Valeo Pharma Inc. (VPH-CD)

Healthcare

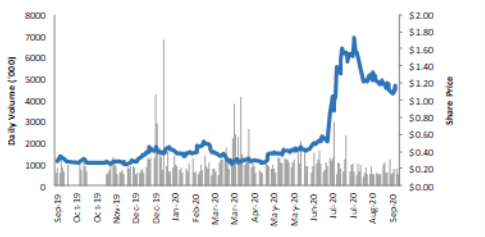
Initiating Coverage

September 14, 2020

Rating:	**BUY**	*(New)*
Target Price:	**$2.30**	*(New)*
Last Price:	**$1.12**	
Ticker:	**VPH-CD**	

Market Data

Target return (incl. dist.):	105.4%
Dividend/yield:	$0.00 / 0.0%
Shares outstanding (M):	56.7
Market capitalization ($M):	64
Enterprise value ($M):	67
52-week range ($):	0.24 - 1.86
Fiscal year end:	Oct. 31, 2019
Average weekly volume:	190,227
Currency (unless otherwise indicated):	CAD



Company Profile

Valeo is a specialty pharmaceutical company that acquires or in-licenses both brand name and generic late-development or commercial-stage drugs for sale in Canada and in some cases the US. Valeo has two distinct business segments: branded prescriptions and niche hospital injectable products. Valeo's strategy is focused on three therapeutic areas: neurology, Oncology and hospital products. Valeo chooses to focus on these fields as there are a relatively small number of specialists responsible for written prescriptions which enables the Company to utilize its small salesforce to capture market share.

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Bringing Innovative and Valeo-able Products to Canada – Initiating Coverage on VPH with a Buy Rating and $2.30 Target Price

Event

We are initiating coverage on Valeo Pharma Inc., (VPH, Valeo or the Company) with a Buy recommendation and $2.30 target price.

Highlights

- **Specialty Pharma bringing innovative products to Canada.** Valeo is a specialty pharmaceutical sales company whose strategy is to acquire the exclusive Canadian distribution rights to regulatory approved or late-development stage products either via acquisitions, long-term in-licensing, or distribution agreements with pharmaceutical companies that do not have a presence in Canada. Valeo has a proven track record of partnering with pharmaceutical companies and commercializing their products for the Canadian market by providing all the services required for registration and commercialization in Canada.
- **Growing portfolio.** Valeo's growing portfolio of products includes seven currently marketed products, two additional products to be launched in the upcoming months, and three more over the next 12 months. Two of these products (Redesca® and HesperCo™) represent game-changing opportunities.
- **Focus on therapeutic areas with specialized expertise.** Valeo's strategy is to focus on three therapeutic areas: neurology, oncology, and generic hospital products. Valeo chooses to concentrate on these fields as there are a relatively small number of specialists, which enables the Company to utilize a smaller salesforce on a concentrated customer base in order to efficiently capture market share.
- **Proven track record of bringing valuable products to Canada.** From F2003 to F2014, Valeo focused on dermatology and hospital products before it sold its product portfolio to Valeant Canada L.P. (Private) in F2014. Valeo leverages its strong partnerships created over the past seventeen years to focus on building its portfolio to meet the needs of specialists within its three targeted therapeutic areas. The Company searches for products with potential Canadian revenues between $5-20M, which is generally below the threshold of interest for large multinational companies to pursue directly.

Valuation & Bottom Line

We are initiating coverage on VPH with a target price of $2.30 and a Buy rating. VPH's growing portfolio of eight marketed products, with an additional five in the pipeline, represents good upside in the short to medium term. Valeo identifies products that are currently marketable or are late-stage development products in order to mitigate any clinical, regulatory, and commercial (i.e., binary event) risks. We value Valeo using a sum-of-the-parts (SOTP) valuation to assess each product on its individual timeline to commercial success and use the average of a DCF and EV/EBITDA valuation to arrive at our $2.30/share target price. We are initiating coverage on Valeo with a Buy recommendation.

Executive Summary

Company Overview

Founded in F2003 and listed on the Canadian Securities Exchange in February 2019, Valeo is a specialty pharmaceutical company that acquires or in-licenses both brand name and generic late-development or commercial-stage drugs for sale in Canada and in some cases the US. Valeo has two distinct business segments: branded prescriptions and niche hospital injectable products. However, most recently, Valeo has also created Valeo Natural Products which will include their bioflavonoid (HesperCo™). The Company will continue to look for opportunities to be added to this division. The branded prescriptions product division focuses on taking innovative prescription products in the neurodegenerative, oncology, and hospital specialty products space to commercialization, whereas the niche hospital injectables business segment consists of licensing injectable generic drugs that are mainly used in hospitals. The Company's strategy is to acquire the exclusive Canadian rights to regulatory approved or late-development stage products either via acquisitions, long-term in-licensing, or distribution agreements with pharmaceutical companies that do not have a presence in Canada, thus providing all the services required for registration and commercialization in Canada. The growing portfolio of products includes seven currently marketed products and six additional products to be launched in the upcoming year. Exhibit 1 highlights the products within Valeo's two business segments that are either in commercial stage, regulatory stage or other and prefiling stages.

Exhibit 1: Valeo Product Pipeline

Product	Indication	Marketed	(Estimated) Peak Sales	Sales Margins	Partner	Type	Segment
Commercial Stage							
Onstryv®	Parkinson's Disease	Q3/F19	$8 - $12M	65-70%	Zambon	License	Growth
Ametop™	Anesthesia	Q3/F19	$1 - $2M	50-60%	Alliance Pharma	License	Growth
Yondelis®	Soft Tissue Sarcoma (STS)	Q4/F20	$2 - $4M	50-60%	PharmaMar	License	Growth
M-Eslon	Pain Management	Q4/F15	$5 - $6M	-	Ethypharm Inc.	Distribution Agreement	Base
Ondansetron ODT	Nausea and Vomiting	Q4/F19	-	-	European Generic Mfg	License	Base
Benztropine	Parkinson's Disease	Q4/F19	-	-	Asia/Pacific Generic Mfg.	Distribution Agreement	Base
Ethacrynate Sodium (Canada)	High Blood Pressure	Q3/F18	$1 - $2M	-			Base
Pre-Launch							
Hesperco™	Anti-Oxidant	Q4/F20	$6 - $20M	75-85%	Ingenew Pharma	License	Growth
Pip-Tazo	Injectable Antibiotic	H1/F21	-	-	European Generic Mfg	Manufacturing and Supply Agreement	Base
Ethacrynate Sodium (US)	High Blood Pressure	Q4/F20	$1 - $2M	-			Base
Regulatory							
Redesca®	Deep Vein Thrombosis & Pulmonary Embolism	Q1/F21	$30 - $40M	50-55%	Shenzhen Techdow Pharmaceuticals	Distribution Agreement	Growth
Hospital Products	Antifungal	F2021	$11- $13M	-	-	-	Base
Hospital Products	Antibiotic						
Other							
Synacthen	17 approved indications including several in neurology	F2015-F2019		-	Atnahs Pharma UK Limited	Distribution Agreement	Base
Pre-Filing							
Hospital Products	Opioid Injection, Antibiotic Injection, Anti-hemorrhage injection	F2021	$5 - $8M	-	-	-	Base

Source: Valeo Pharma, iA Securities

Onstryv®

Launched in July 2019, Onstryv® (safinamide) is the first new oral medication for Parkinson's disease (PD) that has been approved in Canada in the past 10 years. There are currently 100,000 people living with PD and parkinsonism (general term for neurological disorders that cause movement problems) in Canada[1], and with a growing ageing population, PD will continue to rise year-over-year. PD is a complex neurological disorder that affects an individual's motor functioning. It is associated with a lack of dopamine that ultimately leads to common symptoms such as tremors, stiffness, slowness, impaired balance, and muscle rigidity. PD is normally treated by Levodopa, which replaces the depleted dopamine and can be combined with other drugs to reduce the side effects and help improve movement and bodily function. However, Levodopa is often associated with a "wearing off" effect after years of use. Onstryv® is a Monoamine Oxidase Type B (MAO-B) inhibitor that blocks the breakdown of dopamine and is used as an add-on therapy for PD in patients experiencing "off" episodes while on a stable dose of Levodopa. Onstryv® was licensed to Valeo Pharma by Zambon S.p.A (Private) and launched in Q3/F19. In Canada, the annual cost of PD therapy is $2,520[2]. Valeo estimates sales will peak at $8-12M and that the current $105M market will continue to grow at its current annual rate of 5%.

Ametop™

Ametop™ gel is a local anesthetic used to numb the skin before venepuncture or venous cannulation (injections). Ametop™ is safe and effective at reducing pain at the injection site. Valeo entered into a licensing agreement with Alliance Pharma plc (ALAPH-L, Not Rated) for the transfer of exclusive commercialization rights of Ametop™ in Canada. The Ametop™ market size is ~$5M and Valeo anticipates peak sales of $1-2M with sales margins of 50% or more. The product was recently launched late Q3/F20.

M-Eslon

M-Eslon is a narcotic analgesic (pain reliever) that is distributed by Valeo and licensed from Ethypharm S.A. (Private).

Ondansetron

Ondansetron is utilized to prevent nausea and vomiting caused by cancer chemotherapy. It is currently approved and marketed in Canada as Valeo has acquired the Marketing Authorization from Athena Pharma (Private). The product was launched in Q4/F19.

Benztropine

Benztropine is an anticholinergic that works by blocking the substance acetylcholine, thus preventing severe muscle spasms, and muscle stiffness, etc. This medication is used to treat the symptoms of PD and in some cases used to treat involuntary movements due to the side effects of certain psychiatric drugs. The product was licensed to Valeo from Phebra Pty (Private), approved by Health Canada in March 2019, and launched in Q4/F19.

Ethacrynate Sodium

Ethacrynate Sodium is a loop diuretic used to treat high blood pressure and swelling caused by diseases such as congestive heart failure, liver failure, and kidney failure. Owned by Valeo, the Company has the worldwide rights to the product, with the exception of Italy. In Canada, Valeo has received approval to market and initiated commercialization in F2018. In the US, Valeo intends to commercialize the product via a distribution partner, Leading Pharma, LLC (Private). FDA approval has been received and sales are expected to commence in October 2020.

[1] Public Health Agency of Canada, using Canadian Chronic Disease Surveillance System data files contributed by provinces and territories (2017). Retrieved from: https://www.canada.ca/en/public-health/services/publications/diseases-conditions/parkinsonism.html

[2] Manufacturer submitted – British Columbia Ministry of Health B.C. PharmaCare Program

Yondelis®

Yondelis® (trabectedin) is used to treat patients with unresectable or metastatic liposarcoma or leiomyosarcoma, a rare type of soft tissue cancer. Patients who cannot be treated with surgery, or in whom the disease has spread to other areas of the body, are often given Yondelis® intravenous (IV) infusions over 24 hours every three weeks. Soft Tissue Sarcoma (STS) is a type of cancer that develops in the body's soft tissues (fat, muscle, nerves, tissues, blood vessels, etc.); liposarcoma and leiomyosarcoma are two types of STS. Liposarcoma develops in fat cells, whereas leiomyosarcoma develops in smooth muscles, such as the uterus. These two types of STS' are treated differently depending on the type, location, stage, and site of the tumour. However, they are usually treated with surgery, radiation, and chemotherapy. If the patient has failed all other lines of treatment, or cannot be treated with surgery, they can be prescribed Yondelis® which works by inhibiting active transcription (DNA copying). Manufactured by PharmaMar S.A. (PHMR-MC, Not Rated), Yondelis® is approved in Canada and Valeo has received commercial distribution rights and recently launched the product in August 2020. The current patient base is approximately 500 patients annually, representing a market size of ~$50M. Valeo anticipates peak sales of $2-4M with a sales margin of 55%.

HersperCo™

Valeo has filed for a Natural Product License with Health Canada for HersperCo™. In a licensing agreement with Ingenew Pharma Inc. (Private), the two companies will develop, manufacture, and commercialize HersperCo™ capsules. HersperCo™ is a bioflavonoid (naturally occurring substance found in plants that are best known for their antioxidant ability) consisting of Hesperidin, a compound commonly found in orange peels and other citrus fruits with strong antioxidant and immune system. Valeo currently has worldwide exclusive rights to HersperCo™. The anticipated peak sales are $6-20M with sales margins of 75-85%. The potential market size on a worldwide basis is US$900M.

Redesca®

Redseca® is a low molecular weight heparin (LMWH), a biosimilar anticoagulant used to treat blood clots. A biosimilar is a medical product (biologic) that is very comparable to an already approved biological medicine; in this case, Redesca® is similar to the three already approved LMWHs in Canada – enoxaparin (Lovenox®), dalteparin (Fragmin®), and tinzaparin (Innohep®). LMWH differs from heparin, another drug used to prevent blood clotting in that it is used in different scenarios. For example, heparin is used to prevent blood clots during surgery and is administered via IV. LMWH is made from heparin but does not need to be injected through IV, but rather is injected by needle under the skin. Redesca® is licensed from Shenzhen Techdow Pharmaceuticals (Private), the largest manufacturer of injectable anticoagulant drugs worldwide. In 2018, total sales of LMWHs exceeded $200M and with no current biosimilar approved for use by Health Canada, this presents a high-value opportunity for Valeo. The Company estimates peak sales of $30-40M with 50-55% sales margins. With approval anticipated for fall 2020, Redesca® is expected to launch in Q1/F21.

PrSynacthen® Depot

PrSynacthen® Depot is a synthetic Adrenocorticotropic Hormone (ACTH), which is a hormone that stimulates the adrenal cortex to incite the secretion of glucocorticoids such as cortisol. Lower-than-normal levels of ACTH can be associated with Cushing's Syndrome as well as conditions impacting the pituitary gland, etc. PrSynacthen® Depot, which is currently marketed by Valeo and is approved by Health Canada for the treatment of acute exacerbations of Multiple Sclerosis (MS), Rheumatoid Arthritis, Lupus Erythematosus, Bell's Palsy, Ulcerative Colitis, and Psoriatic Arthritis. There is currently a global supply shortage for Synacthen. Valeo is currently working to mitigate any supply issues for F2021.

The Valeo Model

Valeo is a specialty pharmaceutical company in Canada that focuses on the acquisition (either via acquisition, in-licensing or similar arrangements) of innovative, patent protected pharmaceutical products. Valeo's strategy is to focus on three therapeutic areas: Neurology – specifically MS and PD; Oncology – specifically STS and ovarian cancer; and Hospital Products – specifically pain management, narcotics, anti-infectives, and critical care. Valeo chooses to focus on these fields as there is a relatively small number of specialists responsible for written prescriptions, which enables the Company to utilize its small salesforce on a concentrated, loyal customer base in order to efficiently capture market share.

Product Acquisition

Valeo continues to invest in strategic acquisitions to continue to build its product portfolio in the Specialty Pharma field. To maintain an active program, Valeo identifies products that are currently marketable or are late-stage development products in order to mitigate any clinical, regulatory, and commercial risks. These products have passed safety and toxicity testing and demonstrated efficacy in humans and attained their clinical endpoints. The Company uses a number of both external and internal resources to identify products for acquisition. Once identified, the potential acquisition goes through a rigorous evaluation and due diligence process to evaluate if it will fit within Valeo's product portfolio parameters.

Product In-licensing

Valeo has developed a strong track record of successful partnerships through in-licensing and continues to look for strategic alliances that fit with the Company, its product pipeline, and commercialization targets. Similar to its strategy in product acquisitions, Valeo seeks products that are currently marketable or are in late-stage development.

Internal Product Development

Valeo engages in the development of injectable generic products. Internal development includes all phases of development and launch of a new generic product, from the initial identification of a target molecule/product through to the registration dossier development and submission through to product launch.

Screening Criteria for New Product Opportunities

- **Revenue Potential:** Valeo typically seeks products with potential revenues in Canada between $5-20M. In general, this revenue threshold is much too small to be meaningful for most multinational pharmaceutical companies.
- **Stage of Development:** Valeo searches for products that have been registered in a regulated market such as the European Union or the US. It also looks at products that are in late Phase III with data expected within six months following signing.
- **Investment:** Valeo structures its investments based on key regulatory milestone payments, such as approval in Canada, and commercial milestones.
- **Market Differentiation:** Valeo looks for products that are differentiated from existing marketed pharmaceuticals in safety, efficacy, and pharmaceutical value.
- **Fit:** Valeo selects products that are marketable through its existing or developing sales channels.

Valeo looks at regional pharmaceutical companies (US, European and Asian specialty pharmaceutical companies, or maturing biotech firms) that have not marketed in Canada as a source of product opportunities. The Company also looks at the Canadian Branch of International Pharmaceutical Companies that have divested non-core products from their mature brand portfolios and international generic companies that do not have a Canadian presence.

Growth Strategy

Valeo's growth strategy is to continue to grow sales of its existing products in Canada through three key areas: 1) targeted promotional strategies; 2) investment in organic growth opportunities (example: life cycle management program, differentiated formulations, expanded label indications); and 3) support of innovative programs and technologies that could improve patient compliance and pharmacotherapy success.

The Company grows as it continues to obtain regulatory approval and successfully launches its products in Canada. VPH will continue to seek other opportunities for acquisition or in-licensing as a means for further growth. While Valeo is focused on its three main therapeutic areas (neurology, oncology, and hospital products), there is the potential in the future to grow by expanding into other therapeutic areas as additional sales channels are developed.

Model Assumptions Overview

For our valuation, we choose to do an SOTP valuation ascribing a value to each of the products within Valeo's pipeline. We have divided out the product pipeline by "base" products and "growth" products in order to assign different probabilities of success (POS) to each.

The Base

Valeo's base product mix includes various non-branded products that have recurring revenue streams.

Commercial Stage: Within the base, there are several marketed products: M-Eslon (distribution agreement), Ethacrynate Sodium (owned by Valeo worldwide except for Italy), Ondansetron (licensed), and Benztropine (distribution agreement). The Company anticipates sales of its currently marketed base products to peak at $11-14M per annum with a 95% POS. We have ascribed a revenue uptake curve that ramps up to peak in F2023 at $11M (uninflated) and continues through F2030.

Prelaunch: There are two products in the base that have been approved but are currently in the pre-launch phase. Pip-Tazo (combination antibiotic injection), approved by Health Canada and to be launched in H1/F21 and Ethacrynate Sodium in the United States for high blood pressure, approved in June 2020, to be launched in Q4/F20.

Regulatory: Within the base, there are several products in the regulatory phase: anti-fungal injection (approval anticipated Q1/F21 with sales to commence mid-F2021) and antibiotic injection (approval anticipated Q1/F21 and sales to commence mid-F2021). The Company anticipates sales of its regulatory stage base products to peak at $11-13M per annum. We have ascribed a revenue uptake curve that ramps up to peak in 2024 at $11M (uninflated). We have included a 75% POS to our revenue to arrive at our probability adjusted revenue stream through F2030.

Pre-Filing: Within the base, several products are in pre-filing: opioid injection, antibiotic injection, and anti-hemorrhage injection. The Company anticipates sales of its pre-filing stage base products to peak at $5-8M per annum. We have ascribed a revenue uptake curve that ramps up to peak in F2025 at $5M (uninflated). We have included a 35% POS to our revenue to arrive at our probability adjusted revenue stream through F2030.

Exhibit 2 demonstrates our pro forma marketed, regulatory, and pre-filing products within the base product mix. In total, our probability adjusted revenue stream for the base product mix is $6M (uninflated) and grows YoY with inflation to peak in F2030 at $23M. We have maintained a conservative estimate for the POS for both our regulatory and pre-filing products but do recognize there is ample upside once each product successfully moves into commercialization – taking our total base peak sales to $31M per annum without adjustment for POS.

Exhibit 2: Base Products Pro Forma

Base - Marketed		F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Includes M-Eslon, Eth. Sodium (Cdn, US), Ondansetron and Benztropine												
Revenue Uptake Curve		55%	55%	75%	100%	100%	100%	100%	100%	100%	100%	100%
Index	2%	100.0%	100.0%	100.0%	100.0%	102.0%	104.0%	106.1%	108.2%	110.4%	112.6%	114.9%
Pre-Index Revenue at Peak ($M)	11											
Revenue ($M)		6	6	8	11	11	11	12	12	12	12	13
Probability Adjusted Revenue ($M)	95%	6	6	8	10	11	11	11	11	12	12	12

Base - Regulatory		F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Includes antibiotic injection, anti-fungal injection, antibiotic injection, opioid addiction												
Revenue Uptake Curve		0%	20%	45%	75%	100%	100%	100%	100%	100%	100%	100%
Index	2%	100.0%	100.0%	100.0%	100.0%	100.0%	102.0%	104.0%	106.1%	108.2%	110.4%	112.6%
Pre-Index Revenue at Peak ($M)	11											
Revenue ($M)		-	2	5	8	11	11	11	12	12	12	12
Probability Adjusted Revenue ($M)	75%	-	2	4	6	8	8	9	9	9	9	9

Base - Pre-filing		F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Includes opioid injection, antibiotic injection, anti-hemorrhage injection												
Revenue Uptake Curve		0%	0%	20%	45%	75%	100%	100%	100%	100%	100%	100%
Index	2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	102.0%	104.0%	106.1%	108.2%	110.4%
Pre-Index Revenue at Peak ($M)	5											
Revenue ($M)		-	-	1	2	4	5	5	5	5	5	6
Probability Adjusted Revenue ($M)	35%	-	-	0	1	1	2	2	2	2	2	2

	F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Subtotal of Base Probability Adjusted Revenue ($M)	6	7	12	17	20	21	21	22	22	23	23

Source: iA Securities

The Growth

Valeo's growth product mix includes five branded products that have significant growth potential in the neurology/Central Nervous System (CNS), oncology, and hospital specialty space.

Marketed: Within the growth pipeline there are four marketed products: Onstryv®, Ametop™, Yondelis®, and the recently Health Canada approved, HersperCo™ (to be launched in Q4/F20). The Company anticipates sales of its currently marketed growth products to peak at $17-38M per annum.

Regulatory: Within the growth pipeline there is one product in the regulatory phase, Redesca®, where approval is expected sometime in the fall of 2020. The Company anticipates sales of Redesca® to peak at $30-40M per annum.

For the growth pipeline, we have done an SOTP valuation and have modelled each product separately.

Onstryv®

There are currently 100,000 people living with PD and parkinsonism in Canada and each year there are 6,000 new cases[3]. Taking our estimates out to F2030, we grow the Parkinson's population by 6% per annum. Onstryv® has been marketed since Q3/F19 and is expected to hit peak sales within three to five years from the launch date. We have assumed peak sales for Onstryv® in F2024, slightly tapering off by F2026 as potential new PD drugs enter the market. We have assumed a treatment price of $2,520 using a cost-utility analysis (CUA) conducted by the Canadian Agency for Drugs and Technologies in Health (CADTH). A CUA is a form of economic analysis commonly used in health technology assessments to evaluate the incremental cost of a program compared to the incremental health improvement from the intervention, typically measured in quality-adjusted life-years (QALYs)[4]. The Patented Medicine Prices Review Board has set a price ceiling for safinamide (Onstryv®) of $7.14/pill, translating to roughly $214/month ($2,570/annum). For simplicity, we have selected $2,500 as our pricing assumption for Onstryv®, appreciating in price by 2% per annum. In early February, the Quebec Health Minister recommended the inclusion of Onstryv® on the list of drugs covered by the Régie de l'assurance maladie du Québec (RAMQ). The Company anticipates sales to peak at $8-12M, which falls in line with our probability adjusted revenue.

Exhibit 3: Growth – Onstryv® Pro Forma

Growth - Onstryv®			F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Parkinson's Disease population	**100,000**	6.00%	100,000	106,000	112,360	119,102	126,248	133,823	141,852	150,363	159,385	168,948	179,085
Market Share Uptake Curve			**0.4%**	**1.0%**	**1.8%**	**3.0%**	**3.2%**	**3.2%**	**3.2%**	**3.1%**	**2.9%**	**2.7%**	**2.5%**
Market Share (patients)			400	1,060	2,022	3,573	4,040	4,282	4,539	4,661	4,622	4,562	4,477
Price Appreciation (post-peak)	**2%**		0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Price Assumption ($)	**2,500**		2,500	2,500	2,500	2,500	2,500	2,550	2,550	2,550	2,601	2,601	2,601
Revenue ($M)			**1**	**3**	**5**	**9**	**10**	**11**	**12**	**12**	**12**	**12**	**12**

Source: iA Securities

Yondelis®

The most recent incidence statistics for STS reported in 2016 indicated that 1,025 Canadians were diagnosed with this rare form of cancer[5]. Yondelis® is meant for individuals who have failed first-line treatment and cannot be treated by surgical procedures, thus we have narrowed our potential patient base to 500 patients per annum, which we grow at 5% to reflect our outlook on the potential growth of this rare cancer and the growth in population over the next 10 years. Commercial launch for Yondelis® occurred in August 2020, and we have escalated market share from 1.5% in F2020 to a peak of 15% in F2025. We maintain the assumption that Yondelis® will continue to grow in market share YoY following commercial launch. We derive a price assumption of $3,000 per vial of Yondelis®[6] based upon the CADTH pan-Canadian Oncology Drug Review (pCODR). The treatment regimen is three vials on average per cycle. With cycles happening every three weeks, on average a patient will receive four to five cycles but in some cases could require more. For our projections we utilized an annual treatment cost of $45,000 ($3,000 x 3 vials per cycle x 5 cycles).

[3] Public Health Agency of Canada, using Canadian Chronic Disease Surveillance System data files contributed by provinces and territories (2017). Retrieved from: https://www.canada.ca/en/public-health/services/publications/diseases-conditions/parkinsonism.html
4 https://www.cadth.ca/sites/default/files/cdr/pharmacoeconomic/sr0617-onstryv-pharmacoeconomic-review-report.pdf
5 Brenner DR, Weir HK, Demers AA, Ellison LF, Louzado C, Shaw A, Turner D, Woods RR, Smith LM. Projected estimates of cancer in Canada in 2020, CMAJ. 2020;192:E199-205
6 https://www.cadth.ca/sites/default/files/pcodr/pcodr_trabectedin_yondelis_lile_scarcoma_in_rec.pdf

Exhibit 4: Growth – Yondelis® Pro Forma

Growth - Yondelis®			F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Target Population (50% of Soft Tissue Sarcoma Patients)	**500**	5.00%	500	525	551	579	608	638	670	704	739	776	814
Market Share Uptake Curve			**1.5%**	**4.4%**	**10.0%**	**10.0%**	**12.0%**	**15.0%**	**12.0%**	**12.0%**	**11.0%**	**11.0%**	**10.0%**
Market Share (patients)			8	23	55	58	73	96	80	84	81	85	81
Price Appreciation (post-peak)	**2%**		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Price Assumption ($)	**45,000**		45,000	45,000	45,000	45,000	45,000	45,000	45,900	46,818	47,754	48,709	49,684
Revenue ($M)			**0.3**	**1**	**2**	**3**	**3**	**4**	**4**	**4**	**4**	**4**	**4**

Source: iA Securities

Ametop™

Ametop's™ commercial launch took place in July 2020. In 2019, Alliance Pharma's sales of Ametop™ were ~$834K which represents $48.66 per dozen tubes of Ametop™ gel[7]. Assuming Valeo continues to build on sales at 200,000 doses escalating at 8% per annum, we believe Valeo has the capability to push sales further than Alliance Pharma was able to. Using a price assumption of $4 per tube ($50/12), our sales forecast grows YoY to peak at $1.9M in F2030.

Exhibit 5: Growth – Ametop™ Pro Forma

Growth - Ametop™			F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Hospital Pop. using anesthesia prior to venipuncture	**200,000**	8.00%	200,000	216,000	233,280	251,942	272,098	293,866	317,375	342,765	370,186	399,801	431,785
Market Share Uptake Curve			**25.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**	**90.0%**
Market Share (patients)			50,000	194,400	209,952	226,748	244,888	264,479	285,637	308,488	333,167	359,821	388,606
Price Appreciation (post-peak)	**2%**		0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Price Assumption ($)	**4**		4	4	4	4	4	4	4	5	5	5	5
Revenue ($M)			**0.2**	**0.8**	**0.9**	**0.9**	**1.0**	**1.1**	**1.3**	**1.4**	**1.5**	**1.7**	**1.9**

Source: iA Securities

HersperCo™

The worldwide market size for HersperCo™ is ~US$900M. The average retail price of HersperCo™ is between $30-35 per bottle and we have assumed Valeo will sell HersperCo™ to retailers at $20/bottle. Each bottle contains 60 capsules of the bioflavonoid. Assuming each user consumes 1 bottle per month (12 bottles per year) we can assume an average treatment cost of $240 ($30 x 12). We can therefore triangulate a patient population of ~3.75M. We believe that Valeo's market share would be ~1,800 patients in F2020 and escalate to a 1.5% market share in F2024.

Exhibit 6: Growth – HersperCo™ Pro Forma

Growth - Hesperco™			F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Market Size	**3,750,000**	5.00%	3,750,000	3,937,500	4,134,375	4,341,094	4,558,148	4,786,056	5,025,359	5,276,627	5,540,458	5,817,481	6,108,355
Market Share Uptake Curve			**0.1%**	**0.5%**	**0.9%**	**1.0%**	**1.5%**	**1.5%**	**1.5%**	**1.5%**	**1.4%**	**1.3%**	**1.2%**
Market Share (patients)			1,875	19,688	37,209	43,411	68,372	71,791	75,380	79,149	77,566	75,627	73,300
Price Appreciation (post-peak)	**2%**		0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Price Assumption ($)	**240**		240	240	240	240	240	245	250	255	260	265	270
Revenue ($M)			**0.5**	**5**	**9**	**10**	**16**	**18**	**19**	**20**	**20**	**20**	**20**

Source: iA Securities

7 IQVIA

Redesca®

Health Canada approval for Redesca® is anticipated in the fall of 2020. We have thus ascribed a very conservative 70% POS to our revenue forecast. Lovenox (Enoxaparin) is a low molecular weight heparin used to prevent deep vein thrombosis and is typically sold for ~$260 per injectable[8]. Assuming that Redesca® as a biosimilar is sold at a 25% discount to Lovenox, we can assume a price of $195 per injectable. Based on company guidance, we estimated a conservative market size of 200M doses administered annually to arrive at our probability adjusted revenue that peaks in sales at $36M in F2030.

Exhibit 7: Growth – Redesca® Pro Forma

Growth - Redesca®			F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Market Size	**200,000,000**	1.00%	200,000,000	202,000,000	204,020,000	206,060,200	208,120,802	210,202,010	212,304,030	214,427,070	216,571,341	218,737,055	220,924,425
Market Share Uptake Curve			**0.00%**	**1.00%**	**2.00%**	**3.00%**	**4.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**
Market Share (patients)			-	2,020,000	4,080,400	6,181,806	8,324,832	10,510,101	10,615,202	10,721,354	10,828,567	10,936,853	11,046,221
Price Appreciation	**2%**		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Price Assumption ($)	**195**		4	4	4	4	4	4	4	4	4	5	5
Revenue ($M)			**-**	**8**	**17**	**26**	**35**	**44**	**45**	**46**	**48**	**49**	**51**
Probability Adjusted Revenue ($M)	**70%**		**-**	**6**	**12**	**18**	**24**	**31**	**32**	**33**	**34**	**35**	**36**

Source: iA Securities

8 www.drugs.com

Exhibit 8: VPH Summary P&L

Summary P&L		F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Base - Marketed		6	6	8	10	11	11	11	11	12	12	12
Base - Regulatory		-	2	4	6	8	8	9	9	9	9	9
Base - Pre-filing		-	-	0	1	1	2	2	2	2	2	2
Subtotal of Growth Probability Adjusted Revenue ($M)		**6**	**7**	**12**	**17**	**20**	**21**	**21**	**22**	**22**	**23**	**23**
Growth - Onstryv®		1.00	2.65	5.06	8.93	10.10	10.92	11.58	11.89	12.02	11.86	11.64
Growth - Yondelis®		0.34	1.03	2.48	2.60	3.28	4.31	3.69	3.95	3.88	4.16	4.05
Growth - Ametop™		0.21	0.81	0.87	0.94	1.04	1.15	1.26	1.39	1.53	1.69	1.86
Growth - Hesperco™		0.45	4.73	8.93	10.42	16.41	17.57	18.82	20.16	20.15	20.04	19.81
Growth - Redesca®		-	5.89	11.90	18.03	24.28	30.65	31.58	32.53	33.52	34.53	35.57
Subtotal of Growth Probability Adjusted Revenue ($M)		**2**	**15**	**29**	**41**	**55**	**65**	**67**	**70**	**71**	**72**	**73**
Total Revenues (Probability Adjusted)*		**8**	**23**	**41**	**58**	**75**	**86**	**88**	**92**	**93**	**95**	**96**
Cost of Goods Sold	55.0% *gross margin*	3	10	19	26	34	39	40	41	42	43	43
SG&A	5.0% *growth*	5.0	6.0	6.8	6.3	7.1	6.6	7.4	6.9	7.8	7.3	8.2
Operating Income		**(1)**	**6**	**16**	**26**	**34**	**40**	**41**	**44**	**44**	**45**	**45**
Financing and Other Expense		0.5	0.4	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pre-tax income (loss)		(1)	6	16	26	34	40	41	43	43	45	45
Income Tax	25%	-	-	-	6	9	10	10	11	11	11	11
Net Income (loss)		(1)	6	16	19	26	30	31	33	33	34	33

**Total Revenue includes interest revenue on cash balances*

Source: iA Securities

Exhibit 9: VPH Summary Cash Flow

Summary Cash Flow		F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
NOPAT		(1.2)	6.0	15.6	19.2	25.7	30.3	30.8	32.6	32.6	33.7	33.4
% margin		-16%	27%	38%	33%	34%	35%	35%	35%	35%	35%	35%
(-/+) change in NWC	0.5% *growth*	(3.0)	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)
(+) D&A		0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Operating Cash Flow		**(3.8)**	**6.3**	**15.8**	**19.3**	**25.7**	**30.3**	**30.8**	**32.5**	**32.5**	**33.6**	**33.4**
(-) Capex		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Investing Cash Flow		**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**
(+/-) Debt Issuance / Repayment		10.2	0.0	-1.7	-2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(+/-) Equity Issuance / Dividends		0.0	0.0	0.0	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow		**10.2**	**-**	**(1.7)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Opening Cash		-	6.5	12.8	27.0	46.4	72.2	102.6	133.4	166.1	198.7	232.4
Closing Cash		6.5	12.8	27.0	46.4	72.2	102.6	133.4	166.1	198.7	232.4	265.8
Net Cash Flow		6.5	6.4	14.2	19.4	25.8	30.4	30.9	32.6	32.6	33.7	33.5

Source: iA Securities

Valuation & Recommendation

Valuation Summary

We are initiating coverage on Valeo Pharma Inc. with a target price of $2.30. Our target price is determined by the average of our DCF and EV/EBITDA valuation methods. **We are initiating on VPH with a Buy rating.**

DCF Valuation. We have valued the future cash flows associated with the probability adjusted revenue streams through F2030 for the base product pipeline and each of the products within the growth product pipeline. Using these probability adjusted revenue streams and applying a 10% discount rate, we can derive the PV of Free Cash Flow arriving at a price per share of $2.48.

EV/EBITDA Valuation. Given the unpredictability of the timing associated with various program milestones, we have chosen to also do an EV/EBITDA valuation based on the average annual EBITDA through F2030 which enables us to approach our valuation agnostic to timing uncertainty. Exhibit 11 highlights Valeo's comparable companies, which are primarily matured specialty pharma names with repeatable cash flows and garner a 10.0x EV/EBITDA multiple. On this basis, we have used the forward average EBITDA (next 10 years) and a 10.0x EV/EBITDA multiple discounted to present to derive a price per share of $2.11.

Exhibit 10: DCF Valuation & EV/EBITDA Valuation

DCF Valuation ($M)			F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
Applied discount rate	10.00%												
Discount period	9/12/2020		0.13	1.13	2.13	3.13	4.13	5.13	6.13	7.13	8.13	9.13	10.13
Discount factor			0.99	0.90	0.82	0.74	0.67	0.61	0.56	0.51	0.46	0.42	0.38
Unlevered Free Cash Flow			(3.7)	6.4	15.9	19.4	25.8	30.4	30.9	32.6	32.6	33.7	33.5
Discounted Free Cash Flow			(3.7)	5.7	13.0	14.4	17.4	18.6	17.2	16.5	15.0	14.1	12.7
PV of Free Cash Flow		141.00											
Less: Net Debt		$0.7											
Equity Value		140.33											
Shares Outstanding		56.66											
Price Per Share ($/sh)		**2.48**											

EV/EBITDA Valuation ($M)		F2020E	F2021E	F2022E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E	F2029E	F2030E
EBITDA		(0.8)	6.4	16.0	26.0	34.6	40.8	41.5	43.8	43.9	45.3	45.0
Enterprise Value (10x average fwd EBITDA)	311.28											
Less: Net Debt	$0.7											
Equity Value	310.61											
Shares Outstanding	56.66		159.79									
FV Price Per Share ($/sh)	5.48											
PV Price Per Share ($/sh)	**2.11**											
Average Price Per Share ($/sh)	**2.30**											
Target ($/sh)	**2.30**											

Source: iA Securities

The average of the two valuations provides for a **$2.30/share target price.**

Exhibit 11: VPH Comparables

		Close	Mkt Cap	Debt+Pref	Ent. Value	---------- EBITDA ($M) ----------			----------EV/EBITDA----------			----------Revenue ----------			----------EV/Revenue----------		
Company	**Ticker**		**($M)**	**($M)**	**($M)**	**2019A**	**2020E**	**2021E**	**2019A**	**2020E**	**2021E**	**2019A**	**2020E**	**2021E**	**2019A**	**2020E**	**2021E**
Cipher Pharmaceuticals Inc	CPH-T	1.15	30	(10)	20	7.8	13.2	7.7	2.6x	1.5x	2.6x	22	20	15	0.9x	1.0x	1.3x
Knight Therapeutics Inc	GUD-T	5.99	780	(332)	448	(6.5)	19.9	34.1	-68.8x	22.5x	13.2x	39	210	235	11.5x	2.1x	1.9x
BioSyent Inc.	RX-V	7.25	90	(16)	74	5.7	6.2	6.9	13.0x	11.9x	10.8x	22	22	25	3.4x	3.3x	3.0x
Aequus Pharmaceuticals Inc.	AQS-V	0.13	10	6	16	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nuvo Pharmaceuticals Inc	NRI-T	0.78	10	99	109	26.1	25.3	26.7	4.2x	4.3x	4.1x	66	72	70	1.6x	1.5x	1.6x
Acerus Pharmaceuticals Corp	ASP-T	0.05	50	(15)	35	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Totals / Average			**970**	**(267)**	**700**	**30**	**60**	**80**	**-12.2x**	**10.1x**	**7.7x**	**149**	**325**	**345**	**4.4x**	**2.0x**	**1.9x**
Valeo Pharma Inc.	**VPH-CD**	**1.12**	**60.00**	**7.2**	**67.2**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

Source: Refinitiv, iA Securities

Risks to Target Price and Recommendation

In order for a pharmaceutical company to launch a new drug, it must undergo a lengthy approval process with the Regulatory Authorities where the product will be marketed. On average, it takes roughly 10-15 years for an experimental drug to advance to market from the laboratory. Valeo focuses on late-stage drugs, which significantly reduces the risk in the development process including the associated costs.

Risks Related to Business Operations. The success of the business depends on Valeo's ability to enter into in-licensing, distribution, and acquisition agreements with other pharmaceutical companies as the primary source for new products and keeping such agreements in effect. While these projects can take several years, there is a risk of project abandonment as a result of increased costs to obtain product licenses or ongoing competition from other pharmaceutical companies attempting to acquire rights to the same products. Valeo's revenues are heavily dependent on a limited number of products that face competition to grow in terms of market share.

Regulatory Risks. Companies involved in the manufacturing of pharmaceutical products are required to comply with manufacturing regulations such as good manufacturing practice requirements that are enforced by Health Canada. Valeo is subject to such regulatory requirements and regular inspections from regulatory authorities. At any point, Regulatory Authorities may refuse to approve new products. The approval process can be extensive and involve many unpredictable delays.

Third-party Risk. Valeo also contracts third parties for a number of business activities including, but not limited to laboratory testing, product formulation, clinical data analysis, and selective regulatory support and services. There is risk associated with third-party activity, however, Valeo believes that by contracting out certain development activities it can reduce overall expenses and some associated risks. The manufacturing of products, however, is done by third parties and therefore if a third party fails to provide sufficient quantities of product or at unacceptable quality levels, or fails to achieve satisfactory regulatory compliance this could impact Valeo's ability to market the product.

Competition Risk. The pharmaceutical industry is highly competitive and Valeo may face pressure from generic drug manufacturers as well as other companies wishing to in-license the same product in Canada.

Liability Risk. Valeo may face business risk of exposure to product liability claims in the event that the use of a product results in adverse effects.

Upcoming Catalyst Events

HesperCo™ - Bioflavonoid – Target Launch in Q4/F20

Ethacrynate Sodium (US) - Saluretic-Diuretic Agent – Target Launch in Q3/F20

Redesca® - LMWH Biosimilar – Target Approval in Q4/F20,

Redesca® – LMWH Biosimilar - Target launch Q1-21

Piperacillin/Tazobactam (Injectable Antibiotic) – Target Launch in H1/F21

Hospital Product (Antibiotic) – Target Launch in H1/F21

Hospital Product (Antifungal) – Target Launch in H1/F21

Appendix A: Board of Directors & Executive Team

Steve Saviuk, Chief Executive Officer, Director

Mr. Saviuk started his career in accounting at KPMG. He quickly moved to venture capital investing through Manitex Capital Inc., a TSXV-listed company he co-founded over 30 years ago, which still actively invests in emerging companies with a focus on the life sciences, renewable energy, and sustainable resource sectors. Mr. Saviuk is President and CEO of Manitex Capital Inc. Mr. Saviuk co-founded Valeo Pharma in 2003 and has since served as its President and CEO. Mr. Saviuk transformed Valeo Pharma from its early years as an in-licensor of established brands to a fast-growing full service Canadian pharmaceutical company and was also instrumental in the sale of certain assets to Valeant Canada. In addition to Mr. Saviuk's executive management experience, he is well acquainted with key corporate governance issues having served on numerous boards of both public and private companies. Mr. Saviuk holds a degree in Business (B.Comm) from Concordia University (Montreal, QC).

Luc Mainville, Senior Vice-President and Chief Financial Officer

In addition to his position with Valeo Pharma, Mr. Mainville is currently Senior Vice-President and Chief Financial Officer of Ortho Regenerative Technologies Inc. He previously served as Interim Chief Executive Officer at Acerus Pharmaceuticals Corp., Executive Vice President at Cardiome Pharma Corp., and President and Chief Executive Officer of Neopharm Labs Inc. and LAB Research Inc. Mr. Mainville has gained considerable experience throughout his career in senior management roles, including chief financial officer positions for several private and public life sciences companies such as RTP Pharma, Waratah Pharma, URRMA Biopharma, and LAB International. In particular, Mr. Mainville has led or been involved in five distinct IPOs/RTOs, completed more than 25 public financings, and led more than 50 licensing, sale, and mergers and acquisitions transactions. He serves or served as a director for a number of public and private companies in the biotechnology and pharmaceutical industries as well as Chair of the Audit Committee for a number of boards, including that of Acerus Pharmaceuticals, AAA Medic, Enobia Pharma, Powertech Corporation, Cyplasin Biomedical, and Chairman of the board of Zucara Therapeutics, Alethia BioTherapeutics and BioAxone Therapeutics. He served as Vice-Chairman of BIOTECanada, and also was a teacher for corporate governance and mergers and acquisitions courses at McGill University in Montreal, Quebec. Prior to his career in the life sciences industry, Mr. Mainville was a Partner at KPMG LLP.

Marc Léger, Senior Vice-President and Chief Commercial Officer

Mr. Léger is a seasoned pharmaceutical executive with pan-Canadian and US experience in both the prescription pharmaceutical and consumer healthcare businesses. He has extensive experience in building and leading organizations and has an excellent track record of developing best-in-class brands. Mr. Léger began his career in the pharmaceutical industry in 1984 with Schering Canada as a sales representative in British Columbia. He progressed through the organization in a variety of roles in the marketing and sales departments (Canada and US) leading to the role of Vice President, Primary Care Business Unit (1997-2002) and subsequently to the role of General Manager, Schering-Plough Healthcare Canada (2002-2008), where he led the Consumer Health Business. During his career at Schering-Plough, Mr. Léger was directly involved with the launch and/or development of over 15 brands that became leading brands in their respective markets, and managed and led several organizational structure changes. In February 2009, Mr. Léger joined Valeo Pharma, leading Commercial Operations where he was directly involved with the development of both the dermatology and specialty products businesses, which were in part sold to Valeant Pharmaceuticals Inc. (now Bausch Health) in 2014. Currently, as Senior VP and Chief Commercial Officer, Mr. Léger leads all of the commercial facets of the in-line products and is involved in new business development initiatives. Mr. Léger graduated from Concordia University (Montreal, QC) in 1984 with a Bachelor of Arts degree (Economics).

Helen Saviuk, Vice-President, Operations

Ms. Saviuk was Chief Financial Officer of the Corporation from January 2008 to September 2018. She was involved in setting the base structure for the Company's various departments, specifically concentrating on all financial operations, as well as supply chain management. Previously, Ms. Saviuk has held various positions in financial accounting throughout her career and has been Chief Financial Officer of Manitex Capital Inc. since 2010. Ms. Saviuk holds a degree in Business (B.Comm) from Concordia University (Montreal, QC) and a Certificate in Accounting from Mc Gill University (Montreal, QC).

Jeff Skinner, Vice-President, Business Development

Mr. Skinner has worked in the Canadian healthcare industry for 15 years, with a focus on Business Development and Licensing. His experience includes time at a clinical stage medical device company, the Canadian affiliate of an international pharmaceutical company, and several early stage biotech companies. Prior to joining Valeo Pharma in 2014, Mr. Skinner worked for SteriMax Inc., a Canadian generic pharmaceutical company. At Valeo Pharma, Mr. Skinner is responsible for all business development activities, including the identification and evaluation of new product opportunities, and the negotiation of contracts for product rights. Mr. Skinner holds a Bachelor's degree in Science (BSc.) and a Master's Degree in Business Administration (MBA), both from the University of Western Ontario (London, ON).

Nathalie Therrien, Vice-President, Quality Assurance and Regulatory Affairs

Ms. Therrien has worked in the pharmaceutical industry for over 20 years, with a focus on quality assurance and regulatory affairs of health products. She has strong expertise in compliance with Health Canada, FDA, and EU regulations for health products including ISO 13485 certifications. Ms. Therrien joined Valeo Pharma in January 2016. Prior to joining the Corporation, Ms. Therrien worked at A.R. Medicom, a healthcare company that manufactures infection control products, from January 2012 to January 2016 as Corporate Director of Quality Assurance and Regulatory Affairs ensuring regulatory compliance of all manufacturing sites. Before joining A.R. Medicom, Ms. Therrien worked at Anapharm Inc. (now Inventiv Health Clinique), a clinical research organization, for 5 years as a Director of Clinical operations and at Sanofi for over 14 years where she held different positions within the quality department. At Valeo Pharma, Ms. Therrien oversees and directs quality assurance and regulatory affairs activities to ensure regulatory compliance including pharmaceutical product approval activities. Ms. Therrien holds a B.Sc. in Science from the Université du Québec à Montréal.

Guy Paul Allard, Vice-President, Legal Affairs and Corporate Secretary

Mr. Allard is a lawyer and Member of the Quebec Bar since 1996. In addition to his position with Valeo Pharma, Mr. Allard is Vice-President, Legal Affairs and Corporate Secretary for Manitex Capital Inc. and Ortho Regenerative Technologies Inc., two affiliates of Valeo Pharma, since April 2016. From 2007 to 2016, he was Partner and Counsel at Dentons, a multinational law firm where he specialized in corporate finance, securities, and mergers and acquisitions. Throughout his career, he has been counsel to several publicly listed companies on various matters. Mr. Allard holds a Bachelor's degree in Business Administration (B.A.A), a Certificate in Law, and a Bachelor's degree in Law (LL.B.) from Laval University (Quebec City).

Richard J. MacKay, Chairman

Mr. MacKay has been the Chairman of the Advisory Board of Valeo Pharma Inc. since 2009. He also serves as a Member of the Advisory Board at Health Edge Investment Partners. In 2009, Mr. MacKay retired from a distinguished career with Stiefel Laboratories that spanned several decades. During his tenure at Stiefel Laboratories, Mr. MacKay held various leadership positions of increasing responsibility, including Senior Vice-President, Marketing and Sales North America, Vice President International (Japan and Korea), and most notably as President and CEO of Stiefel Canada from 1976 through 2009. Mr. MacKay also served as Vice Chairman of the Board of Directors of Stiefel Laboratories from 2007-2009. Prior to Stiefel, Mr. MacKay served as EVP and Director of ICN Canada Limited, VP and Director of Winley-Morris Company Limited, and started his career as a sales representative with Parke-Davis Company Limited. Mr. MacKay was a member of the Board of Labopharm Inc. and served as interim Chairman of the Board for two years. He also served as Chairman of the Board of the Pharmaceutical Manufacturers Association of Canada (PMAC). Throughout his career, Mr. MacKay has been active in many organizations including a member of the Board of Directors of the Canadian Dermatology Foundation, where he served for over 20 years. In 2003, Mr. MacKay was given the first-ever Award of Honour by the Canadian Dermatology Association for his service to the people of Canada in raising the standards of healthcare. Mr. MacKay is a graduate of Sir George Williams University and earned advanced business diplomas from Harvard University, Dartmouth College, and the École des Hautes Études Commerciales (Université de Montréal).

Vincent P. Hogue, Director

Mr. Hogue has worked in the securities industry for over 30 years. Since January 2020, Mr. Hogue has been Senior Vice President, Retail Division at Laurentian Bank Securities. Before that, he worked as Vice-President Brokerage and Private Management for the Desjardins Group and acted as Executive Vice-President and Head of Personal Services with Desjardins Securities, responsible for leading both the discount and full-service brokerage businesses. In addition, as Chairman of the Board of Directors of Desjardins Investment Management, Mr. Hogue was responsible for business development and strategies for the Desjardins Private Wealth Management team including the private banking business. From 2006 to 2012, he was Senior Vice President, and Regional Manager, Eastern Canada at TD Waterhouse Private Investment Advice. Between 1993 and 2004, he held several management and sales positions at Fidelity Investments Canada Ltd. Mr. Hogue has been on the Board of Directors of QTrade from 2013 to 2018 and on the Board of the Quebec Chapter of the Investment Industry Regulatory Organization of Canada (IIROC) from 2011 to April 2018.

Michael G. Wells, Director

Mr. Wells is an entrepreneur, investor, and philanthropist. He is currently the founding Managing Director of Princeton Biopharma Capital Partners, a firm he created in 2010 for the purpose of providing growth capital to pharmaceutical and medical device companies. Prior to creating this company, he was the founder and CEO of Aton Pharma, a specialty pharmaceutical company focused on rare diseases. For his part in creating and growing this company, he was named an Ernst & Young Entrepreneur of the Year in 2009 and in 2010 the company was acquired by Valeant Pharmaceuticals for $330M. His career began at Merck & Co. where he held a range of sales and marketing positions over eight years. In addition to Valeo Pharma, Mr. Wells serves on the boards of Covis Pharma Sarl and Fidelis Pharmaceuticals and is a trustee at the University of Pittsburgh. Mr. Wells holds a Bachelor of Science and a Master of Science from the University of Pittsburgh and an MBA from The Wharton School at the University of Pennsylvania.

Maureen C. Brennan, Director

Throughout her career spanning over 40 years, Ms. Brennan has held several leadership and executive positions in the private and public health sectors. Since 2006, Ms. Brennan acts as a private consultant for various health sector organizations and also performs volunteer work in this field. From 2002 to 2006, Ms. Brennan was Director General at the Shriners Hospital. Prior to her position at Shriners, she was Director General at the Griffith McConnel residence for seniors from 1999 to 2002. Ms. Brennan holds a degree in Medical Laboratory Technology from Dawson College, a B.A. in Sociology from McGill University, and an M.Sc. in Health Administration from Université de Montréal.

Michel Trudeau, Director

Mr. Trudeau held the position of President and Chief Executive Officer of Laurentian Bank Securities (LBS) from 2003 until 2018. In 2009, he became responsible for Laurentian Bank's activities related to capital markets. His role expanded to become a member of Laurentian Bank's (LBC) executive committee in 2011. He joined LBS in 1999 as Executive Vice-President of Fixed Income and was appointed Chief Operating Officer of the Institutional group in 2002. Well known within the brokerage sector, he rapidly progressed to senior positions at firms both in Toronto and Montreal. Prior to joining LBS, he worked for more than 15 years within the institutional and fixed income sectors, including 10 years at Merrill Lynch where he successively occupied various senior management positions. Mr. Trudeau holds a Master's degree in Finance from McGill University and sits on various boards of directors.

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Strong Buy:	Expected to provide a substantial return over the next 12 months, with a lower level of risk than comparable investments.
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Sell:	Expected to deliver a negative return over the next 12 months.
Under Review:	Currently available information is inadequate to provide an investment rating.
Tender:	Investors should tender their shares to the current offer.

Company Related Disclosures

Issuer Company	Ticker	Exch.	Disclosures
Valeo Pharma Inc.	VPH	CD	3

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