months Ended June 30		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Advertising and promotion	88,289	52,742	35,547	159,772	86,792	72,980
Consulting	57,620	14,018	43,602	92,267	37,918	54,349
Depreciation and amortization	-	1,665	(1,665)	-	3,331	(3,331)
Management, wages, and related	328,376	256,043	72,333	639,105	519,470	119,635
Printing and other	3,520	-	3,520	8,198	-	8,198
Share-based payments	6,264	6,811	(547)	9,024	9,533	(509)
Meal	12,660	19,471	(6,811)	21,036	31,079	(10,043)
Travel and accommodation	41,430	22,094	19,336	51,476	35,772	15,704
	538,159	372,844	165,315	980,878	723,895	256,983

GENERAL AND ADMINISTRATION AND INTEREST EXPENSES //

General and administration and interest (or "G&A") expenses were $259,428 in Q2 2024 compared to $353,584 in Q22023, a decrease of $94,156. The changes in G&A expenses were mainly driven by general cost-cutting measures offset for higher loan-related expenses:

- Interest expenses increased by $28,757 during the three months ended June 30, 2024, as compared to the same period in 2023, primarily due to a higher balance of demand loans.
- Legal and professional fees decreased by $70,468 due to a decrease in legal work required related to regulatory matters.
- Office and general decreased by $24,642 mainly driven by continuing general cost-cutting measures in Q2 2024.

G&A expenses were $514,550 for the six months ended June 30, 2024 compared to $598,826 for the six months ended June 30, 2023, a decrease of $84,276. The changes in G&A expenses were mainly driven by general cost-cutting measures offset for higher loan-related expenses:

- Interest expenses increased by $51,605 during the six months ended June 30, 2024, as compared to the same period in 2023, primarily due to a higher balance of demand loans.
- Legal and professional fees decreased by $88,969 due to a decrease in legal work required related to regulatory matters in comparison with the six months ended June 30,2023.
- Management, wages and related increased by $11,129 during the six months ended June 30, 2024. This increase was primarily due to a general increase in salaries and the number of full-time employees during the six months ended June 30, 2024 in contrast with the six months ended June 30,2023.
- Office and general decreased by $35,004 during the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, mainly driven by general cost-cutting measures.

The following table summarizes the Company's G&A expenses for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023.

	Three Months Ended June 30			Six Months Ended June 30		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Consulting	1,125	12,011	(10,886)	8,850	12,986	(4,136)
Depreciation of right-of-use lease	33,082	33,082	-	66,164	66,164	-
Interest	61,025	32,268	28,757	113,362	61,757	51,605
Legal and professional fees	24,483	94,951	(70,468)	46,469	135,438	(88,969)
Management, wages, and related	84,357	84,004	353	163,102	151,973	11,129
Office and general	24,158	48,800	(24,642)	61,803	96,807	(35,004)
Regulatory and transfer agent fees	13,359	20,026	(6,667)	27,310	34,127	(6,817)
Share-based payments	11,187	19,637	(8,450)	16,283	21,535	(5,252)
Travel and accommodation	6,652	8,805	(2,153)	11,207	18,039	(6,832)
	259,428	353,584	(94,156)	514,550	598,826	(84,276)

// QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected unaudited financial data (consolidated for all quarters, except Q2 2024 and Q1 2024) for each of the last eight fiscal quarters:

	Quarters Ended			
	Q2 2024 June 30 $	Q1 2024 March 31 $	Q4 2023 December 31 $	Q3 2023 September 30 $
Revenue				
Product sales	161,413	52,555	50,877	13,359
Cost of goods sold	86,562	17,591	15,303	10,458
	74,851	34,964	35,574	2,901
Research and development expenditures	-	-	-	(74,095)
Sales and marketing expenditures	(538,159)	(442,719)	(446,795)	(458,101)
General and administration and interest expenditures	(259,428)	(255,122)	(301,821)	(278,412)
Other income (loss)	39,703	789	(2,829)	4,054
Net loss for the period	(683,033)	(662,088)	(715,871)	(803,653)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.01)

	Quarters Ended			
	Q2 2023 June 30 $	Q1 2023 March 31 $	Q4 2022 December 31 $	Q3 2022 September 30 $
Revenue				
Promotional[(1)]	-	-	310,096	268,970
Product sales	98,409	92,251	72,979	78,953
	98,409	92,251	383,075	347,923
Cost of goods sold	46,482	38,991	56,499	24,619
	51,927	53,260	326,576	323,304
Research and development recovery (expenditures)	(25,824)	(201,361)	91,379	(6,041)
Sales and marketing expenditures	(372,844)	(351,051)	(567,737)	(506,230)
General and administration and interest expenditures	(353,584)	(245,242)	(306,786)	(353,571)
Other income (loss)	(550)	71	(564,009)	42,067
Net loss for the period	(700,875)	(744,323)	(1,020,577)	(500,471)
Basic and diluted loss per common share	(0.01)	(0.01)	(0.01)	(0.00)

[(1)] Service revenue during each quarter is recognized based on actual third-party sales of products for the reporting period based on data provided by the third-party.

Variations in the Company's net losses and expenses with notable trends for the eight quarters above are as follows:

- Costs related to ZIMED are expected to continue as product became available for sale on August 24, 2023. Sales and marketing expenses are also expected to increase with activities transitioning from "awareness building" to "share and revenue" acquisition. Offsetting the increase in sales and marketing spending are the plans cease dry eye activity involving Evolve and SCOPE products.
- Aequus will review its current business plan, available products and requirements to meet its business needs. There is no specific timeline for relaunch of Evolve.
- The Company expects to continue to increase revenues from the sale of ZIMED products. The Company is regularly evaluating its current sales force resources distribution and may modify the team structure accordingly.

- The Sandoz agreement was extended to the end of 2022 then expired effective December 31, 2022. The Company does not expect revenue from promotional services.
- Q4 2022 includes a one-time reclassification of expenses into cost of goods sold.

// LIQUIDITY AND CAPITAL RESOURCES

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses and net change in non-cash working capital items. Cash used in operating activities increased to $1,227,807 in the six months ended June 30, 2024 from $742,146 in the six months ended June 30, 2023. This increase is primarily driven by the decrease in net loss for the period ended June 30, 2024 and offset by a decrease in amounts receivable.

	Six Months Ended June 30, 2024 $	Six Months Ended June 30, 2023 $	Change $
Cash used in operating activities	(1,227,807)	(742,146)	(485,661)
Cash provided by financing activities	1,101,690	522,720	578,970
Net increase (decrease) in cash	(126,117)	(219,426)	93,309

The cash increase in financing activities is related to new demand loans entered into with the chairman and CEO of the Company.

There was no new investing activity during the six months ended June 30, 2024 and 2023.

Historically, the Company has used net proceeds from issuances of debt and common shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

As of June 30, 2024, the Company had a working capital deficiency of $5,675,502 compared to $4,360,868 as of December 31, 2023. The Company's working capital needs fluctuated due to changes in commercial agreements and multiple projects, which place variable demands on resources and timing of expenditures. The Company is working to find additional products to promote or sell with its existing sales force, which would decrease current demands on working capital. The Company anticipates receiving cash proceeds from future revenue, the exercise of options, public offerings and private placements; however, the Company cannot predict the timing or amount of additional options and warrants that may be redeemed, if any.

The Company entered into a series of demand loan agreements with the chairman and CEO of the Company for unsecured demand loans. These loans bear interest at an annual rate to be calculated and accrued monthly, and they are repayable on demand.

Date	Amount $	Interest rate
April 29, 2022	2,000,000	2.5%
April 3, 2023	500,000	2.5%
July 6, 2023	400,000	2.5%
August 28, 2023	200,000	2.5%
September 28, 2023	270,000	2.5%
October 18, 2023	1,000,000	5%
January 23, 2024	285,410	6%
March 13, 2024	350,000	6%
May 9, 2024	250,000	6%
June 6, 2024	300,000	6%
July 26, 2024	171,884	6%
Total	**5,727,294**	

// COMMITMENTS AND CONTINGENCIES

On December 1, 2018, the Company entered into a lease agreement for its Vancouver head office premises for five years, expiring on November 30, 2023. Pursuant to this lease, the Company was obligated to pay basic rent of $12,573 and operating costs, including electricity and related taxes at approximately $7,570, on a monthly basis. The base annual rent was $150,880 for the year ended December 31, 2022, and increased to $154,560 per year in 2023.

On September 14, 2022, the Company extended the term of the lease for a further five years commencing on December 1, 2023 and expiring on November 30, 2028. The base annual rent will increase to $167,440 for the year ended December 31, 2024, and $171,120, $174,800, $178,480 and $182,160 in each of the subsequent years.

The Company has entered into sublease arrangements of the space providing monthly average rental inflow of approximately $9,107 to offset rent expense. Lease agreements have been accounted for in accordance with IFRS 16 *Leases*.

// OUTSTANDING SHARE CAPITAL

As of the date of this MD&A, there were no Class A preferred shares without par value in the capital of the Company. The issued and outstanding common shares and other securities convertible into common shares are summarized in the following table:

	Number Outstanding as of August 28, 2024	Number Outstanding as of June 30, 2024
Common shares issued and outstanding	132,634,431	132,634,431
Options	9,649,337	9,799,337
	142,283,768	142,433,768

Of the 9,649,337 options outstanding at the date of this report, 6,630,587 are vested and have a weighted average exercise price of $0.09 per option. The remaining 3,018,750 options are not vested and have a weighted average exercise price of $0.04 per option.

// OFF-BALANCE SHEET ARRANGEMENTS

The Company has no undisclosed off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources that is material to investors.

// RELATED PARTY DISCLOSURE

Transactions with Related Parties

i. Effective December 1, 2016, the Company entered into a consulting agreement with Northview Ventures Inc. ("NVI") and Doug Janzen, the CEO of the Company. As of December 31, 2022, NVI ceased charging the monthly management fee.

ii. The Company entered into a consulting service agreement with Fehr & Associates and Ann Fehr, the chief financial officer ("CFO") of the Company. Pursuant to this consulting agreement, Mrs. Fehr is compensated at a rate of $1,000 per month plus $120 per hour. During the six months ended June 30, 2024, Fehr & Associates charged total management, wages and related fees of $57,386 (June 30, 2023 - $54,261) for CFO and outsourced accounting services. Share-based payments of $3,284 (June 30, 2023 - $3,863) were granted to Fehr & Associates and Ann Fehr during the six months ended June 30, 2024. As of June 30, 2024, the Company has included in its accounts payable and accrued liabilities $58,623 (December 31, 2023 - $52,169) due to Fehr & Associates.

iii. Grant Larsen, the chief commercial officer, was compensated at a monthly rate of $20,833. During the six months ended June 30, 2024, Mr. Larsen received $125,000 (June 30, 2023 - $125,000) in salaries recognized as management, wages and related expenses. Share-based payments of $5,486 (June 30, 2023 - $12,521) were granted during the six months ended June 30, 2024.

iv. During the six months ended June 30, 2024 a share-based payment of $4,662 (June 30, 2023 - $4,345) was granted to the Company's directors.

The amounts owing to the related parties, as described above, are unsecured, non-interest-bearing and without specific terms of repayment.

Key Management Compensation

Related parties include members of the board of directors and officers of the Company, and enterprises controlled by these individuals. The following fees and expenses were incurred:

	Three Months Ended June 30, 2024 $	Three Months Ended June 30, 2023 $	Six Months Ended June 30, 2024 $	Six Months Ended June 30, 2023 $
Management	92,277	94,174	182,386	179,261
Share-based payments	8,194	17,524	13,432	20,729
Total	100,471	111,698	195,818	199,990

Other – Related Party Loans

As detailed above, the Company entered into a series of demand loan agreements with the chairman and CEO of the Company for unsecured demand loans. These loans bear interest at an annual rate to be calculated and accrued monthly, and they are repayable on demand.

The demand loan balance was $5,555,410 at June 30, 2024 (December 31, 2023 - $4,370,000).

During the six months ended June 30, 2024, interest expense of $83,492 (June 30, 2023 - $27,787) was recorded relating to the demand loans and $154,099 (December 31, 2023 - $70,607) is outstanding and recognized in accounts payable.

During the year ended December 31, 2017, the Company entered into two separate sublease agreements with NVI and Fehr & Associates for recovery of rent expenses. During the six months ended June 30, 2024, the Company received $5,370 and $55,354 (June 30, 2023 - $4,432 and $34,675), respectively.

// FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The Company's financial instruments at June 30, 2024 include cash, short-term investments, amounts receivable, accounts payable, accrued liabilities, demand loans from related party and lease liability. The fair values of cash, short-term investments, amounts receivable, accounts payable, accrued liabilities and demand loans from related party approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e., as prices) or indirectly (i.e., from derived prices); and

Level 3 - inputs for the asset or liability that are not based upon observable market data.

The fair value of cash is based on Level 1 inputs.

// SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND POLICIES

In applying the Company's accounting policies, management makes several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results.

CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTY //

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim financial statements:

- Research costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in IAS 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs have been expensed.

- Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.
- The Company applies judgment in determining whether the contract contains an identified asset, whether they have the right to control the asset and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.
- Management assessed the lease modification in accordance with IFRS 16 and determined that it met the criteria, as it involved a substantive change in scope and commensurate adjustment in lease payments. Consequently, the lease liability and right-of-use ("ROU") asset were recalculated based on the revised terms. This judgment significantly impacts the financial statements by affecting the recognition and measurement of the lease liability, ROU asset and related expenses.

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the financial year:

- The fair value of share-based payments is determined using the Black-Scholes option pricing model. Such option pricing models require the input of subjective assumptions, including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.
- The Company estimates a market interest rate in determining the fair value of the liability component of its convertible debt and the fair value of the ROU assets and lease liabilities. The determination of the market interest rate is subjective and could materially affect these fair value estimates.
- The Company regularly reviews inventory to determine whether the inventory cost exceeds its net realizable value. The determination of the net realizable value requires management to make estimates and use judgment in considering shelf life of a product, estimates of future demand and new product introductions.
- Management uses judgment in estimating provisions for sale allowance, such as cash discounts, return, rebates and chargebacks. The product revenue recognized quarter over quarter is net of these estimated allowances. Such estimates require the need to make estimates about matters that are inherently uncertain. These estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends, such as competitive pricing and new product introductions, estimated inventory levels and the shelf life of products. If actual future results vary, these estimates need to be adjusted, with an effect on sales and earnings in the period of the adjustment.

// RISKS

Current and prospective shareholders should specifically consider various factors and risks as outlined below. Should one or more of these risks or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein.

Volatility of Market Price

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of common shares to sell their securities at an advantageous price. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the common shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common

shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the common shares may be materially adversely affected.

Positive Return in an Investment in the Common Shares of the Company is Not Guaranteed

There is no guarantee that an investment in the Company will earn any positive return in the short-term or long-term. A purchase of the shares involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the common shares is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of common shares and Class A preferred shares. The Company's shareholders do not have pre-emptive rights in connection with any future issuances of securities by the Company. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional common shares will be issued by the Company on the exercise of stock options under the Company's stock option plan and upon the exercise of outstanding warrants.

Negative Cash Flow from Operations

The Company had negative cash flows from operating activities during the prior fiscal years. To the extent that the Company has negative cash flow in any future period, the net proceeds from future financing may be used to fund such negative cash flow from operating activities.

Dependence on Key Personnel

The Company strongly depends on the business and technical expertise of its management, and it is unlikely that this dependence will decrease in the near term. Loss of the Company's key personnel could slow the Company's ability to innovate, although the effect on ongoing operations would be manageable as experienced key operations personnel could be put in place. As the Company's operations expand, additional general management resources will be required.

If the Company expands its operations, the ability of the Company to recruit, train, integrate and manage a large number of new employees is uncertain and failure to do so would have a negative impact on the Company's business plans.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) (the "BCBCA") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interest of the Company.

Intellectual Property

Our success depends on our ability to protect our proprietary rights and operate without infringing the proprietary rights of others; we may incur significant expenses or be prevented from developing and/or commercializing products as a result of an intellectual property infringement claim.

The patent positions of biotechnology and biopharmaceutical companies, including us, is highly uncertain and involves complex legal and technical questions for which legal principles are not firmly established. The degree of future protection for our proprietary rights, therefore, is highly uncertain. In this regard there can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research,

development and commercialization efforts. There can be no assurance that our or our corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third-party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties, or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

Reliance on Third-party Sales Data

For certain products, we rely on sales data provided by third parties in order to determine revenue recognition. If such third parties provide incorrect sales data, subsequently provide revised or corrected data, or dispute previously provided data, then we may be required to recognize a prospective adjustment to revenue, whether positive or negative. As a result, our revenue may be subject to greater volatility than the underlying product sales and we are subject to the risk that such third parties have inadequate internal controls to provide accurate data, any of which may negatively impact our revenue in future periods. If we believe there is an error in any such data provided by a third-party, we may dispute the data or related calculations, which may result in us incurring costs to resolve such dispute or may adversely impact our relationship with that third-party.

The Company's activities may be impacted by the spread of COVID-19 or other virus outbreaks

The COVID-19 pandemic or any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, including monetary policy and inflation, which may adversely impact the Company's operations and the operations of the Company's suppliers, contractors and service providers, and may negatively impact future fiscal periods in the event of prolonged disruptions associated with the pandemic. A sustained slowdown in global growth or demand, or a significant slowdown, could have an adverse effect on metal prices and the demand for metals, supply chain disruptions and increased government regulations, all of which may negatively impact the Company's business and financial condition.

In addition, any future emergence and spread of COVID-19 or similar pathogens could have a material adverse impact on global economic conditions, which may adversely impact the market price of the Company's common shares, the Company's operations or its ability to raise equity financing for the purposes of mineral exploration and development.

Indemnification Provisions

The Company may enter into commercial agreements with third parties that include indemnification provisions that are 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 third-party claims or damages arising from these transactions. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions is unlimited. These indemnification provisions may 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.

Forward-looking Statements and Other Risk Factors

By their very nature, forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause our actual results, events or developments, or industry results to be materially different from any future results, events or developments expressed or implied by such forward-looking statements or information. In evaluating these statements, current and prospective shareholders should specifically consider various

factors, including the risks outlined herein, under the heading ***Risks***. Some of these risks and assumptions include, without limitation, risks related to:

- Aequus having a limited history of generating revenue by promoting third-party products;
- Aequus currently generating revenue from a limited number of promotional or distribution services agreements;
- Aequus being subject to potential product liability claims relating to third-party products it markets;
- Aequus having continued access to skilled contractors and consultants;
- Aequus' third-party products potentially being subject to sales quotas and additional regulatory approvals;
- third-party products not achieving market acceptability;
- third parties that Aequus is reliant upon not meeting their commitments with respect to their products;
- Aequus not having reached profitability to date and the risk that the Company may never become profitable;
- Aequus having incurred operating losses since its inception and expecting to incur losses for the foreseeable future;
- Aequus being unable to complete the development or commercialization of its product candidates or obtain their regulatory approval if it fails to obtain the necessary capital to fund its operations;
- Aequus raising additional capital, which may restrict operations or cause dilution to Aequus' existing shareholders;
- Aequus' business to date and future viability being hard for investors to evaluate due to Aequus having a limited history with marketed drug products produced by third parties;
- Aequus having a history of negative operating cash flow, which may continue into the future;
- Aequus having a limited history of marketing drug products produced by third parties;
- Aequus potentially being required to abandon development of a product if clinical trials are not successful;
- regulatory approval of Aequus' products being delayed or unobtainable if additional time or studies are required;
- regulatory approval or sales being affected if Aequus' product candidates or promoted third-party products cause adverse effects;
- the commercial success of Aequus' product candidates being substantially dependent on forming a third-party partnership;
- the difficulty of profitably selling Aequus' product candidates or promoted third-party products if their coverage and reimbursement is limited;
- Aequus' potential international business relationships adversely affecting its business;
- Aequus' S&M infrastructure potentially being unable to generate enough revenue to cover commercial expenses;
- developments relating to our competitors and our industry, including the success of competing therapies that are or become available;
- potential legislation increasing the difficulty and cost for Aequus to obtain marketing approval of and to commercialize product candidates;
- Aequus' product candidate being subject to labeling and other restrictions;
- third-party coverage, reimbursement, cost containment initiatives and treatment guidelines potentially constraining Aequus' future revenue;
- Aequus' reliance on third-party manufacturing for their clinical and commercial supply;
- Aequus being subject to penalties if it fails to comply with regulatory requirements or experiencing unanticipated problems with its product candidates;
- Aequus' future collaboration arrangements potentially adversely affecting the development and commercialization of Aequus' product candidates;

- Aequus being subject to extensive regulatory review and potentially expensive ongoing obligations even if marketing approval for its product candidates is obtained;
- adverse effects on Aequus' business if Aequus fails to obtain Food and Drug Administration or Health Canada approval for any proposed product candidates;
- Aequus' relationships with physicians, customers and payors being subject to various laws and regulations, which could expose Aequus to various adverse consequences that could diminish profits and future earnings;
- Aequus potentially not being able to protect its proprietary technology in the marketplace;
- Aequus or its consultants or contractors potentially infringing, or facing claims it infringed on, third-party intellectual property rights, including know-how or trade secrets;
- Aequus potentially being unable to adequately prevent disclosure of trade secrets and other proprietary information;
- potential lawsuits relating to infringement of intellectual property rights, which could be costly, time consuming and adversely impact the price of common shares in the capital of Aequus;
- potential intellectual property disputes distracting Aequus' personnel and causing diversion of substantial resources;
- Aequus' growth and profitability being contingent on successfully maintaining and building additional third-party partnerships or commercializing its internal products;
- Aequus being unable to license or acquire additional product candidates or technologies from third parties;
- Aequus' business activities potentially being adversely impacted by the recent outbreak of the novel coronavirus (COVID-19);
- successful implementation of Aequus' business strategy being dependent on attracting and retaining highly qualified personnel;
- potential product liability lawsuits being brought against Aequus, and any liabilities incurred potentially limiting commercialization of product candidates;
- any potential benefits of the collaboration with reVision (as defined below), Medicom (as defined below) or Sandoz (as defined below), or any further strategic alliances that Aequus enters into not being realized;
- Aequus' business being affected by macroeconomic conditions;
- Aequus incurring significant costs and devoting substantial time to compliance initiatives;
- potential business interruptions delaying development of Aequus' product candidates and disrupting sales;
- Aequus' business and operations suffering in the event of system failures;
- Aequus' business potentially being significantly harmed by misconduct perpetrated by non-arm's length parties;
- the directors and officers of Aequus being subject to conflicts of interest;
- the timing of the British Columbia Securities Commission's revocation of the failure-to-file cease trade order impacting trading of the Company's securities;
- future sales or issuances of Aequus' securities causing the market price of Aequus' equity securities to decline;
- risks relating to the dilution of the Company's securities;
- fluctuations in the market price for the Company's securities;
- Aequus' ability to repay the loans, which loans may become payable on demand at any time;
- Aequus potentially being subject to securities litigation, which is expensive and could divert management attention;
- Aequus' existing shareholders, officers and directors being able to exert significant control over matters submitted to Aequus' shareholders for approval due to their substantial equity ownership;
- potential future sales of common shares by existing shareholders causing the price of Aequus' common shares to decline;

- Aequus not being required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting due to its status as a venture issuer;
- Aequus never having paid, and not anticipating paying, dividends on its common shares;
- the price of Aequus' common shares potentially declining due to equity research analysts publishing negatively about Aequus' business, or not publishing about Aequus' business at all; and
- anti-takeover provisions in Aequus constating documents potentially discouraging third parties from making takeover bids that could benefit Aequus' shareholders.

Many factors could cause our 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. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including, but not limited to: (i) obtaining positive results of clinical trials; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the Company's ability to successfully out-license or sell its current products and in-license and develop new products; (v) the assumption that our current good relationships with our manufacturer and other third parties will be maintained; (vi) the availability of financing on reasonable terms; (vii) the Company's ability to attract and retain skilled staff; (viii) market competition; (ix) the products and technology offered by the Company's competitors; (x) the Company's ability to protect patents and proprietary rights; and (xi) the Company's ability to integrate acquired or licensed products into the Company's existing pipeline and sales infrastructure.

Should one or more of these risks or uncertainties, or a risk that is not currently known to us, materialize or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

// ADDITIONAL INFORMATION

Additional information about the Company, including the condensed interim financial statements of the Company is available on SEDAR+ at *www.sedarplus.ca.*