

CUSTOM HEALTH INC.

Unaudited Condensed Consolidated Interim
Financial Statements for the Three months period
ended March 31, 2026 and 2025 (Expressed in US
Dollars)

Custom Health Inc.

Condensed Consolidated Interim Statements of Financial Position

(expressed in US dollars)

	Note	March 31, 2026	December 31, 2025
ASSETS			
Current assets			
Cash and short-term deposits		338,391	260,298
Trade receivables		1,650,406	1,791,156
Inventories		409,100	518,760
Prepayments and other assets		1,134,585	898,280
Total current assets		3,532,482	3,468,494
Non-current assets			
Net property and equipment		4,148,163	4,455,297
Intangible assets		6,433,139	7,126,757
Total non-current assets		10,581,302	11,582,054
Total assets		14,113,784	15,050,548
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts and other payables		7,638,044	6,670,300
Contract liabilities		1,222,756	1,290,958
Loans and borrowings	10	26,793,659	25,015,594
Other financial liabilities		11,046,170	8,376,370
Lease liabilities	6	1,279,294	1,266,760
Derivative liabilities		10,072,926	10,072,926
Total current liabilities		58,052,849	52,692,908
Non-current liabilities			
Loans and borrowings	10	8,535,284	6,468,334
Lease liabilities	6	2,268,019	2,910,356
Total non-current liabilities		10,803,303	9,378,690
Total liabilities		68,856,152	62,071,598
Shareholders' deficit			
Issued capital		96,396,082	96,396,082
Obligation to issue shares		4,837,395	4,837,395
Warrants reserve		1,612,096	1,612,096
Stock option reserve		14,471,423	13,636,565
Contributed surplus		6,540,710	6,540,710
Deficit		(175,213,146)	(166,664,519)
Other components of equity		(3,386,928)	(3,379,379)
Total deficit		(54,742,368)	(47,021,050)
Total equity and liabilities		14,113,784	15,050,548
Commitments and contingencies	11		
Subsequent events	12		

Approved on behalf of the Board:

"Shane Bishop"

Director

"Rahul Chopra"

Director

Custom Health Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(expressed in US dollars)

	Notes	For the three months period ended	
		March 31, 2026	March 31, 2025
Continuing operations			
Revenue	8	4,328,577	4,114,164
Cost of sales		(2,224,831)	(2,270,663)
Gross profit		2,103,746	1,843,501
Expenses			
Salaries, wages & benefits		(4,246,770)	(6,655,119)
Selling and distribution expenses		(4,967)	(7,725)
Amortization and depreciation		(985,563)	(343,410)
Other operating expenses	9	(3,996,396)	(1,682,249)
Operating loss		(7,129,950)	(6,845,003)
Finance costs		(1,428,226)	(490,196)
Other income (expense)		9,549	84
Loss for the year		(8,548,627)	(7,335,115)
Other comprehensive loss			
Exchange differences on translation of foreign operations		(7,549)	58,143
Total comprehensive loss for the year, net of tax		(8,556,176)	(7,276,973)

Custom Health Inc.
Condensed Consolidated Interim Statements of Cash Flows
(expressed in US dollars)

	For the three months period ended	
	March 31, 2026	March 31, 2025
Operating activities		
Net loss for the period	(8,548,627)	(7,335,115)
Adjustments for:		
Interest accretion and non-cash finance costs, net	1,079,479	490,196
Share based payment	834,858	3,509,722
Depreciation of property and equipment	981,301	343,410
Net change in non-cash working capital items	3,583,447	514,042
Cash used by operating activities	(2,069,542)	(2,477,746)
Investing activities:		
Purchase of property and equipment	(4,304)	(12,392)
Cash used in investing activities	(4,304)	(12,392)
Financing activities		
Lease payments	(810,835)	(350,147)
Net proceeds from loans and borrowings	2,980,214	2,482,477
Net proceeds from common shares issued	-	203,690
Cash used in financing activities	2,169,379	2,465,908
Net increase (decrease) in cash and cash equivalents	95,533	(154,117)
Translation differences	(17,440)	(58,143)
Net increase (decrease) in cash and cash equivalents during the period	78,093	(212,260)
Cash and cash equivalents, beginning of year	260,298	386,006
Cash and cash equivalents, end of period	338,391	173,746

Custom Health Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(expressed in US dollars)

	Number of shares issued	Share capital	Warrant reserve	Stock option reserve	Contributed surplus	Obligation to issue shares	Deficit	Translation Reserve	Total
Balance, December 31, 2024	12,703,589	\$ 92,439,936	\$ 1,455,764	\$ 7,660,080	\$ 6,540,710	\$ -	\$ (136,879,468)	\$ (3,165,812)	\$ (31,948,790)
Class C Shares, Warrants exercised	1,611,619	3,956,146	-	-	-	-	-	-	3,956,146
Warrants issued	-	-	156,332	-	-	-	-	-	156,332
Obligation to issue shares	-	-	-	-	-	4,837,395	-	-	4,837,395
Stock based payments	-	-	-	5,976,485	-	-	-	-	5,976,485
Translation reserve	-	-	-	-	-	-	-	(213,567)	(213,567)
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(29,785,051)	-	(29,785,051)
Balance, December 31, 2025	14,315,208	\$ 96,396,082	\$ 1,612,096	\$ 13,636,565	\$ 6,540,710	\$ 4,837,395	\$ (166,664,519)	\$ (3,379,379)	\$ (47,021,050)
Stock based payments	-	-	-	834,858	-	-	-	-	834,858
Translation reserve	-	-	-	-	-	-	-	(7,549)	(7,549)
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(8,548,627)	-	(8,548,627)
Balance, March 31, 2026	14,315,208	\$ 96,396,082	\$ 1,612,096	\$ 14,471,423	\$ 6,540,710	\$ 4,837,395	\$ (175,213,146)	\$ (3,386,928)	\$ (54,742,368)

The accompanying notes form an integral part of these condensed consolidated interim financial statements

1 CORPORATE INFORMATION

Custom Health Inc, together with its subsidiaries (collectively, "CHI" or the "Company"), is incorporated as a Delaware corporation with a corporate address at 8605 Santa Monica Blvd, PMB 64914 West Hollywood, CA 90069-4109.

Custom Health Inc. ("Custom Health" or the "Company") is a technology-enabled healthcare company that connects pharmacies, clinicians, payers, and patients through an integrated digital platform designed to improve medication adherence, chronic disease management, and patient outcomes. The Company's mission is to make it easier for people to take the right medication at the right time—every time—while giving healthcare professionals real-time insight into patient adherence and therapeutic outcomes.

2 BASIS OF PREPARATION**Statement of compliance**

These unaudited condensed consolidated interim financial statements of the Company have been prepared by management in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended December 31, 2025. These unaudited condensed consolidated interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). However, selected explanatory notes are included for events and transactions that are significant to an understanding of the changes in the Company's consolidated financial position and performance since the last annual consolidated financial statements.

These condensed consolidated interim financial statements were approved by the Board of Directors (the "Board") on June 30, 2026.

Basis of consolidation

These condensed consolidated interim financial statements incorporate the assets, liabilities and financial results of CHI and its wholly-owned subsidiaries. All intercompany transactions are eliminated on consolidation. As of March 31, 2026, the Company's subsidiaries include:

Srl No.	Subsidiaries	Jurisdiction of Incorporation	% of Equity Interest
1	Pack4U Connected Health LLC	Delaware	100% by Custom Health
2	Orlando Central Fill, Inc. dba Pack4U Corp	Delaware	100% by Custom Health
3	Pack4U Holdings (Canada) Ltd.	British Columbia, Canada	100% by Custom Health
4	Community Pharmacy of Smyrna, LLC d/b/a Keystone Community Pharmacy	Tennessee	100% by Custom Health
5	Catalyst Healthcare Ltd.	British Columbia, Canada	100% by Pack4U, Holdings (Canada) Ltd.
6	Pack4U Ontario Ltd. ¹	Ontario, Canada	49% by Pack4U Holdings (Canada) Ltd. and 51% by Teresa Pitre
7	Pack4U Saskatchewan Ltd. DBA Willowgrove Pharmacy Inc.	Saskatchewan, Canada	100% by Pack4U Holdings (Canada) Ltd.
8	M&J Pharmacy Ltd.	British Columbia, Canada	100% by Pack4U Holdings (Canada) Ltd.
9	1239760 B.C. Ltd.	British Columbia, Canada	100% by Pack4U Holdings (Canada) Ltd.
10	Catalyst Health USA Co.	Washington	100% by Catalyst Healthcare Ltd.
11	PatchRx Inc.	Delaware	100% by Custom Health

Control over a subsidiary exists when the Company is exposed to and has the rights to variable returns of the subsidiaries and has the ability to affect those returns through its power over the entity. The existence and effect of voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date control ceases. Intercompany transactions, balances and unrealized gains/losses on transactions between group companies are eliminated.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statements of income and comprehensive income.

¹ Pack4U Ontario Ltd.*

Although the Company holds 49% of the equity interest in Pack4U Ontario Ltd., it exercises 100% control over the entity through a Master Services Agreement ("MSA"). The MSA grants the Company full decision-making authority and rights to variable returns. As a result, Pack4U Ontario Ltd. is fully consolidated in these financial statements, and there is no non-controlling interest recognized.

Going concern

These condensed consolidated interim financial statements have been prepared in accordance with IFRS, which contemplates continuation of the Company as a going concern. For the three months period ended March 31, 2026, the Company has experienced operating losses of (\$8,548,627) and negative cash flows from operations of (\$2,069,542). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain.

Management intends to improve revenue and profitability of the existing business by growing revenue and reducing costs. Custom Health intends to continue to grow revenue in its pharmacy operations, technology platforms and clinical services by expanding usage of these services within its customer base. Custom Health also intends to reduce costs by streamlining operations, resource optimization, elimination of redundancies and poorly performing geographies where possible.

Continued operations of the Company depend upon the Company's ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results. There can be no assurance, however, that the Company can reach profitability, raise working capital financing, or secure adequate debt or equity financing on desirable terms or at all. These material uncertainties raise significant doubt about the Company's ability to continue as a going concern.

Because the consolidated financial statements have been prepared on a going concern basis, they do not include any adjustments that might result from the outcome of this uncertainty or the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain assets and liabilities which are measured at fair value as explained in Note 3 to these consolidated financial statements. These condensed consolidated interim financial statements are presented in US dollars, which is the functional currency of the Company and its subsidiaries.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities and nonmonetary assets and liabilities carried at fair value, that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Inventory

Inventories are carried at the lower of cost and net realizable value, which requires the Company to utilize estimates related to fluctuations in shrinkage, retail prices and shelf life. At each reporting date, the Company reviews its inventory and determines if a reserve is required for inventory.

Impairment Testing of Goodwill and Indefinite Life Intangible Assets

The Company tests, at least annually, whether goodwill or indefinite life intangible assets have suffered any impairment, in accordance with IAS 36. The recoverable amounts of CGUs or groups of CGUs are determined based on the higher of fair value less costs of disposal (FVLCD) and value in use (VIU). These calculations require estimates of future cash flows, discount rates, growth rates, and terminal values.

Borrowing Rate and Lease Term under IFRS 16

Determining the incremental borrowing rate and lease term for measuring lease liabilities involves judgment. The Company estimates the rate it would have to pay to borrow funds over a similar term and with similar security. Lease term includes renewal options when it is reasonably certain that the Company will exercise such options.

Valuation of Convertible Debt

Convertible instruments are assessed for classification and measurement under IFRS 9 and IAS 32. Management estimates the fair value of the liability and any embedded derivative or equity component using discounted cash flow models and option pricing techniques. Key assumptions include discount rates, expected volatility, and probability of conversion.

Valuation of Stock Options and Company's Stock Price

For share-based payments and fair value measurement of warrants or embedded derivatives, the Company uses observable market prices where available. Where not available, valuation models such as Black-Scholes are applied, requiring assumptions about volatility, risk-free rates, and expected life of instruments. The Company's share price is estimated based on recent subscriptions with arm's length parties, and calibration techniques where no recent subscriptions of the Company's shares have occurred.

Useful Life of Definite Life Intangible and Tangible Assets

Management reviews the estimated useful lives and residual values of property, plant, equipment, and intangible assets annually. Changes in usage, technological developments, or market conditions may result in adjustments to depreciation or amortization rates.

Determination of Cash-Generating Units (CGUs)

Identifying CGUs for impairment testing requires judgment in determining the smallest group of assets that generates largely independent cash inflows. This assessment impacts impairment calculations for goodwill and other assets.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies, critical judgements, and estimates used to prepare these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 4 of the consolidated financial statements for the year ended December 31, 2025.

Revenue Recognition

The Company generates revenue through integrated healthcare solutions, including pharmacy operations, technology platform subscriptions, and clinical engagement services. The Company applies the IFRS 15 five-step framework to recognize revenue when control of goods or services is transferred to the customer at an amount that reflects the expected consideration.

1. Pharmacy Operations

The Company operates retail and centralized fill pharmacies specializing in complex medication regimens.

Performance Obligations: Each prescription claim is treated as a distinct performance obligation.

Recognition: Revenue is recognized at a point in time when the customer takes possession of the medication (delivery or pickup).

Transaction Price: Includes co-payments and deductibles, recognized net of expected variable consideration (e.g., payor clawbacks, rebates, and adjudications) based on historical data.

2. Technology Platform Fees

Revenue is derived from the spencer® hardware and SaaS platforms (AdhereNet® and oneMAR®).

Hardware: Revenue from outright device sales is recognized at a point in time upon delivery. Device rentals are accounted for under IFRS 16 Leases.

SaaS Subscriptions: Fees for cloud-based software are recognized over time (ratably) over the contract term as the service is provided.

Implementation & Bundling: Non-distinct setup fees are deferred and recognized over the subscription term. In bundled arrangements, the transaction price is allocated to hardware, software, and support based on their stand-alone selling prices.

3. Patient and Clinician Engagement

The Company provides telepharmacy and clinical monitoring services via proprietary analytics.

Recognition: Revenue is recognized over time as services are performed, using either output measures (per-intervention fees) or input measures (time and materials).

Incentives: Outcome-based variable consideration is only recognized when it is highly probable that a significant reversal will not occur.

Significant Judgments and Contract Balances

Principal vs. Agent: The Company generally acts as the principal for pharmacy and software services as it controls the promise before transfer. It acts as an agent in specific referral arrangements, recognizing revenue net of provider costs.

Contract Assets & Liabilities: Unbilled amounts are recorded as contract assets, while advance payments (e.g., prepaid SaaS or support) are recorded as contract liabilities (deferred revenue).

Contract Costs: Incremental costs to obtain a contract, such as sales commissions, are capitalized and amortized over the subscription period, while routine fulfillment costs are expensed as incurred.

Financing: As payment terms are typically under one year, the Company does not adjust for significant financing components.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the accompanying consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The principal estimates relate to the valuation of, stock options, warrants, allocation of the purchase price of assets relating to business combinations, calculation of contingent consideration for acquisitions, fair value of intangible assets and goodwill impairment.

5 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer ("CEO").

The Company has three reportable segments as follows:

1. **Pharmacy Sales and Dispensing Fees** – revenue from the sale of prescription drugs and dispensing services provided through owned pharmacies.
2. **Technology Platform Fees**
 - i. Recurring subscription revenue from AdhereNet® and oneMAR® platform users (pharmacies, health systems, and care providers).
 - ii. Device Leasing and Monitoring Fees – recurring monthly revenue from payers, healthcare organizations, and pharmacies that lease Spencer® devices and use associated monitoring services.
3. **Clinical Service Fees** – revenue earned from medication reviews, virtual consultations, and in-home clinical visits.

These segments comprise several operating segments that are aggregated due to their similar economic characteristics, customers and nature of products. The Company's CODM evaluates segment performance on the basis of consolidated results, as reported to internal management, on a periodic basis.

Geographic Segment Information	for the three months period ended March 31 2026			for the three months period ended March 31 2025		
	Canada	USA	Total	Canada	USA	Total
	Revenue	3,493,736	834,841	4,328,577	3,024,531	1,089,633
Other amounts in losses	5,673,434	7,203,770	12,877,204	4,154,137	7,295,142	11,449,278
Net Loss	(2,179,698)	(6,368,929)	(8,548,627)	(1,129,606)	(6,205,508)	(7,335,115)
Current assets	1,834,679	1,697,803	3,532,482	1,140,166	816,009	1,956,175
Non-current assets	1,498,794	9,082,508	10,581,302	2,545,328	907,153	3,452,481

Business Segment Information	for the three months period ended March 31 2026				for the three months period ended March 31 2025			
	Clinical Service	Technology Platform	Pharmacy Sales and Dispensing	Total	Clinical Service	Technology Platform	Pharmacy Sales and Dispensing	Total
Revenue	460,516	548,295	3,319,766	4,328,577	788,375	451,364	2,874,424	4,114,164
Other amounts in losses	1,480,586	1,268,502	10,128,084	12,877,204	2,088,966	1,270,349	8,089,964	11,449,278
Net Loss	(1,020,102)	(720,208)	(6,808,318)	(8,548,627)	(1,300,591)	(818,984)	(5,215,540)	(7,335,115)

6 LEASES

The Company has lease contracts for various buildings and medical equipment used in its operations. Leases of buildings generally have lease terms between 3 and 10 years, while medical equipment generally have lease terms between 2 and 5 years. The Company applied incremental borrowing rates that ranged from 5% to 9% for respective leases. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Total
As at December 31, 2023	5,502,247
Additions	232,795
Accretion of interest payments	367,592
Lease payments	<u>(1,791,256)</u>
As at December 31, 2024	4,311,378
Reclassification of leases	(669,290)
Additions	1,724,496
Accretion of interest payments	748,923
Lease payments	<u>(1,928,391)</u>
As at December 31, 2025	4,177,116
Accretion of interest payments	181,032
Lease payments	<u>(810,835)</u>
As at March 31, 2026	3,547,313

The following outlines the current and long-term portion of lease liabilities during the year:

	March 31, 2026	December 31, 2025
Current portion of lease liabilities	1,279,294	1,266,760
Long-term portion of lease liabilities	<u>2,268,019</u>	<u>2,910,356</u>
	3,547,313	4,177,116

The following are the amounts related to leases recognized in the consolidated statements of loss and comprehensive loss:

	March 31, 2026	December 31, 2025
Depreciation expense of right-of-use assets	276,079	1,687,806
Net exchange differences in right-of-use assets	25,825	(102,749)
Interest accretion on lease liabilities	<u>181,032</u>	<u>744,873</u>
	482,936	2,329,930

7 RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel. Key management personnel includes the directors (executive and non-executive) and officers of the Company. Remuneration of key management personnel that was included in general and administrative expenses on the consolidated statements of loss and comprehensive loss is below.

Key management compensation:

The company considers its directors and executives to be key management personnel. Key management personnel compensation is comprised of the following:

	for the three months ended March 31	
	2026	2025
Management and director remuneration	45,565	57,020
Consultancy fees paid to Age Capital	87,525	87,525
	<u>133,090</u>	<u>144,545</u>

During the period, the Company entered into transactions with AGE Capital, an entity significantly influenced or owned by a member of the Board of Directors. Further, The Company owes \$976,950 (December 31, 2025-\$889,425) to AGE Capital. The amounts due does not bear interest and have no repayment terms.

In addition, the Company owes \$450,346 (December 31, 2025 -\$440,295) to the directors and officers of the Company. The amounts due to the related parties bear no interest and have no repayment terms.

8 REVENUE

	for the three months ended March 31	
	2026	2025
Pharmacy revenue	3,319,766	2,874,424
Clinical services	460,516	788,375
Technology services	548,295	451,364
Total Revenue	<u>4,328,577</u>	<u>4,114,164</u>

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer ("CEO"). The Company has three reportable segments, these segments comprise several operating segments that are aggregated due to their similar economic characteristics, customers and nature of products. The Company's CODM evaluates segment performance on the basis of consolidated results, as reported to internal management, on a periodic basis.

9 OTHER OPERATING EXPENSES

	for the three months ended March 31	
	2026	20225
Legal and professional services	2,303,352	237,490
Travel + meals and entertainment	25,223	12,354
Rent	19,901	15,308
Computer software licensing	559,908	189,758
Outside services	523,041	945,772
Other expenses	564,971	281,566
Total	<u>3,996,396</u>	<u>1,682,249</u>

Custom Health Inc.**Notes to the Condensed Consolidated Interim Financial Statements****For the three months period ended March 31, 2026 and full year ended December 31, 2025****10 BORROWINGS**

The Company over the years 2024 and 2025, issued convertible notes that bear a 12% to 15% coupon and contain a holder option to convert into the company's ordinary shares at a price equal to the IPO price less 20%. Because the conversion price is variable, the conversion feature fails the IAS 32 'fixed-for-fixed' criterion and is accounted for as an embedded derivative liability under IFRS 9. On initial recognition, the embedded derivative is measured at fair value with subsequent remeasurement the statement of loss and comprehensive loss. The host debt is measured at amortised cost using the effective interest method, with the effective interest rate reflecting the market rate for a similar instrument without the derivative (approximately 20% at initial recognition).

i. Movement in Convertible Debt

	March 31, 2026	December 31, 2025
Opening Balance	21,667,834	12,573,853
New Issuances	2,078,977	8,103,989
Promissory notes modified to convertible notes	-	1,054,641
Interest Accretion (EIR)	514,449	2,959,641
Loss on modification	-	(2,986,865)
Repayments	-	(37,425)
	24,261,260	21,667,834

ii. Movement in Promissory Debt

	March 31, 2026	December 31, 2025
Opening Balance	9,816,094	3,468,163
New Issuances	2,131,743	2,675,537
Interest Accretion (EIR)	350,351	1,180,385
Repayments	(1,230,505)	(675,978)
Modified to convertible	-	(1,054,641)
Other loans advanced in 2025	-	4,222,628
	11,067,683	9,816,094

Current and Non-Current Classification of i & ii

	March 31, 2026	December 31, 2025
Current Portion	26,793,659	25,015,594
Non-Current Portion	8,535,284	6,468,334
Total	35,328,943	31,483,928

Key Terms of Convertible Debt

Term	Details
Conversion Price	\$8-\$10 per share
Coupon Rates	12%-15% per annum
Maturity	2026-2029
Fair Value Hierarchy	Level 2
Fair Value Hierarchy (Derivative)	Level 3

11 COMMITMENTS AND CONTINGENCIES

During the ordinary course of business, the Company may be involved in and potentially subject to legal actions and proceedings. The Company does not expect that any current claim against the Company, individually or in the aggregate, will have a material adverse effect on the Company's financial results. If circumstances change and it becomes probable that the Company will be held liable for claims against it and such claim is estimable, the Company will recognize a provision during the period in which the change in probability occurs, which could be material to the Company's consolidated statements of comprehensive loss or consolidated statements of financial position.

12 SUBSEQUENT EVENTS

TSX Listing

On May 30, 2025, Custom Health entered into an Arrangement Agreement (as subsequently amended on October 31, 2025, January 30, 2026, and March 24, 2026) with Queue Ventures Ltd. ("Queue Ventures"), Custom Merger Sub Inc. ("Merger Sub"), Queue SubCo ("Subco"), and Custom FundCo Inc. ("Fundco") (the "Arrangement Agreement"). Pursuant to the Arrangement Agreement, Queue Ventures agreed to acquire all of the issued and outstanding shares of Custom Health (the "Custom Shares") by way of a court-approved Plan of Arrangement under the Business Corporations Act (British Columbia) (the "Arrangement"). On June 5, 2026, the Arrangement was successfully completed.

Pursuant to the Arrangement, Queue Ventures acquired 100% of the issued and outstanding common shares of Custom Health, a Delaware corporation ("Custom Delaware"). The acquisition was effected through: (i) a merger of Custom Delaware and Merger Sub, a wholly-owned subsidiary of Custom Health Holdings, pursuant to the Delaware General Corporation Law, with Custom Delaware surviving as a wholly-owned subsidiary of Custom Health Holdings; and (ii) the amalgamation of Subco and Fundco, both wholly-owned subsidiaries of Custom Health Holdings, which amalgamated and continued as one company ("Amalco"). Subsequent to the amalgamation, all assets and liabilities of Amalco were conveyed to and assumed by Custom Health Holdings under the Income Tax Act (Canada), and Amalco was wound up and dissolved. In connection with the Arrangement, Queue Ventures changed its name from "Queue Ventures Ltd." to "Custom Health Holdings Inc." ("Custom Health Holdings").

As consideration for the Arrangement, Custom Health Holdings issued 22,140,377 common shares (the "Consideration Shares") to the former shareholders of Custom Delaware. In addition:

- Custom Health Holdings granted 2,298,061 replacement stock options (the "Replacement Options") to purchase Common Shares, issued in exchange for the cancelled incentive stock options of Custom Delaware;
- Custom Health Holdings assumed all obligations underlying the outstanding common share purchase warrants of Custom Delaware (the "Custom Warrants") and the outstanding convertible promissory notes of Custom Delaware (the "Custom Notes"), each exercisable into Common Shares; and
- Custom Health Holdings granted 62,500 restricted share units ("RSUs") upon completion of the Arrangement.

The common shares of Custom Health Holdings commenced trading on the TSX under the symbol "CHLT" on June 24, 2026.

In connection with the Arrangement, Custom FundCo Inc. issued and sold 1,200,000 Subscription Receipts for aggregate gross proceeds of \$9,600,000, pursuant to a brokered private placement and a subscription receipt agreement dated December 5, 2025, among Custom Health Holdings, Fundco, Custom Delaware, Odyssey Trust Company, Stifel Nicolaus Canada Inc., and Bloom Burton Securities Inc. (together, the "Agents"). Each Subscription Receipt converted into one common share of Fundco (an "SR Share"), and upon closing of the Arrangement, each SR Share was exchanged for one Common Share of Custom Health Holdings. The Agents are entitled to: (i) a cash commission equal to 6.0% of the gross proceeds raised under the Concurrent Financing; and (ii) FundCo Compensation Options equal to 3.0% of the number of FundCo Subscription Receipts issued, exercisable at US\$8.00 per share for a period of 24 months following the satisfaction of the escrow release conditions.

InnovativeRx Acquisition

On June 10, 2026, Custom Health Holdings closed its acquisition of substantially all of the operating assets of InnovativeRx US Holdings, Inc. ("InnovativeRx") through the merger of InnovativeRx's operating subsidiaries, including InnovativeRx North Ohio, Inc. and Flywheel Healthcare, LLC, into a wholly owned subsidiary of Custom Health Inc., effective June 3, 2026. The transaction expanded its integrated pharmacy and clinical infrastructure in the United States, particularly in Indiana and Ohio, and is expected to support further expansion into surrounding states.

The total consideration for the InnovativeRx acquisition is US\$16,550,000, paid by Custom Health as follows: (i) up to US\$9,800,000 paid in shares of Class A Common Stock of Custom Health, Inc., and (ii) up to US\$6,750,000 paid in cash, which cash covered payments made to certain debenture holders of InnovativeRx, subject to certain agreed holdback amounts and adjustments. Management is currently assessing the purchase price allocation, and the amounts recognized may be adjusted within the measurement period as that assessment is completed.

Loans and Credit Facilities

In connection with the completion of the Arrangement, Custom Health Holdings has entered into several financing arrangements, as set out below.

Senior Secured Convertible Notes

On June 3, 2026, Custom Health Holdings amended a senior secured note purchase agreement dated April 22, 2024, as amended, a guaranty dated April 22, 2024 and a security and pledge agreement dated April 22, 2024 (collectively, the "Funicular Transaction Agreements"), entered into between Custom Delaware and Funicular Funds, LP as lead investor and collateral agent. The amendments to the Funicular Transaction Agreements authorize a new series of notes ("Funicular Notes") in the aggregate principal amount of up to US\$20,000,000, which will be convertible at the option of the holders thereof into Common Shares at a conversion price per Common Share to be determined in accordance with the terms and conditions of the Funicular Transaction Agreements. In addition, upon issuance of the Funicular Notes, Custom Health Holdings will issue to each holder thereof warrants to purchase Common Shares ("Funicular Warrants") as is equal to 50% coverage of the principal amount of the applicable Funicular Note divided by the exercise price of such Funicular Warrants. The exercise price of the Funicular Warrants will be the greater of: (i) 120% of the volume-weighted average trading price ("VWAP") of the Common Shares on the TSX for the five (5) trading days ending three (3) trading days prior to the conversion of the Funicular Warrants; and (ii) US\$8.00.

Custom Health Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months period ended March 31, 2026 and full year ended December 31, 2025

Promissory Note Financing

Custom Health Holdings, as borrower, entered into a promissory note purchase agreement dated June 4, 2026 (the "Yorkville Note Purchase Agreement"), pursuant to which Custom Health Holdings agreed to issue to certain purchasers (the "Purchasers") one or more promissory notes in an aggregate principal amount of up to US\$15,000,000 on the terms and subject to the conditions set out in the Yorkville Note Purchase Agreement. On June 4, 2026, Custom Health Holdings issued a promissory note in an aggregate principal amount of US\$3,000,000 (the "First Tranche Note") to YA II PN, Ltd. as initial lender (the "Initial Lender"), with additional notes issuable upon mutual agreement between Custom Health Holdings and the Initial Lender. In connection with the First Tranche Note, Custom Health Holdings will issue to the Initial Lender warrants (the "Yorkville Warrants") on the fifth trading day following the Listing. The Yorkville Warrants will entitle the holder thereof to acquire such number of Common Shares as is equal to 100% coverage of the First Tranche Note. The Yorkville Warrants will bear an exercise price per Common Share equal to the greater of: (a) 120% of the VWAP of the Common Shares for the five (5) consecutive trading days immediately following the Listing; and (b) US\$8.00, converted into Canadian dollars at the Bank of Canada rate of exchange on the applicable trading date. In connection with the Yorkville Note Purchase Agreement, Custom Health Holdings has entered into a right of first refusal agreement with Yorkville Securities, LLC ("Yorkville"), an affiliate of the Initial Lender, pursuant to which Yorkville has been granted certain participation rights to act as co-placement agent or underwriter in connection with future equity or equity-linked financings of Custom Health Holdings, in each case on the terms and subject to the conditions set out in the Yorkville Note Purchase Agreement.

Unsecured Credit Facility

Custom Health Holdings entered into a convertible promissory note purchase agreement dated June 4, 2026, with 102114598 Saskatchewan Ltd. as lender, pursuant to which Custom Health Holdings may issue unsecured convertible promissory notes (the "102 Saskatchewan Notes") in an aggregate principal amount of up to US\$15,000,000, which may be drawn down by Custom Health Holdings from time to time by way of one or more advances, subject to a minimum amount of US\$100,000 per advance and a 12-month availability period following the Listing. The 102 Saskatchewan Notes will bear an interest rate of 12% per annum, have a maturity of 18 months following the Listing and are convertible into Common Shares at the VWAP of the Common Shares for the five (5) consecutive trading days immediately prior to such conversion, subject to customary limitations, including a 9.99% beneficial ownership cap.

Secured Credit Facility

Custom Health Holdings, as a parent guarantor of its borrowing subsidiary, Pack4U Saskatchewan Ltd. (the "Borrower"), entered into a credit agreement dated June 5, 2026 with Fair Capital Partners Inc. ("FairCap") as administrative agent (the "FairCap Credit Agreement") to establish certain facilities (the "Credit Facilities") in favour of the Borrower. The Credit Facilities mature on June 5, 2029, as may be amended from time to time and comprise of a senior secured credit facility in an aggregate principal amount of C\$7,000,000 (the "Term Facility") and a revolving credit facility in an aggregate principal amount of C\$3,000,000 (the "Revolving Facility"). The Term Facility is non-revolving and intended to be used primarily for acquisition financing, while the Revolving Facility is intended for general corporate and working capital purposes. In connection with the FairCap Credit Agreement, Custom Health Holdings has agreed to issue to FairCap 27,174 warrants to purchase Common Shares (the "FairCap Warrants"), with each FairCap Warrant bearing an exercise price of US\$8.00, exercisable at any time prior to June 5, 2033. In connection with the Credit Facilities, Custom Health Holdings has entered into a guarantee in favour of FairCap.