

Medexus Pharmaceuticals Inc.

Condensed Interim Consolidated
Financial Statements
(unaudited)

**For the three- and six-month periods ended
September 30, 2025**
(expressed in thousands of United States dollars)

Medexus Pharmaceuticals Inc.

Interim Consolidated Statements of Financial Position (unaudited)

As at September 30, 2025 and March 31, 2025

(expressed in thousands of United States dollars)

As at	Note	September 30, 2025 \$	March 31, 2025 \$
Assets			
Current assets			
Cash and cash equivalents		9,381	23,973
Accounts receivable, net	3	12,078	13,306
Inventories		34,234	35,290
Prepays and other current assets		6,739	8,003
Total current assets		62,432	80,572
Property and equipment, net		507	689
Intangible assets, net	4	67,060	71,601
Goodwill	4	10,147	9,997
Deferred tax assets		9,295	8,979
Total assets		149,441	171,838
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		37,687	41,024
Milestones payable	4	12,500	15,000
Income tax payable		1,754	1,368
Current portion of long-term debt	5	20,949	36,980
Current portion of balance payable for business combinations	6	2,054	2,813
Other current liabilities		-	125
Total current liabilities		74,944	97,310
Long-term debt	5	118	198
Balance payable for business combinations	6	21,961	22,187
Total liabilities		97,023	119,695
Shareholders' Equity			
Share capital	7	96,441	96,098
Contributed surplus		11,713	12,011
Cumulative translation adjustment		6,058	6,029
Deficit		(61,794)	(61,995)
Total equity		52,418	52,143
Total liabilities and equity		149,441	171,838

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Medexus Pharmaceuticals Inc.

Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(unaudited)

Three- and six-month periods ended September 30, 2025 and 2024

(expressed in thousands of United States dollars, except per share amounts and number of shares)

	Note	Three Months		Six Months	
		2025	2024	2025	2024
		\$	\$	\$	\$
Revenue					
Net Revenue		24,741	26,303	49,356	53,586
Cost of sales					
Cost of sales of products		8,599	10,658	17,084	21,755
Amortization of product licences	4	2,356	1,519	4,712	2,870
		10,955	12,177	21,796	24,625
Gross profit					
		13,786	14,126	27,560	28,961
Selling, general and administrative expenses	9	11,916	9,688	24,082	20,037
Research and development expenses		145	281	833	378
Termination benefits		276	-	276	356
Depreciation		72	57	142	116
Impairment of intangible assets		-	2,463	-	2,463
Operating income					
		1,377	1,637	2,227	5,611
Financing costs	10	1,407	2,163	2,813	4,194
Other (income) loss	11	297	55	(874)	98
Income (loss) before income taxes					
		(327)	(581)	288	1,319
Income tax expense (recovery)					
Current		41	7	403	25
Deferred		(53)	(698)	(316)	(773)
		(12)	(691)	87	(748)
Net income (loss)					
		(315)	110	201	2,067
Other comprehensive income (loss)					
Foreign currency income (loss) on translation of subsidiary companies		(106)	118	29	63
Comprehensive income (loss)					
		(421)	228	230	2,130
Net income (loss) per share					
Basic	7	(0.01)	0.00	0.01	0.08
Diluted	7	(0.01)	0.00	0.01	0.08
Weighted average number of common shares outstanding					
	7	32,287,865	24,548,318	32,273,109	24,503,496

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Medexus Pharmaceuticals Inc.

Interim Consolidated Statements of Changes in Shareholders' Equity
(unaudited)

Six-month periods ended September 30, 2025 and 2024

(expressed in thousands of United States dollars except number of shares)

	Note	Share Capital		Contributed surplus \$	Cumulative translation adjustment \$	Deficit \$	Total shareholders' equity \$
		Common shares	Amount \$				
Balance – March 31, 2024		24,458,213	76,390	12,005	6,170	(64,242)	30,323
Net income		-	-	-	-	2,067	2,067
Other comprehensive income		-	-	-	63	-	63
Comprehensive income		-	-	-	63	2,067	2,130
Share-based compensation	8	-	-	655	-	-	655
Issuance of shares for settling of share awards	8	194,280	331	(698)	-	-	(367)
Balance – September 30, 2024		24,652,493	76,721	11,962	6,233	(62,175)	32,741
Balance – March 31, 2025		32,258,353	96,098	12,011	6,029	(61,995)	52,143
Net income		-	-	-	-	201	201
Other comprehensive income		-	-	-	29	-	29
Comprehensive income		-	-	-	29	201	230
Share-based compensation	8	-	-	437	-	-	437
Issuance of shares for settling of share awards	8	161,707	343	(735)	-	-	(392)
Balance – September 30, 2025		32,420,060	96,441	11,713	6,058	(61,794)	52,418

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Medexus Pharmaceuticals Inc.

Interim Consolidated Statements of Cash Flows

(unaudited)

Three- and six-month periods ended September 30, 2025 and 2024

(expressed in thousands of United States dollars)

	Note	Three Months		Six Months	
		2025 \$	2024 \$	2025 \$	2024 \$
Operating activities					
Net income (loss)		(315)	110	201	2,067
Adjustments for					
Depreciation		72	57	142	116
Amortization of product licences	4	2,356	1,519	4,712	2,870
Impairment of intangible assets		-	2,463	-	2,463
Share-based compensation expense, net	8	(122)	(74)	45	288
Financing costs	10	1,407	2,163	2,813	4,194
Gain on disposal of asset	11	-	-	(408)	-
Business combinations payable – Unrealized gain on change in fair value	6	-	-	(182)	-
Unrealized foreign exchange (gain) loss	11	248	(202)	(427)	(44)
Income tax expense (recovery)		(12)	(691)	87	(748)
		3,634	5,345	6,983	11,206
Changes in non-cash operating working capital items		(290)	1,546	290	3,930
Income taxes paid		(7)	(36)	(17)	(88)
Cash provided by operating activities		3,337	6,855	7,256	15,048
Investing activities					
Proceeds from disposal of assets		-	-	653	-
Purchases of property and equipment, excluding right-of-use asset		(7)	(37)	(132)	(69)
Milestone payments	4	-	(2,500)	(2,500)	(2,500)
Business combinations deferred payment	6	(1,648)	(445)	(2,017)	(890)
Cash used by investing activities		(1,655)	(2,982)	(3,996)	(3,459)
Financing activities					
Interest paid		(442)	(1,253)	(1,181)	(2,389)
Repayment of long- and short-term debt	13	(1,103)	(3,312)	(2,206)	(6,625)
Prepayment of long- and short-term debt	13	-	(833)	(14,397)	(833)
Repayment of lease liabilities	13	(54)	(16)	(106)	(62)
Cash used by financing activities		(1,599)	(5,414)	(17,890)	(9,909)
Net change in cash and cash equivalents during the period		83	(1,541)	(14,630)	1,680
Impact of foreign exchange on cash and cash equivalents		(34)	60	38	38
Cash and cash equivalents – beginning of period		9,332	8,454	23,973	5,255
Cash and cash equivalents – end of period		9,381	6,973	9,381	6,973

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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Notes to Condensed Interim Consolidated Financial Statements

(unaudited)

September 30, 2025 and 2024

(expressed in thousands of United States dollars, except per share amounts and number of shares)

Medexus Pharmaceuticals Inc. and its subsidiaries (collectively, the “Company”) is a specialty pharmaceutical company which licences and acquires pharmaceutical products for commercialization in the United States and Canada for rare and orphan diseases. Medexus products are generally sold in North America to wholesalers, distributors, government agencies, healthcare facilities and specialty pharmacies.

The Company exists under the Canada Business Corporations Act and is domiciled in Canada. Its registered office is located at 10 King Street East, Suite 600, Toronto, Ontario. The Company’s shares are traded on the Toronto Stock Exchange (TSX:MDP).

The terms “Medexus”, “we”, “us”, “our” or “ourselves” refers to Medexus Pharmaceuticals and where the context of the narrative permits or requires, its subsidiaries. Our principal subsidiaries are: MI Acquisitions Inc., Medexus Pharma Inc. and Aptevo Biotherapeutics LLC, in which as at September 30, 2025, we have a 100% equity interest.

1 Summary of material accounting policies

Basis of presentation

The notes presented in our condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in our annual audited financial statements; thus, our interim consolidated financial statements are referred to as condensed.

These condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended March 31, 2025 and follow the same accounting policies and methods of their application as set out in our audited consolidated financial statements for the year ended March 31, 2025. The generally accepted accounting principles that we use are International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). Our condensed interim consolidated financial statements comply with IAS 34, Interim Financial Reporting and reflect all adjustments (which are of a normal recurring nature) that are, in our opinion, necessary for a fair statement of the results for the interim periods presented.

These unaudited condensed interim consolidated financial statements are presented in United States dollars, which the Company has chosen as its presentation currency. The functional currency of Medexus Pharmaceuticals Inc. is Canadian Dollars. As the Company has operations in both Canada and the United States, the consolidated financial results may vary between periods due to the effect of foreign exchange fluctuations.

These condensed interim consolidated financial statements as at and for the three- and six-month periods ended September 30, 2025 were authorized by our Board of Directors for issue on November 12, 2025.

Basis of consolidation

These unaudited condensed interim consolidated financial statements include our accounts and those of the Company’s subsidiaries. As at September 30, 2025, MI Acquisitions, Inc., Medexus Pharma, Inc. (previously Medac Pharma, Inc.), and Aptevo Biotherapeutics LLC, are the only wholly owned direct and indirect subsidiaries

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of the Company. MI Acquisitions, Inc. was created solely for the purpose of acquiring Medexus Pharma, Inc. and does not carry on active business other than the ownership of 100% of the outstanding shares of Medexus Pharma, Inc.

Use of judgments, estimates and assumptions

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, expectations of the future, and other relevant factors and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates. In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of uncertainty are as those applied and described in the Company's audited annual consolidated financial statements for the year ended March 31, 2025.

Seasonality of interim operations

The operations of the Company can be seasonal based on the products offered by the Company, and the results of operations for any interim period are not necessarily indicative of operations for the full fiscal year or any future period.

Accounting policy developments

Standards, interpretations and amendments to standards and interpretations not yet effective and not yet applied

In April 2024, the International Accounting Standards Board issued IFRS 18, Presentation and Disclosure in Financial Statements, which sets out the overall requirements for presentation and disclosures in the financial statements. The new standard will replace IAS 1, Presentation of Financial Statements. Although much of the substance of IAS 1, Presentation of Financial Statements, will carry over into the new standard, the new standard incrementally will:

- With a view to improving comparability amongst entities, require presentation in the statement of operations of a subtotal for operating profit and a subtotal for profit before financing and income taxes (both subtotals as defined in the new standard);
- Require disclosure and reconciliation, within a single financial statement note, of management-defined performance measures that are used in public communications to share management's views of various aspects of an entity's performance and which are derived from the statement of income and other comprehensive income;
- Enhance the requirements for aggregation and disaggregation of financial statement amounts; and

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- Require limited changes to the statement of cash flows, including elimination of options for the classification of interest and dividend cash flows.

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted. We are currently assessing the impacts of the new standard; while there will be a limited shift of where a number of our management-defined performance measures are disclosed and reconciled (primarily a shift from management's discussion and analysis to the financial statements and where certain cash flows will be categorized in our statements of cash flows (primarily shifting interest paid from operating activities to financing activities), we do not expect that the totality of our financial disclosure will be materially affected by the application of the new standard.

In May 2024, the International Accounting Standards Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The narrow scope amendments are to address diversity in accounting practice in respect of: the classification of financial assets with environmental, social and corporate governance and similar features; and to clarify the date on which a financial asset or financial liability is de-recognized when using electronic payment systems. The new standard is effective for annual reporting periods beginning on or after January 1, 2026, with earlier adoption permitted. We are currently assessing the impacts of the new standard but do not expect to be materially affected by the application of the amendments.

2 Capital management

The Company's capital management objectives are to maintain financial flexibility to pursue its acquisitive strategy of expanding its portfolio of commercial-stage pharmaceutical products consisting of established brands and promotional stage products in selected therapeutic areas. The Company defines capital as the aggregate of current and non-current debt and shareholders' equity.

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay long-term debt, issue shares, repurchase shares, pay dividends (where permitted) or undertake any other activity as deemed appropriate under specific circumstances. The Company is not subject to any externally imposed capital requirements, other than as described in note 5. There has been no change in the Company's capital management approach during the quarter.

Managed capital is set out in the following table:

	September 30, 2025	March 31, 2025
	\$	\$
Debt, current and non-current	21,067	37,178
Shareholders' equity	52,418	52,143
	73,485	89,321

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3 Accounts receivable

	September 30, 2025	March 31, 2025
	\$	\$
Trade accounts receivable	12,688	13,971
Expected credit loss	(664)	(801)
Trade accounts receivable, net	12,024	13,170
Sales tax receivable	54	136
Total accounts receivable	12,078	13,306

The Company applies the simplified approach to measuring expected credit losses (ECLs), as permitted by IFRS 9, which requires a lifetime ECL for all trade receivables.

As at September 30, 2025, the Company has assessed that the credit risk associated with its trade receivables is low. All receivables are current or not significantly past due. Based on historical loss rates, forward-looking information, and customer profiles, the Company has recorded an expected credit loss of \$664 (March 31, 2025 – \$801).

The following table presents an analysis of the age of the customer accounts receivable:

	September 30, 2025	March 31, 2025
	\$	\$
Current	11,880	11,123
Aged 1-30 days past due	243	1,393
Aged 31-60 days past due	-	114
Aged > 60 days past due	565	1,341
Allowance for expected credit losses	(664)	(801)
Total accounts receivable	12,024	13,170

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4 Intangible assets and goodwill

	Licences	Goodwill
	\$	\$
Cost		
As at April 1, 2025	103,186	9,997
Currency translation adjustment	392	150
As at September 30, 2025	103,578	10,147
Accumulated depreciation		
As at April 1, 2025	31,585	-
Amortization	4,712	-
Currency translation adjustment	221	-
As at September 30, 2025	36,518	-
Net book value as at September 30, 2025	67,060	10,147
Net book value as at March 31, 2025	71,601	9,997

U.S. Treosulfan Agreement

On February 2, 2021, the Company entered into an exclusive agreement with medac GmbH (“medac”) for the rights to commercialize treosulfan in the United States (“U.S. Treosulfan Agreement”). Treosulfan is an orphan-designated agent developed for use as part of a conditioning treatment for patients undergoing allogeneic hematopoietic stem cell transplantation.

On January 22, 2025, the FDA approved GRAFAPEX™ (treosulfan). The Company holds exclusive commercial rights to GRAFAPEX™ in the United States for a period of 10 years from the FDA approval in January 2025. Based on the terms of the approval, including the FDA-approved product label, the Company became obligated to pay medac a regulatory milestone payment of \$15,000 in installments of \$2,500 by June 30, 2025, \$5,000 by October 1, 2025, and \$7,500 by January 1, 2026, subject to the Company’s right to temporarily defer the second and/or third such payments on terms described in the U.S. Treosulfan Agreement. The first and second installments of \$2,500 and \$5,000 were paid by Medexus on June 30 and October 1, 2025.

Impairment of intangible assets

Management assesses all intangible assets for impairment in response to identified triggering events on a quarterly basis and determined that no impairment was recognized for the three- and six-month periods ended September 30, 2025 (2024 – nil).

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(unaudited)

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5 Long-term debt

As at	September 30, 2025 \$	March 31, 2025 \$
Credit facility – term loan	20,964	34,067
Credit facility – revolver	-	3,500
Deferred debt transaction costs	(233)	(774)
Lease liabilities	336	385
Long-term debt	21,067	37,178
Current	20,949	36,980
Non-current	118	198
Long-term debt	21,067	37,178

BMO credit facility

As at September 30, 2025, the Company had a credit facility with a syndicate of lenders agented by Bank of Montreal (“BMO”) comprising of a \$21,067 secured term loan (the “Term Loan”), a \$3,500 revolving loan (the “Revolver”), and a \$2,500 letter of credit facility; all tranches mature on March 8, 2026.

On June 13, 2025, we executed the Fifth Amendment to the Credit Agreement with BMO. The amendment provided for partial principal repayments and adjustments to the amortization schedule under the term facility, adjustments to the availability and drawdown conditions under the revolving facility, and adjustments to the interest rates and financial covenants under the BMO credit agreement, among other amendments. The secured term loan is now subject to an amortization schedule requiring quarterly principal repayments equal to 20% per annum of the original principal amount, with the remaining balance due at maturity. The Fifth Amendment also removes the \$20,467 cash collateral pledge previously required under the Third Amendment dated March 28, 2025.

Borrowings under the BMO credit agreement bear interest at an annual rate of adjusted term Secured Overnight Financing Rate (“SOFR”), plus a margin determined quarterly based on the Company’s consolidated leverage ratio. As at September 30, 2025, \$20,964 of the Term Loan was outstanding with a weighted average interest rate of 7.18% (March 31, 2025 - 7.18%).

The credit facility includes certain customary representations, warranties and covenants, including two financial ratio tests assessed at each quarter-end: a net debt to adjusted EBITDA ratio and a minimum fixed charge coverage ratio; and provides a first-priority security interest in all the Company’s assets. The Company has outstanding standby letters of credit, primarily relating to VAT refund guarantees, totaling \$2,353 (March 31, 2025 - \$2,210). These letters of credit are considered in the calculation of its financial covenants. As at September 30, 2025, the Company was in compliance with these financial covenants and all other terms and conditions of its long-term debt agreements.

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Leases

The Company has one facility lease agreement in place, which is set to expire in 2028. Leases are subject to amortization schedules, which results in the principal being repaid over various periods, including reasonably anticipated future renewal terms. The interest rate on the lease liability was 6.69% as at September 30, 2025 (March 31, 2025 - 6.77%).

Long-term debt maturities

Anticipated future cash flow requirements to meet undiscounted long-term debt principal repayments, calculated upon such long-term debts owing as at September 30, 2025, are as follows:

As at September 30, 2025	Credit facility \$	Leases \$
2026	20,964	117
2027	-	192
2028	-	46

6 Balance payable for business combinations

	Note	Medac \$	Aptevo \$	Total \$
Opening net book value at April 1, 2025		17,391	7,609	25,000
Interest accretion	10	820	395	1,215
Unrealized gain on change in fair value		(182)	-	(182)
Unrealized foreign exchange gain		(591)	-	(591)
Payment		(1,261)	(756)	(2,017)
Currency translation adjustment		590	-	590
Balance of payable at September 30, 2025		16,767	7,248	24,015
Current				2,054
Non-current				21,961
Balance of payable at September 30, 2025				24,015

Medac Pharma Inc.

As part of the acquisition of Medac Pharma Inc. on October 16, 2018, the Company is required to make annual earnout payments in an amount equal to 7.5% of the aggregate consolidated EBITDA of the Company, subject to certain agreed-upon adjustments and until such time as an aggregate of \$30,000 in annual payments have been made. To date the Company has made earnout payments totaling \$5,037 to medac.

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These earnout amounts are separate from and are not directly affected by any milestones that may become payable to medac under the U.S. Treosulfan Agreement discussed in note 4.

Aptevo BioTherapeutics LLC

As part of the acquisition of Aptevo on February 28, 2020, the Company is required to make certain deferred payments on net sales of IXINITY® in an amount equal to (i) 2% of net sales until June 30, 2022, and (ii) 5% of net sales thereafter until March 1, 2035. In addition, the purchase agreement requires the Company to make certain milestone payments upon IXINITY®'s receipt of regulatory approval in each of Canada, Germany, France, Spain, Italy and the United Kingdom, and upon IXINITY® achieving worldwide annual net sales of \$120,000; in each case only if achieved by March 1, 2035.

7 Share capital

Authorized and issued

The Company is authorized to issue an unlimited number of common shares without par value.

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income (loss) for the year attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Periods ended September 30	Three Months		Six Months	
	2025	2024	2025	2024
Net income (loss)	\$ (315)	\$ 110	\$ 201	\$ 2,067
Weighted average number of shares outstanding	32,287,865	24,548,318	32,273,109	24,503,496
Basic EPS	\$ (0.01)	\$ 0.00	\$ 0.01	\$ 0.08

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Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for the dilution that would occur if the securities or other agreements for the issuance of common shares were exercised or converted into common shares at the later of the beginning of the year or the issuance date, unless it is anti-dilutive.

Periods ended September 30	Three Months		Six Months	
	2025	2024	2025	2024
Net income (loss)	\$(315)	\$ 110	\$ 201	\$ 2,067
Weighted average number of shares outstanding	32,287,865	24,548,318	32,273,109	24,503,496
Dilutive effect – restricted share units	-	838,635	715,931	838,635
Dilutive effect - options	-	12,540	68,530	12,540
Weighted average number of shares outstanding for diluted EPS	32,287,865	25,399,493	33,057,570	25,354,671
Diluted EPS	\$ (0.01)	\$ 0.00	\$ 0.01	\$ 0.08

For the three-month period ended September 2025, the Company incurred a net loss of \$315. Accordingly, all potentially dilutive instruments were excluded from the diluted earnings per share calculation, as their inclusion would have been anti-dilutive.

For the six-month period ended September 30, 2025 and the three- and six-month periods ended September 30, 2024, the diluted effect of the restricted share units and options was adjusted for expected forfeitures, where applicable.

8 Share-based compensation

Stock options

We have equity-settled stock option awards, which grant the right to the employee recipient to purchase and receive a share of Medexus for a pre-determined exercise price. Stock option awards are generally exercisable for a period of ten years from the time of grant. Stock options granted vested either annually over a four-year period, in five equal instalments commencing with the grant date (graded-vesting method), or vested in one-year (cliff-vesting method). All stock options are valued using the Black-Scholes valuation model on the date of grant, and are not revalued subsequently unless a modification has occurred. The following table presents the activity related to our share option awards:

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	Number of options			Weighted average exercise price C\$
	Non-vested	Vested	Total	
For the three-month periods ended September 30				
Outstanding, July 1, 2024	84,491	688,022	772,513	3.93
Vested	(4,734)	4,734	-	-
Forfeited	-	(82,134)	(82,134)	(3.68)
Expired	-	(17,333)	(17,333)	(4.50)
Outstanding, September 30, 2024	79,757	593,289	673,046	3.94
Exercisable, September 30, 2024	-	588,555	588,555	3.91
Outstanding, July 1, 2025	22,346	600,568	622,914	3.95
Vested	(4,333)	4,333	-	-
Forfeited	(2,500)	(25,200)	(27,700)	(6.63)
Expired	-	(26,664)	(26,664)	(5.10)
Outstanding, September 30, 2025	15,513	553,037	568,550	3.77
Exercisable, September 30, 2025	-	553,037	553,037	3.79
For the six-month periods ended September 30				
	Non-vested	Vested	Total	Weighted average exercise price C\$
Outstanding, April 1, 2024	141,870	674,362	816,232	3.92
Vested	(41,580)	41,580	-	-
Forfeited	(20,533)	(105,320)	(125,853)	(3.75)
Expired	-	(17,333)	(17,333)	(4.50)
Outstanding, September 30, 2024	79,757	593,289	673,046	3.94
Exercisable, September 30, 2024	-	588,555	588,555	3.91
Outstanding, April 1, 2025	45,858	598,456	644,314	3.92
Vested	(27,045)	27,045	-	-
Forfeited	(3,300)	(45,800)	(49,100)	(5.06)
Expired	-	(26,664)	(26,664)	(5.10)
Outstanding, September 30, 2025	15,513	553,037	568,550	3.77
Exercisable, September 30, 2025	-	553,037	553,037	3.79

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Restricted stock units (RSUs) and performance restricted share units (PSUs)

We have various restricted share unit award types, including equity-accounted restricted share units (RSUs) and performance restricted share units (PSUs), which are measured at their intrinsic value. All restricted share units are nominally equal in value to one Medexus share. Our PSU grants largely have the same features as our RSUs, but have a variable that depends upon the achievement of operating performance targets (non-market conditions).

The following table presents a summary of the activity related to our restricted share units:

For the three-month periods ended September 30	Number of RSUs			Weighted average grant date fair value C\$
	Non-vested	Vested	Total	
Outstanding, July 1, 2024	565,117	165,126	730,243	2.47
Granted	234,636	-	234,636	2.43
Vested	(90,776)	90,776	-	-
Exercised	-	(119,889)	(119,889)	(2.82)
Forfeited	(6,355)	-	(6,355)	(1.79)
Outstanding, September 30, 2024	702,622	136,013	838,635	2.41
Exercisable, September 30, 2024	-	136,013	136,013	4.47
Outstanding, July 1, 2025	761,268	137,013	898,281	2.53
Granted	195,576	-	195,576	2.98
Vested	(240,671)	240,671	-	-
Exercised	-	(348,671)	(348,671)	(3.06)
Forfeited	(29,255)	-	(29,255)	(2.05)
Outstanding, September 30, 2025	686,918	29,013	715,931	2.41
Exercisable, September 30, 2025	-	29,013	29,013	4.40

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For the six-month periods ended September 30	Number of RSUs			Weighted average grant date fair value C\$
	Non-vested	Vested	Total	
Outstanding, April 1, 2024	495,808	136,513	632,321	2.56
Granted	365,169	-	365,169	2.23
Vested	(119,889)	119,889	-	-
Exercised	-	(120,389)	(120,389)	(2.82)
Forfeited	(38,466)	-	(38,466)	(1.79)
Outstanding, September 30, 2024	702,622	136,013	838,635	2.41
Exercisable, September 30, 2024	-	136,013	136,013	4.47
Outstanding, April 1, 2025	783,938	136,013	919,951	2.52
Granted	195,576	-	195,576	2.98
Vested	(241,671)	241,671	-	-
Exercised	-	(348,671)	(348,671)	(3.06)
Forfeited	(50,925)	-	(50,925)	(2.09)
Outstanding, September 30, 2025	686,918	29,013	715,931	2.41
Exercisable, September 30, 2025	-	29,013	29,013	4.40

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The following table presents a summary of the activity related to our performance share units:

For the three-month periods ended September 30	Number of PSUs			Weighted average grant date fair value C\$
	Non- vested	Vested	Total	
Outstanding, July 1, 2024	247,925	233,793	481,718	3.26
Vested	(55,210)	55,210	-	-
Exercised	-	(289,003)	(289,003)	(3.78)
Forfeited	(13,387)	-	(13,387)	(3.34)
Outstanding, September 30, 2024	179,328	-	179,328	2.40
Exercisable, September 30, 2024	-	-	-	-
Outstanding, July 1, 2025	161,913	-	161,913	2.40
Forfeited	(10,186)	-	(10,186)	(2.40)
Outstanding, September 30, 2025	151,727	-	151,727	2.40
Exercisable, September 30, 2025	-	-	-	-

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For the six-month periods ended September 30	Number of PSUs			Weighted average grant date fair value C\$
	Non- vested	Vested	Total	
Outstanding, April 1, 2024	507,083	-	507,083	3.23
Vested	(289,003)	289,003	-	-
Exercised	-	(289,003)	(289,003)	(3.78)
Forfeited	(38,752)	-	(38,752)	(2.99)
Outstanding, September 30, 2024	179,328	-	179,328	2.40
Exercisable, September 30, 2024	-	-	-	-
Outstanding, April 1, 2025	162,413	-	162,413	2.40
Forfeited	(10,686)	-	(10,686)	(2.40)
Outstanding, September 30, 2025	151,727	-	151,727	2.40
Exercisable, September 30, 2025	-	-	-	-

Share-based compensation expense with respect to these options, RSUs, and PSUs amounted to \$270 (2024 – \$293) and \$437 (2024 – \$655) for the three- and six-month periods ended September 30, 2025. These costs are included in selling and administrative expenses in the consolidated statement of income (loss) and comprehensive income(loss).

RSUs, PSUs and Options may become immediately exercisable in the event of any change of control of the Company in accordance with the terms of the Equity Plans.

9 Selling and administrative expenses

Periods end September 30	Three Months		Six Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
Employee benefit expense	6,271	5,020	12,878	10,218
Sales and marketing expense	1,912	1,612	4,252	3,697
Regulatory and business development	1,677	1,731	3,344	3,376
General administrative	2,056	1,325	3,608	2,746
	11,916	9,688	24,082	20,037

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10 Financing costs

Periods end September 30	Three Months		Six Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest on long-term debt, net of amort. of deferred financing costs	767	1,531	1,585	2,940
Interest accretion on balance of payable for business combinations	634	623	1,215	1,236
Interest on lease liabilities	6	9	13	18
	<u>1,407</u>	<u>2,163</u>	<u>2,813</u>	<u>4,194</u>

11 Other income

Periods ended September 30	Three Months		Six Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
Business combinations payable – Unrealized gain on change in fair value	-	-	(182)	-
Foreign exchange (gain) loss	297	55	(284)	98
Gain on disposal of asset	-	-	(408)	-
	<u>297</u>	<u>55</u>	<u>(874)</u>	<u>98</u>

The net proceeds of \$608 from the disposal of property during the six-month period ended September 30, 2025 were used to prepay outstanding borrowings under the credit facility.

12 Related party transactions

a) Recurring transactions

The Company pays warehouse and other fees to a company in which a named executive officer of the Company holds a 50% equity interest for customary storage, distribution, and other related services in respect of certain of the Company's products in Canada. These fees totaled \$48 (2024 - \$74) for the three-month period, and \$103 (2024 - \$140) for the six-month periods ended September 30, 2025.

b) Transactions with key management personnel

Our key management personnel have the authority and responsibility for overseeing, planning, directing and controlling our activities and consist of our Board and members of our executive leadership team.

Total compensation expense and its composition for the key management personnel is as follows:

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Periods ended September 30	Three Months		Six Months	
	2025 \$	2024 \$	2025 \$	2024 \$
Key management compensation				
Salaries and benefits	1,622	1,252	3,247	2,875
Share-based compensation	242	153	364	374
	<u>1,864</u>	<u>1,405</u>	<u>3,611</u>	<u>3,249</u>

13 Additional financial information

a) Changes in non-cash operating working capital items are as follows:

Periods ended September 30	Three Months		Six Months	
	2025 \$	2024 \$	2025 \$	2024 \$
Decrease (increase) in				
Accounts receivable	244	252	1,321	10,993
Inventories	2,680	(2,445)	2,204	(8,277)
Prepays and other current assets	380	1,487	1,272	6,414
Increase (decrease) in				
Accounts payable and accrued liabilities	(3,594)	2,252	(4,507)	(5,200)
	<u>(290)</u>	<u>1,546</u>	<u>290</u>	<u>3,930</u>

b) Changes in liabilities arising from financing activities

For the three-month period ended September 30, 2025	Statements of cash flows			Non-cash changes		
	Beginning of period \$	Issued or received \$	Redemptions or payments \$	Foreign exchange movement \$	Other \$	End of period \$
Credit facility – term loan	22,067	-	(1,103)	-	-	20,964
Lease liabilities	391	-	(54)	(7)	6	336
Deferred transaction costs	(563)	-	-	-	330	(233)
	<u>21,895</u>	<u>-</u>	<u>(1,157)</u>	<u>(7)</u>	<u>336</u>	<u>21,067</u>

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	Statements of cash flows			Non-cash changes		
	Beginning of period	Issued or received	Redemptions or payments	Foreign exchange movement	Other	End of period
For the three-month period ended September 30, 2024	\$	\$	\$	\$	\$	\$
Credit facility – term loan	44,835	-	(4,145)	2	-	40,692
Credit facility – revolver	3,500	-	-	-	-	3,500
Lease liabilities	495	-	(16)	(10)	9	478
Deferred debt transaction costs	(1,995)	-	-	-	299	(1,696)
	<u>46,835</u>	<u>-</u>	<u>(4,161)</u>	<u>(8)</u>	<u>308</u>	<u>42,974</u>

	Statements of cash flows			Non-cash changes		
	Beginning of period	Issued or received	Redemptions or payments	Foreign exchange movement	Other	End of period
For the six-month period ended September 30, 2025	\$	\$	\$	\$	\$	\$
Credit facility – term loan	34,067	-	(13,103)	-	-	20,964
Credit facility – revolver	3,500	-	(3,500)	-	-	-
Lease liabilities	385	-	(106)	44	13	336
Deferred transaction costs	(774)	-	-	-	541	(233)
	<u>37,178</u>	<u>-</u>	<u>(16,709)</u>	<u>44</u>	<u>554</u>	<u>21,067</u>

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For the six-month period ended September 30, 2024	Statements of cash flows			Non-cash changes		
	Beginning of period \$	Issued or received \$	Redemptions or payments \$	Foreign exchange movement \$	Other \$	End of period \$
Credit facility – term loan	48,150	-	(7,458)	-	-	40,692
Credit facility – revolver	3,500	-	-	-	-	3,500
Lease liabilities	540	-	(62)	(18)	18	478
Deferred debt transaction costs	(2,294)	-	-	-	598	(1,696)
	<u>49,896</u>	<u>-</u>	<u>(7,520)</u>	<u>(18)</u>	<u>616</u>	<u>42,974</u>

c) Geographic segmentation

The geographic segmentation of the Company's sales based on customer location is as follows:

Periods ended September 30	Three Months		Six Months	
	2025 \$	2024 \$	2025 \$	2024 \$
United States	17,724	15,364	35,944	31,034
Canada	7,017	10,939	13,412	22,552

The geographic segmentation of the Company's non-current assets is as follows:

As at	September 30, 2025 \$	March 31, 2025 \$
United States	72,416	76,370
Canada	14,593	14,896

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14 Financial instruments

The Company's financial instruments, and the nature of certain risks to which they might be subject, are classified as follows:

Financial instrument	Accounting classification	Risks
Cash and cash equivalents	Amortized cost	Credit & Currency
Accounts receivable	Amortized cost	Credit & Currency
Accounts payable and accrued liabilities	Amortized cost	Liquidity & Currency
Long-term debt	Amortized cost	Liquidity
Balance payable for business combinations	Fair value through profit and loss	Liquidity

Fair value estimation

The Company measures the fair value of its financial assets and financial liabilities using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value. The different levels of the fair value hierarchy are defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company estimated the fair value of its financial instruments as described above.

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are considered to be equal to their respective carrying values due to their short-term maturities.

As at September 30, 2025 and March 31, 2025, other financial instruments measured at fair value in the consolidated statements of financial position were as follows:

	September 30, 2025		March 31, 2025	
	Fair value hierarchy	Fair value \$	Fair value hierarchy	Fair value \$
Financial liabilities				
Balance of payable for business combinations	Level 3	24,015	Level 3	25,000

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Liquidity risk

Liquidity risk arises when a company encounters difficulties in meeting commitments associated with liabilities and other payment obligations. Liquidity risk is managed by maintaining adequate reserves and banking facilities and by closely monitoring forecast and actual cash flows. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, long-term debt and balance of payable for business combinations.

On June 13, 2025, the Company executed the Fifth Amendment to the Credit Agreement with BMO. The amendment provided for partial principal repayments and adjustments to the amortization schedule under the term facility, adjustments to the availability and drawdown conditions under the revolving facility, and adjustments to the interest rates and financial covenants under the BMO credit agreement, among other amendments. Following the amendment, the facilities under the BMO credit agreement comprise the following: a \$20,964 secured term loan, a \$3,500 revolving loan and a \$2,500 letter of credit facility (note 5).

The tables below categorize the Company's financial liabilities into relevant maturity groupings based on the remaining periods at the consolidated statements of financial position dates to the contractual maturity dates.

As at September 30, 2025	1 year or less \$	Between 1 & 5 years \$	Over 5 years \$
Accounts payable and accrued liabilities	37,687	-	-
Milestones payable	12,500	-	-
Long-term debt	20,949	118	-
Balance of payable for business combinations	2,054	12,160	9,801
	73,190	12,278	9,801

Credit risk

The Company is exposed mainly to credit risk on its cash and cash equivalents and accounts receivable. Credit risk associated with cash and cash equivalents is managed by ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade ratings by a primary rating agency and/or other creditworthy counterparties. It offers credit to its customers in the normal course of its operations. An ongoing review is performed to evaluate changes in the status of counterparties. Credit risk associated with accounts receivable is managed through a credit evaluation of customers and ongoing review of their creditworthiness.

Currency risk

The Company operates in Canada and the United States, while its functional currency is the Canadian dollar. Therefore, it is exposed to foreign exchange risk arising from transactions denominated in currencies other than the Canadian dollar. The Company is exposed to foreign currency risk through the following financial assets and liabilities, expressed in US\$:

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	September 30, 2025	March 31, 2025
	\$	\$
Cash and cash equivalents		
US dollar	55	84
Accounts payable and accrued liabilities		
US dollar	(80)	(154)
Euro	(1,085)	(1,410)
Balance of payable for business combinations		
US dollar	(16,767)	(17,390)

The table below shows the immediate increase (decrease) on net income of a 10% strengthening in the closing exchange rate of significant currencies to which the Company has exposure as at September 30, 2025. The sensitivity associated with a 10% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation.

	September 30, 2025	March 31, 2025
	\$	\$
10% strengthening of the CA\$:US\$ exchange rate	1,679	1,746
10% strengthening of the CA\$:EUR exchange rate	109	141

Capital risk management

We manage liquidity risk by:

- maintaining a syndicated bank credit facility (note 5—Long-term debt—Credit facility);
- continuously monitoring forecast and actual cash flows; and
- managing maturity profiles of financial assets and financial liabilities.

Our debt maturities in future years are as disclosed in note 5—Long-term debt—Long-term debt maturities. The contractual maturities of our undiscounted financial liabilities as at September 30, 2025, including interest thereon (where applicable) are also disclosed in note 5.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments subject the Company to fair value risk, while floating rate instruments subject it to cash flow risk. The Company has performed a sensitivity analysis on interest rate risk as at September 30, 2025. A change in interest rates on borrowings of 1% higher or lower would not have a significant impact on net income (loss) and comprehensive loss for the year.

The Company is exposed to interest rate risk as follows:

Cash and cash equivalents	Floating rate
Accounts receivable	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing
Long-term debt	As described in note 5
Balance of payable for business combinations	As described in note 6