

MEDIPHARM LABS CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED
MARCH 31, 2026 and 2025

NOTICE OF NO AUDITOR REVIEW

The accompanying condensed interim consolidated financial statements for MEDIPHARM LABS CORP. (the "Company") have been prepared by management. Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 Continuous Disclosure Obligations, the Company advises that the accompanying condensed interim consolidated financial statements, which are the responsibility of management, are unaudited and have not been reviewed by an auditor. The Company's auditor has not performed a review of the accompanying condensed interim consolidated financial statements of the Company in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION As at March 31, 2026 and December 31, 2025

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

	Notes	March 31, 2026	December 31, 2025
ASSETS			
Current assets:			
Cash and cash equivalents		9,866	10,806
Trade and other receivables	4	6,534	7,529
Inventories	5	8,378	7,850
Biological assets	6	93	168
Other assets	7	857	1,114
Total current assets		25,728	27,467
Non-current assets:			
Property, plant and equipment	8	17,259	17,596
Intangibles	8.2	631	675
Total non-current assets		17,890	18,271
Total assets		43,618	45,738

The above condensed interim consolidated financial statements should be read in conjunction with the accompanying notes.

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION As at March 31, 2026 and December 31, 2025

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

	Notes	March 31, 2026	December 31, 2025
LIABILITIES AND EQUITY			
Current liabilities:			
Trade and other payables	9	7,684	9,201
Current employee benefit obligations		819	524
Loans and borrowings	11	18	201
Total current liabilities		8,521	9,926
Total liabilities		8,521	9,926
Equity:			
Common shares	12.1	201,904	201,904
Reserves		3,553	3,399
Accumulated other comprehensive loss		(114)	(112)
Accumulated deficit		(170,246)	(169,379)
Total equity		35,097	35,812
Total liabilities and equity		43,618	45,738
Commitments and contingencies	10		
Subsequent events	18		

Approved on behalf of the Board of Directors of MediPharm Labs Corp.:

/s/ "Keith Strachan"
Keith Strachan
Director

/s/ "Chris Taves"
Chris Taves
Director

The above condensed interim consolidated financial statements should be read in conjunction with the accompanying notes.

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS

For the three months ended March 31, 2026 and 2025

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

	Notes	Three months ended March 31	
		2026	2025*
Revenue		9,606	11,529
Excise taxes		(643)	(723)
Net revenue	13	8,963	10,806
Cost of sales	5	(5,493)	(6,210)
Gross profit before change in fair value of biological assets		3,470	4,596
Realized fair value adjustment on sale of inventories		(454)	(383)
Unrealized gain on changes in fair value of biological assets	6	306	429
Gross profit		3,322	4,642
General administrative expenses		(2,842)	(3,043)
Marketing and selling expenses		(1,298)	(1,709)
Research and development expenses		(24)	(78)
Share-based compensation expense	12.1,14	(154)	(437)
Other operating expenses, net		84	184
Operating loss		(912)	(441)
Finance income		60	70
Finance expense		(15)	(16)
Net loss for the period		(867)	(387)
Basic and diluted loss per share		(0.00)	(0.00)
Weighted average number of outstanding shares, basic and diluted		424,864,269	415,123,632

*Comparative information has been reclassified due to a change in classification. See Note 14(6).

The above condensed interim consolidated financial statements should be read in conjunction with the accompanying notes.

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the three months ended March 31, 2026 and 2025

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

	Notes	Three months ended March 31 2026	2025
Net loss for the period		(867)	(387)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(2)	5
Total comprehensive loss for the period		(869)	(382)

The above condensed interim consolidated financial statements should be read in conjunction with the accompanying notes.

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2026 and 2025

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

	<u>Common Shares</u>		<u>Reserves</u>		Accumulated other comprehensive loss	Accumulated deficit	Total
	Number	Share capital	Share-based payments	Warrant reserve			
Balance at January 1, 2025	415,048,645	201,210	24,461	5,095	(156)	(187,426)	43,184
Shares issued on exercise of RSUs (Note 12.1)	75,513	5	(11)	-	-	-	(6)
Shares issued on exercise of options (Note 12.1)	14,815	1	(2)	-	-	-	(1)
Share based compensation (Note 12)	-	-	437	-	-	-	437
Foreign exchange translation	-	-	-	-	5	-	5
Net loss for the period	-	-	-	-	-	(387)	(387)
Balance at March 31, 2025	415,138,973	201,216	24,885	5,095	(151)	(187,813)	43,232
Balance at January 1, 2026	424,864,269	201,904	3,399	-	(112)	(169,379)	35,812
Share based compensation (Note 12)	-	-	154	-	-	-	154
Foreign exchange translation	-	-	-	-	(2)	-	(2)
Net loss for the period	-	-	-	-	-	(867)	(867)
Balance at March 31, 2026	424,864,269	201,904	3,553	-	(114)	(170,246)	35,097

The above condensed interim consolidated financial statements should be read in conjunction with the accompanying notes.

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2026 and 2025

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

		Three months ended March 31	
	Notes	2026	2025
Cash flows from operating activities:			
Net loss for the period		(867)	(387)
Adjustments for:			
Depreciation and amortization	8	382	425
Write down of inventory	5	22	28
Change in fair value of biological assets		148	(46)
Change in expected credit loss /(recovery)	15	2	(7)
Finance income, net		(45)	(54)
Unrealized foreign exchange difference		(25)	(11)
Share-based compensation	12.1, 14	154	437
Cash (used in)/generated from operating activities before changes in working capital		(229)	385
Change in trade and other receivables	4	993	(281)
Change in inventories	5	(698)	(1,841)
Changes in biological assets	6	75	(25)
Change in other assets	7	257	198
Change in trade and other payables	9	(1,517)	635
Change in current employee benefit obligation	10	295	(2,083)
Changes in working capital		(595)	(3,397)
Net cash used in operating activities		(824)	(3,012)
Cash flows from investing activities:			
Purchase of property, plant and equipment	8	(1)	(42)
Net cash used in investing activities		(1)	(42)
Cash flows from financing activities:			
Repayment of loans and borrowings	11	(150)	(244)
Interest received		60	70
Interest paid		(14)	(14)
Payment of lease liabilities		(34)	(21)
Net cash used in financing activities		(138)	(209)
Effects of exchange rate changes		23	16
Decrease in cash and cash equivalents		(940)	(3,247)
Cash and cash equivalents at the beginning of the year		10,806	11,690
Cash and cash equivalents at the end of the year		9,866	8,443

The above condensed interim consolidated financial statements should be read in conjunction with the accompanying notes.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 1 - NATURE OF OPERATIONS

MediPharm Labs Corp. (the “**Company**”) was incorporated under the Business Corporations Act (Ontario) on January 23, 2017 as “POCML 4 Inc.” pursuant to the policies of the TSX Venture Exchange. Subsequent to a reverse takeover transaction, the common shares in the capital of the Company (the “Common Shares”) began trading on the TSX Venture Exchange on October 4, 2018 under the trading symbol “LABS”. On July 29, 2019, the Common Shares were voluntarily delisted from the TSX Venture Exchange and began trading on the Toronto Stock Exchange under the symbol “LABS”.

The Company and its subsidiaries produce cannabis, purified and pharmaceutical-like cannabis extracts, related derivative products and cannabis related medical information and services. Its operating subsidiaries are the holders of cultivation, standard processing, and the sale of cannabis for medical purposes licences under the Cannabis Act (Canada) (the “Canadian Licences”). The Canadian Licences allow for the cultivation of cannabis, sale and distribution of cannabis oil, cannabis extracts, cannabis edibles, cannabis topicals, dried and fresh cannabis, and derivatives to authorized classes of purchasers. The Company’s subsidiary, Harvest Medicine Inc. (“Harvest Medicine” or “HMED”) provides clinic services to Canadian patients requiring medical cannabis education and prescriptions.

The Company’s international subsidiaries, Beacon Medical Germany GmbH and Beacon Medical Australia Pty Ltd, support the marketing of branded medical cannabis products within the regulations of their respective regions.

The head office and the registered and records office of the Company is located at 151 John St. Barrie, Ontario, L4N 2L1.

These condensed interim consolidated financial statements of the Company as at and for the three months ended March 31, 2026 (the “Interim Financial Statements”), include the financial statements of the Company and its wholly owned subsidiaries. Throughout these Interim Financial Statements, unless the context indicates or requires otherwise, the terms the “Company”, “MediPharm”, “we”, “us” and “our” refer to MediPharm Labs Corp. together with its subsidiaries. The Company’s subsidiaries are stated below:

<u>Subsidiaries</u>	<u>Registered Country</u>
MediPharm Labs Inc. (“MPL”)	Canada
ABcann Medicinals Inc.	Canada
Harvest Medicine Inc.	Canada
Beacon Medical Germany GmbH	Germany
Beacon Medical Australia Pty Ltd	Australia

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 2 - BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Basis of presentation

(i) Statement of compliance

These Interim Financial Statements have been prepared in accordance with IFRS[®] Accounting Standards issued by the International Accounting Standards Board (“IASB”).

On May 12, 2026, the Board of Directors of the Company approved these Interim Financial Statements.

(ii) Historical cost convention

These Interim Financial Statements have been prepared on a historical cost basis, except certain financial assets and biological assets, which are expressed at their fair values as described in this note. In addition, these Interim Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

(iii) Foreign currency translation

Functional and presentation currency

The Company and its Canadian subsidiaries’ functional currency, as determined by management, is the Canadian dollar. The functional currencies of the Company’s German and Australian subsidiaries are the Euro and Australian dollar, respectively. These Interim Financial Statements are presented in Canadian dollars, which is the Company’s functional currency, as this is the currency of the primary economic environment in which the Company operates (“the functional currency”).

Foreign currency transactions and balances

Foreign currency transactions are translated into the respective entity’s functional currency using the exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are re-measured to the functional currency of the Company at the exchange rate at the reporting date and the date they are settled. Non-monetary items that are based on historical cost in a foreign currency are translated into the functional currency of the Company entity using the exchange rate at the date of the transaction. Foreign currency gains and losses due to translating and settling foreign currency transactions are reported in the consolidated statements of loss on a net basis.

Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that statement of financial position
- income and expenses are translated at average exchange rates and
- all resulting exchange differences are recognized in other comprehensive income/(loss).

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 2 - BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS (Continued)

(iv) Basis of consolidation

Subsidiaries

The percentage of voting power held by the parent company, MediPharm Labs Corp. and its subsidiaries and the total percentage of ownership interests at March 31 and December 31 are presented below:

Subsidiaries	Proportion of voting power held by the Company		
	(%) March 31, 2026	(%) December 31, 2025	(%) March 31, 2025
MediPharm Labs Inc. (1)	100%	100%	100%
ABcann Medicinals Inc.	100%	100%	100%
Canna Farms Limited (1)	N/A	N/A	100%
Harvest Medicine Inc.	100%	100%	100%
Beacon Medical Germany GmbH	100%	100%	100%
Beacon Medical Australia Pty Ltd	100%	100%	100%

(1) These wholly owned subsidiaries were amalgamated in 2025.

Subsidiaries are companies in which MediPharm Labs Corp. has the ability to control the financial and operating policies for the benefit of MediPharm Labs Corp. through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly by itself.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed interim consolidated statements of loss and condensed interim consolidated statements of comprehensive loss from the date the Company gains control of the subsidiary until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full upon consolidation.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 2 - BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS (Continued)

2.2 Accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual reporting periods beginning after 1 January 2026 and early application is permitted. However, the Company has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed consolidated interim financial statements.

2.3 Use of estimates and judgements

The preparation of these Interim Financial Statements requires the use of accounting estimates and exercise of judgement in applying the Company's accounting policies. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in these Interim Financial Statements are described below:

(i) Expected loss rate

The expected credit losses for trade receivables and contract assets are based on assumptions about risk of default. The Company uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation based on the Company's past history, existing market conditions, and forecasts of future economic conditions at the end of each reporting period.

(ii) Fair value of share-based warrants and stock options

The Company issues share-based warrants and stock options. In estimating the fair value of the share-based warrants and stock options, the Company uses the Black Scholes option pricing model with inputs such as expected life, expected forfeiture rate and volatility of the stock option, based on their best estimate. The assumptions used for estimating fair value for share-based payment transactions with respect to stock options are disclosed in Note 12.2.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 2 - BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

(Continued)

(iii) Impairment assessment and estimated useful lives of property, plant and equipment and intangible assets

The useful lives of the Company's property, plant and equipment and intangible assets are estimated by management at the time the asset is acquired and regularly reviewed for appropriateness. The Company estimates the useful lives of its assets in terms of the assets' expected utility to the Company. This estimate is based on the experience of the Company with similar assets. In determining the useful life of an asset, the Company also assesses technical and/or commercial obsolescence arising from changes to the intended use of the asset. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The assessment of any impairment of the Company's property, plant and equipment and intangible assets is dependent upon estimate of the recoverable amounts of these assets. The determination of whether triggering events require an assessment of the recoverable amount of the asset or Cash Generating Unit ("CGU") requires judgement. If triggering events are identified, the recoverable amount of the CGU is determined based on the higher of the value in use and fair value less costs of disposal. The process to calculate the fair value less costs of disposal require use of valuation methods such as market and cost approaches which uses key inputs and assumptions such as market transactions, inflation indices and discount factors. The process to calculate the value in use requires the use of a discounted cash flow method which uses assumptions or key variables including estimated cash flows, discount rates and terminal value growth rates. The Company applies judgement when determining which methods are most appropriate to estimate the value in use and fair value less costs of disposal.

(iv) Valuation of biological assets and inventories

The Company is required to make a number of estimates in calculating the fair value of biological assets and harvested cannabis inventory. These estimates include a number of assumptions such as estimating the stage of growth of the cannabis up to the point of harvest, pre-harvest and post-harvest costs, expected sales price, and expected yields for cannabis plants to be harvested. The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventories and thus any critical estimates and judgements related to the valuation of biological assets are also applicable for inventories.

The Company's inventories are carried at the lower of cost or net realizable value. The determination of net realizable value involves significant management judgement and estimates, including the estimation of future selling prices.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 3 – FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	March 31, 2026	December 31, 2025
Financial assets at amortized cost		
Cash and cash equivalents	9,866	10,806
Trade and other receivables (Note 4)	6,534	7,529
Financial liabilities at amortized cost		
Trade and other payables (Note 9)	7,684	9,201
Current employee benefit obligations	819	524
Loans and borrowings (Note 11)	18	201

The Company does not hold any financial instruments subsequently measured at fair value.

NOTE 4 – TRADE AND OTHER RECEIVABLES

	March 31, 2026	December 31, 2025
Trade receivables, net	5,774	6,767
Other receivables (1)	71	423
HST/GST/VAT receivable	689	339
	6,534	7,529

(1) Other receivables primarily comprise accrued interest and vendor refunds.

Credit risk and aging analysis related to trade receivables are included in Note 15.1.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 5 – INVENTORIES

	March 31, 2026	December 31, 2025
Raw materials	2,965	2,467
Semi-finished and finished goods	4,105	4,116
Consumables and packages	1,308	1,267
	8,378	7,850

Raw material inventory is comprised of bulk dried cannabis flower (for extraction purposes, making pre-rolls or packaged flower) and trim produced internally and acquired from third party licensed cannabis cultivators. Finished goods inventory is comprised of all packaged products ready for sale and semi-finished bulk products (formulated concentrates, formulated distillates, oil, vapes, and edibles). Consumables include medium-chain triglyceride (“MCT”) oil used in the production of formulated oil, terpenes used in oil formulation and packaging and product hardware materials.

For the three months ended March 31, 2026, the Company recognized write downs of the carrying value of its raw materials and finished goods of \$22 (March 31, 2025: \$28) in cost of sales.

NOTE 6 – BIOLOGICAL ASSETS

	March 31, 2026	December 31, 2025
As at January 1	168	147
Unrealized gain on changes in fair value of biological assets	306	1,775
Transfer to inventories upon harvest	(381)	(1,754)
As at end of the period	93	168

As listed below, key estimates are involved in the valuation process of the cannabis plants. The Company’s estimates, by their nature, are subject to changes and inaccuracies that could result in future gains or losses in the value of biological assets. Changes in these estimates could result from volatility of sales prices, changes in yields, and variability of the costs incurred to complete a harvest. Prior to harvest, all production costs are expensed.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 6 – BIOLOGICAL ASSETS (Continued)

As at March 31, 2026, the Company's biological assets were, on average, 30% complete (December 31, 2025–45% complete) and it was expected that the biological assets would yield approximately 194kg of dry flower, and 83kg of trim at harvest (December 31, 2025 –225kg and 96kg, respectively). As at March 31, 2026, the Company had 2,324 plants (December 31, 2025 – 2,700 plants) that were biological assets.

The Company values its biological assets at the end of each reporting period at fair value less costs to sell.

This is determined using a valuation model that calculates biological asset value by estimating the expected yield of each plant at harvest, prorated based on the stage at which the plant is in its lifecycle, multiplied by the survival rate of plants at this stage in their life cycles; the estimated per-gram fair value for the expected yield (different fair values are applied for trim and dry flower yield), and the processing and selling costs (which are deducted).

The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- Average number of weeks in the growing cycle is sixteen weeks from propagation to harvest. The Company considers plants less than 3.5 weeks of age to be in the cloning stage; between 3.5 and 6 weeks to be in the vegetative state; and more than 6 weeks to be in the flowering stage. The estimates for the growing cycle are unchanged from December 31, 2025.
- Expected average harvest yield is 119g per plant (December 31, 2025 – 119g), approximately 70% of which is dry flower and 30% is trim (December 31, 2025 – 70% and 30%).
- Expected average fair value of \$1.64 per gram for flower products and \$0.07 per gram for trim at the time of harvest as at March 31, 2026 (December 31, 2025 - \$1.64 and \$0.07 respectively).
- Expected average cost to complete harvest and cost of post-harvest activities to prepare bulk product is \$0.61 per gram as at March 31, 2026 (December 31, 2025 - \$0.61 per gram).

The expected average fair values were determined by using recent bulk flower purchases, the Company's historical purchases and sales, and the Company's expected purchase price going forward. The estimates of growing cycle, harvest yield and costs per gram are based on the Company's historical results. These assumptions are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

No sensitivity is disclosed due to immaterial amount of biological assets held at March 31, 2026 and December 31, 2025.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 7 – OTHER ASSETS

	March 31, 2026	December 31, 2025
Current assets		
Deposits and down payments (1)	479	562
Prepaid insurance	138	337
Other (2)	240	215
	857	1,114

- (1) Deposits and down payments primarily include the down payments to suppliers for the purchase of inventory. It also includes inventory credit received from one of the Company's customers in connection with the settlement of a long outstanding receivable.
- (2) Other includes prepaid expense for software licenses, software maintenance services and professional services.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	January 1, 2026	Additions	Transfers	Disposals	March 31, 2026
Cost					
Land	1,863	-	-	-	1,863
Building and building improvements	24,973	-	-	-	24,973
Leasehold improvements	209	-	-	-	209
Computers	1,400	-	-	-	1,400
Office equipment	213	-	-	-	213
Machinery and plant equipment	12,200	-	-	-	12,200
Motor vehicles	37	-	-	-	37
Security equipment	738	-	-	-	738
Construction in progress (1)	10	1	-	-	11
Right-of-use assets (Note 8.1)	290	-	-	-	290
	41,933	1	-	-	41,934
Less: Accumulated depreciation and impairment losses					
Building and building improvements	10,763	193	-	-	10,956
Leasehold improvements	173	2	-	-	175
Computers	1,379	2	-	-	1,381
Office equipment	213	-	-	-	213
Machinery and plant equipment	10,769	132	-	-	10,901
Motor vehicles	37	-	-	-	37
Security equipment	738	-	-	-	738
Right-of-use assets (Note 8.1)	265	9	-	-	274
	24,337	338	-	-	24,675
Net book value	17,596				17,259

- (1) Construction in progress consists of the machinery in the installation process and renovation and expansion of building. Construction in progress assets are transferred to other classes within property, plant and equipment upon completion of the construction and installation.

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NOTE 8 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

8.1 Right-of-use assets

The Company leases assets. The details of the asset types where the Company is lessee are listed below. Total amount of leases with a term of 12 months or less (“short-term leases”) expensed to the condensed interim consolidated statements of loss for the three months ended March 31, 2026, is \$20 (March 31, 2025: \$12).

	January 1, 2026	Additions	March 31, 2026
Cost			
Right-of-use assets			
-Building	290	-	290
	290	-	290
Less: Accumulated depreciation			
Right-of-use assets			
-Building	265	9	274
	265	9	274
Net book value	25		16

8.2 Intangible assets

	January 1, 2026	Additions	March 31, 2026
Cost			
Brands	950	-	950
Licenses	225	-	225
GMP certification	180	-	180
	1,355	-	1,355
Less: Accumulated amortization and impairment			
Brand	515	27	542
Licenses	101	11	113
GMP certification	64	6	70
	680	44	724
Net book value	675		631

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NOTE 9 – TRADE AND OTHER PAYABLES

	March 31, 2026	December 31, 2025
Payable to suppliers (1)	4,565	4,715
Accrued liabilities (2)	2,053	3,206
Contract liabilities (3)	56	76
Deposits from customers (4)	296	498
Other (5)	714	706
	7,684	9,201

- (1) Payable to suppliers are amounts due to vendors for unpaid goods and services received arising in the ordinary course of business. Trade payables are typically short term in nature with due dates less than 60 days.
- (2) Accrued liabilities mainly result from products and services received from third parties related to ordinary course of business for which invoices have not been received as of the reporting date and also includes severance liabilities of \$493 (December 31, 2025: \$1,078).
- (3) Contract liabilities comprise of advance consideration received from customers for contracts that include revenue recognition over time. During the three months ended March 31, 2026, the Company recognized revenue amounting to \$20 from contract liabilities and did not receive additional advance consideration.
- (4) Deposits from customers comprise of down payments from customers for products to be delivered.
- (5) Other includes HST/GST/QST payable and excise tax payable.

NOTE 10 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

10.1 Litigation and claims

On May 5, 2025, Apollo Technology Capital Corporation (“Apollo”), Nobul Technologies Inc. (“Nobul”) and Regan McGee (collectively, the “Plaintiffs”) filed a Statement of Claim in the Ontario Superior Court of Justice against Tyr LLP (“Tyr”), a partner of Tyr, David Pidduck, who was at the time the Chief Executive Officer and a director of the Company, and Chris Taves, Chairman of the Board of the Company (the “Apollo Claim”).

The Apollo Claim alleged, among other things, that Tyr acted for the Company despite an alleged conflict of interest, breached fiduciary duties and duties of confidence, and sought various forms of relief, including damages of \$50,000,000 for defamation, as well as an interim, interlocutory and/or permanent order restraining Tyr from continuing to act as counsel for the Company.

On May 23, 2025, the Plaintiffs agreed to dismiss the Apollo Claim as against Tyr and its partner with prejudice and acknowledged that neither had misused confidential information nor acted in a conflict of interest by representing the Company. Messrs. Pidduck and Taves subsequently brought a motion under section 137.1 of the Courts of Justice Act seeking dismissal of the Apollo Claim against them on the basis that it constituted a Strategic Lawsuit Against Public Participation. The motion was heard on October 31,

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NOTE 10 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS (Continued)

2025, and on November 12, 2025, the Court granted the motion and dismissed the Apollo Claim against Messrs. Pidduck and Taves. On April 22, 2026, following consideration of the parties' submissions on costs, the Court ordered that the Plaintiffs pay costs to Messrs. Pidduck and Taves on a full indemnity basis in the aggregate amount of \$250,000. On January 30, 2026, the Plaintiffs filed an appeal with the Court of Appeal for Ontario (the "Appeal") appealing the Court's decision dismissing the Apollo Claim. As a result, the costs order is subject to an automatic stay pending the resolution of the Appeal, which is scheduled to be heard on October 14, 2026. Accordingly, the Company has not recognised the \$250,000 cost awarded in its financial statements. In addition, the Company was not a named party to the costs proceeding and neither the Company nor its officers or directors are obligated to pay any amounts in connection with this matter.

Separately, on May 1, 2025, Apollo submitted a notice to the Company pursuant to section 4.4 of the Company's by-laws of its intention to nominate six (6) directors (the "Dissident Nominees") for election at the annual and special meeting of shareholders held on June 16, 2025 (the "ASM"). On May 7, 2025, Apollo filed a dissident information circular on SEDAR+, which was subsequently amended and restated on May 15, 2025, and further amended on May 20, 2025 (the "Dissident Circular"). The Dissident Circular, among other things, disclosed Apollo's intention to nominate the Dissident Nominees at the ASM and recommended that shareholders of the Company vote for the Dissident Nominees and against management's director nominees (the "Proxy Contest").

On May 12, 2025, Apollo and Nobul applied to the Superior Court of Justice – Ontario (Commercial List) (the "Court") seeking, amongst other remedies, the appointment of a third party independent chair and no fewer than five scrutineers for the ASM (the "Apollo Application"). On June 11, 2025, the Court dismissed the Apollo Application in full and, on July 28, 2025, awarded the Company \$85,000 in costs, which the Company subsequently received.

On May 27, 2025, the Company filed an application with the Court concerning the conduct of Apollo and certain other parties (the "Respondents") in connection with the Proxy Contest (the "MediPharm Application"), seeking production of documentation and information relevant to the Proxy Contest and, if necessary and only in circumstances where any of the Dissident Nominees were elected to the Board at the ASM, an order invalidating proxies, voting support agreements or votes cast at the ASM if obtained by the Respondents in breach of securities or corporate law.

At the ASM held on June 16, 2025, management's director nominees – Chris Halyk, Emily Jameson, John Medland, David Pidduck, Shelley Potts, Keith Strachan and Chris Taves – were elected to the Board of Directors. As none of the Dissident Nominees were elected at the ASM, the Company has not, as at the date hereof, pursued the MediPharm Application further.

The Company has not recognized a liability in connection with the Apollo Claim and the MediPharm Application, as management has determined that it is not probable that these proceedings will result in any future cash outflow by the Company.

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NOTE 11 – LOANS AND BORROWINGS

	March 31, 2026	December 31, 2025
Current liabilities		
Other loans and borrowings (1)	-	150
Lease liability (2)	18	51
	18	201

- (1) Loans and borrowings comprise a financing arrangement for the Company's insurance premiums. Under the current financing arrangement, the Company borrowed a notional amount of \$500 and repaid \$150 during the three months ended March 31, 2026 (year ended December 31, 2025: \$350). The debt bore interest at 5.89%, matured on March 30, 2026, and was fully repaid as at March 31, 2026.
- (2) The Company has a building lease with maturities of less than 12 months. Lease liabilities are measured using an incremental borrowing rate of 7.7%. The maturity analysis of lease liability based on contractual undiscounted cash flow is included in Note 15.2.

NOTE 12 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

12.1 Common shares issued

The Company is authorized to issue an unlimited number of Common Shares. Holders of the Common Shares are entitled to one vote per share at shareholder meetings of the Company.

For the three months ended March 31, 2026, nil stock options were exercised (March 31, 2025: 50,000 stock options were exercised through the issuance of 14,815 Common Shares for proceeds of \$nil, resulting in an increase to Common Shares on the condensed interim consolidated statement of financial position of \$nil (March 31, 2025: \$1). In addition, during the three months ended March 31, 2026, nil RSUs were settled (March 31, 2025: 162,500 RSUs were settled through issuance of 75,513 Common Shares, resulting in an increase to Common Shares on the condensed interim consolidated statement of financial position of \$nil (March 31, 2025: \$5). The unissued shares are withheld for tax obligations, which are settled in cash by the Company.

12.2 Stock options / Share based compensation

During the three-month period ended March 31, 2026, the Company did not grant any options to purchase Common Shares under the Company's omnibus equity incentive plan (the "Plan").

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2026

(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 12 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

	2026		2025	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
As at January 1	38,366,324	0.111	37,000,534	0.148
Exercised during the year	-	-	(50,000)	0.062
Forfeited/cancelled during the year	(1,102,041)	0.507	(187,667)	1.587
As at March 31	37,264,283	0.111	36,762,867	0.141

The range of exercise prices for options outstanding as at March 31, 2026 is as below:

Exercise price range	Weighted average remaining contractual life (years)	Number of outstanding options
	2026	2026
Equal to \$0.06 and less than \$0.10 ⁽¹⁾	2.817	25,380,633
Equal to \$0.10 and less than \$0.15	1.188	5,183,650
Equal to \$0.15 and less than \$0.20	0.771	6,700,000
		37,264,283

(1) No options had an exercise price less than \$0.06.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 12 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

The Company has the option of settling the RSUs in Common Shares or cash.

	2026	2025
	Number of RSUs	Number of RSUs
As at January 1	6,268,707	15,671,086
Exercised during the period	-	(162,500)
Forfeited during the period	(279,939)	-
As at March 31	5,988,768	15,508,586

NOTE 13 – REVENUE

The revenue from contracts with customers is disaggregated by geographical market, revenue streams and timing of revenue recognition as follows.

	Three months ended	
	March 31	
	2026	2025
Canada	4,361	4,855
International sales		
Australia	1,118	2,150
Germany	2,821	3,611
Other	663	190
	8,963	10,806
Canadian Adult Use and Wellness	1,086	1,349
Canadian Medical Cannabis		
Clinics	412	470
Other Canadian Medical Cannabis	2,566	2,670
	2,978	3,140
International Medical Cannabis	4,592	5,946
Pharmaceutical and B2B	307	371
	8,963	10,806
Products transferred at a point in time	8,430	10,285
Products and services transferred over time	533	521
	8,963	10,806

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(Unaudited - All dollar amounts disclosed are expressed in Canadian dollars (C\$'000s) except per share and exercise price amounts.)

NOTE 13 – REVENUE (Continued)

For the three months ended March 31, 2026, the Company had one customer (March 2025: two) which individually contributed 10% or more of the Company's total revenue for the period. Individually, this customer represented 22.3% of total revenue for the period ended March 31, 2026 (March 31, 2025: two customers represented 11.6% and 10.2%). The Company had no other customer that represented more than 10% of the Company's total revenues for the three months ended March 31, 2026 and 2025.

NOTE 14 – EXPENSES BY NATURE

	Three months ended	
	March 31	
	2026	2025
Inventory and consumables recognized in cost of sales	2,875	3,447
Fair value adjustments in cost of sales	148	(46)
Write down of inventory to net realizable value (Note 5)	22	28
Employee compensation (1)	2,981	3,100
Consulting and professional fees (2)	606	826
ECL on trade receivables	2	(7)
Share based compensation expense (3)	154	437
Supplies and small equipment (4)	253	218
Depreciation and amortization	382	425
Rent and occupancy cost	342	413
Foreign exchange loss	(82)	(18)
Analytical testing	266	298
Advertising and promotion (6)	565	664
Insurance	206	264
Software and licenses	316	348
Freight	293	403
Health Canada fee and regulatory costs (5)	252	228
Other (7)	294	219
	9,875	11,247

(1) Employee compensation includes severance cost in relation to restructuring measures undertaken by the Company during the period. For the three months ended March 31, 2026, the severance cost incurred in relation to the restructuring amounted to \$122 (March 31, 2025: \$nil).

(2) Consulting and professional fees primarily consist of audit and tax services, quality assurance, legal services, contract sales, and regulatory consulting.

(3) For the three months ended March 31, 2026, out of total share-based compensation expense of \$154 (March 31, 2025: \$437), general administrative expense portion is \$126 (March 31, 2025: \$367), marketing and selling expense portion is \$16 (March 31, 2025: \$42) and cost of sales portion is \$12 (March 31, 2025: \$28).

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NOTE 14 – EXPENSES BY NATURE(Continued)

- (4) Supplies and small equipment include lab supplies, office supplies, other facility supplies, and facility maintenance costs.
- (5) Health Canada fee and regulatory costs primarily consist of the Health Canada Annual Regulatory Fee levied at 2.3% of cannabis revenue, and other Health Canada fees such as export permits.
- (6) During the three months ended March 31, 2026, the Company modified the classification of patient education fees to more appropriately reflect the nature of the expense. Comparative amounts in the condensed interim consolidated statements of loss were reclassified for consistency. As a result, \$460 was reclassified from “cost of sale” to “marketing and selling expenses”.
- (7) Other includes investor relations, travel expenses, bank fees, and repair and maintenance expenses.

NOTE 15 –FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Company is exposed to a variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk) and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance. Financial risk management is carried out by the subsidiaries of the Company under policies approved by the Company’s Board of Directors.

15.1 Credit risk

Credit risk arises from deposits with banks and financial institutions and outstanding receivables if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company holds cash and cash equivalents of \$9,866 (December 31, 2025: \$10,806).

The cash is held with banks and financial institutions that are either Schedule 1 Canadian banks, large credit unions, or other large foreign banks.

At March 31, 2026, the exposure to credit risk for gross trade receivables and contract assets by the type of customer is as follows:

	March 31, 2026	December 31, 2025
Business to business customers	4,476	5,545
Insurance companies (1)	955	748
Distributors / Retailers (2)	365	494
	5,796	6,787

(1) Insurance companies primarily relate to the Company’s domestic medical business.

(2) Distributors / Retailers are largely comprised of provincial distributors.

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NOTE 15 – FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (Continued)

As at March 31, 2026, the Company holds trade receivables from three customers representing 26%, 16%, and 12% of total trade receivables (December 31, 2025: four customers representing 18%, 15%, 12%, and 11% of total trade receivables). The Company had no other customer that represented more than 10% of the Company's gross trade receivables.

The Company limits its exposure to credit risk from trade receivables and contract assets by negotiating full or partial advance payment from certain business-to-business customers before the shipment of the products. Also, the Company's management believes that the exposure to credit risk from distributors and insurance companies is very limited since most of the distributors and insurance companies are either government organizations or large reputable organizations. As at March 31, 2026, the allowance for expected credit losses in connection with its trade receivables and contract assets was \$22 (December 31, 2025: \$20).

The aging of the Company's trade receivables at March 31, 2026 is as follows:

	March 31, 2026	December 31, 2025
	Carrying amount	Carrying amount
Current (not past due)	4,788	4,656
1-30 days past due	878	1,863
31-90 days past due	84	229
90-270 days past due	12	13
270-365 days past due	31	20
>365 days	3	6
Gross trade receivables	5,796	6,787
Expected credit losses	(22)	(20)
Net trade receivables	5,774	6,767

The movement in the allowance for impairment in respect of trade receivables and contract assets during the period was as follows:

	2026	2025
Balance at January 1	20	78
Net remeasurement of loss allowance	2	(7)
Expected credit losses as at March 31	22	71

15.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At the end of the reporting period the Company held deposits at banks and financial institutions of \$9,866 (December 31, 2025: \$10,806) that are expected to readily generate cash inflows for managing liquidity

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NOTE 15 – FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (Continued)

risk. Due to the dynamic nature of the underlying businesses, the Company management maintains flexibility in funding by maintaining a minimum cash level at banks and financial institutions.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and cash equivalents on the basis of expected cash flows.

The table below presents the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities At March 31 2026	Total Less than 6 months	6-12 months	12-36 months	36-60 months	Total Contractual cash flows	Carrying amount
Trade and other payables	7,449	235	-	-	7,684	7,684
Employee benefit obligations	669	150	-	-	819	819
Lease liability	19	-	-	-	19	18
Total financial liabilities	8,137	385	-	-	8,522	8,521

15.3 Market risk

Market risk is the risk that changes in market price - e.g. foreign exchange rates, interest rates and price risk – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

15.3 (i) Foreign currency risk

Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. As of the end of the reporting period, the Company's foreign currency exposure is due to USD, EUR and AUD foreign currency denominated transactions.

A 5% strengthening of CAD against USD, EUR, and AUD would increase the Company's net loss by \$7, \$32, and \$19 respectively.

15.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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NOTE 15 – FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (Continued)

Management defines capital as the Company's shareholders' equity and debt (consisting of the Company's loans and borrowings). As at March 31, 2026, total managed capital is \$35,115 (December 31, 2025: \$36,013). The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund both existing and future value-added growth opportunities. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners or through debt financing.

NOTE 16 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in the Interim Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

During the three months ended March 31, 2026, there were no transfers between levels. The Company does not have any level 3 financial instruments.

NOTE 17 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES

17.1 Key management personnel compensation

The Company has determined that key management personnel consist of directors and officers in the Company. The non-share-based compensation remuneration to directors and officers during the three months ended March 31, 2026 was \$180 (three months ended March 31, 2025: \$281) and is included in general and administrative expenses.

During the three months ended March 31, 2026, the Company did not issue any options or RSUs to its key management personnel. The Company recognized total share-based compensation expense related to key management personnel of \$118 (three months ended March 31, 2025: \$252).

During the three months ended March 31, 2026, the Company's key management personnel exercised nil options for gross proceeds of \$nil (three months ended March 31, 2025: nil options for gross proceeds of \$nil) and nil RSUs were settled (March 31, 2025: 162,500 RSUs were settled through the issuance of

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NOTE 17 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

75,513 Common Shares amounting to \$5). The unissued shares are withheld for tax obligations, which are settled in cash by the Company.

17.2 Transactions and balances with key management personnel

Several key management personnel hold positions in other companies that result in them having control or significant influence over these companies. The Company had no transactions with these companies during the three months ended March 31, 2026 and 2025.

As at March 31, 2026, the Company has \$398 (December 31, 2025: \$967) due to key management personnel and no amount was due to entities over which they have control or significant influence (December 31, 2025: \$nil). The balance due to key management personnel comprise of accrued compensation and is included in current employee benefit obligations in the condensed interim consolidated statements of financial position.

NOTE 18 – EVENTS AFTER THE REPORTING PERIOD

No event, which is material to the understanding of this report, has occurred between the period-end date and the date of this report.