

Medexus Pharmaceuticals Inc.

Condensed Interim Consolidated
Financial Statements
(unaudited)

**For the three- and nine-month periods ended
December 31, 2025**
(expressed in thousands of United States dollars)

Medexus Pharmaceuticals Inc.

Interim Consolidated Statements of Financial Position (unaudited)

As at December 31, 2025 and March 31, 2025

(expressed in thousands of United States dollars)

As at	Note	December 31, 2025 \$	March 31, 2025 \$
Assets			
Current assets			
Cash and cash equivalents		14,975	23,973
Accounts receivable, net	3	11,832	13,306
Inventories		31,297	35,290
Prepays and other current assets		11,862	8,003
Total current assets		69,966	80,572
Property and equipment, net		457	689
Intangible assets, net	4	64,777	71,601
Goodwill	4	10,221	9,997
Deferred tax assets		9,561	8,979
Total assets		154,982	171,838
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		43,382	41,024
Milestones payable	4	7,500	15,000
Income tax payable		2,339	1,368
Current portion of long-term debt	5	7,197	36,980
Current portion of balance payable for business combinations	6	1,981	2,813
Other current liabilities		-	125
Total current liabilities		62,399	97,310
Long-term debt	5	18,153	198
Balance payable for business combinations	6	22,219	22,187
Total liabilities		102,771	119,695
Shareholders' Equity			
Share capital	7	96,221	96,098
Contributed surplus		11,552	12,011
Cumulative translation adjustment		6,152	6,029
Deficit		(61,714)	(61,995)
Total equity		52,211	52,143
Total liabilities and equity		154,982	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 nine-month periods ended December 31, 2025 and 2024

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

	Note	Three Months		Nine Months	
		2025 \$	2024 \$	2025 \$	2024 \$
Revenue					
Net Revenue		25,324	29,992	74,680	83,578
Cost of sales					
Cost of sales of products		9,392	13,105	26,476	34,860
Amortization of product licences	4	2,354	1,696	7,066	4,566
		11,746	14,801	33,542	39,426
Gross profit					
		13,578	15,191	41,138	44,152
Selling, general and administrative expenses	9	11,216	10,971	35,298	31,008
Research and development expenses		617	379	1,450	757
Termination benefits		-	-	276	356
Depreciation		70	60	212	176
Impairment of intangible assets		-	-	-	2,463
Operating income					
		1,675	3,781	3,902	9,392
Financing costs	10	1,361	1,996	4,174	6,190
Other (income) loss	11	(132)	905	(1,006)	1,003
Income before income taxes					
		446	880	734	2,199
Income tax expense (recovery)					
Current		632	597	1,035	622
Deferred		(266)	(450)	(582)	(1,223)
		366	147	453	(601)
Net income					
		80	733	281	2,800
Other comprehensive income					
Foreign currency income (loss) on translation of subsidiary companies		94	(380)	123	(317)
Comprehensive income					
		174	353	404	2,483
Net income per share					
Basic	7	0.00	0.03	0.01	0.11
Diluted	7	0.00	0.03	0.01	0.11
Weighted average number of common shares outstanding					
	7	32,428,701	24,675,459	32,325,320	24,561,151

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)

Nine-month periods ended December 31, 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		-	-	-	-	2,800	2,800
Other comprehensive loss		-	-	-	(317)	-	(317)
Comprehensive income(loss)		-	-	-	(317)	2,800	2,483
Share-based compensation	8	-	-	937	-	-	937
Issuance of shares for settling of share awards	8	244,040	404	(1,046)	-	-	(642)
Balance – December 31, 2024		24,702,253	76,794	11,896	5,853	(61,442)	33,101
Balance – March 31, 2025		32,258,353	96,098	12,011	6,029	(61,995)	52,143
Net income		-	-	-	-	281	281
Other comprehensive income		-	-	-	123	-	123
Comprehensive income		-	-	-	123	281	404
Repurchase of common shares	7	(191,900)	(375)	-	-	-	(375)
Share-based compensation	8	-	-	695	-	-	695
Issuance of shares for settling of share awards	8	243,727	498	(1,154)	-	-	(656)
Balance – December 31, 2025		32,310,180	96,221	11,552	6,152	(61,714)	52,211

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 nine-month periods ended December 31, 2025 and 2024

(expressed in thousands of United States dollars)

	Note	Three Months		Nine Months	
		2025 \$	2024 \$	2025 \$	2024 \$
Operating activities					
Net income		80	733	281	2,800
Adjustments for					
Depreciation		70	60	212	176
Amortization of product licences	4	2,354	1,696	7,066	4,566
Impairment of intangible assets		-	-	-	2,463
Share-based compensation expense, net	8	(6)	7	39	295
Financing costs	10	1,361	1,996	4,174	6,190
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	(194)	924	(621)	880
Income tax expense (recovery)		366	147	453	(601)
		4,031	5,563	11,014	16,769
Changes in non-cash operating working capital items	13	3,847	1,294	4,137	5,224
Income taxes paid		(47)	(147)	(64)	(235)
Cash provided by operating activities		7,831	6,710	15,087	21,758
Investing activities					
Proceeds from disposal of assets		-	-	653	-
Purchases of property and equipment, excluding right-of-use asset		(19)	(61)	(151)	(130)
Purchases of intangible assets		-	(43)	-	(2,543)
Milestone payments	4	(5,000)	-	(7,500)	-
Business combinations deferred payment	6	(407)	(375)	(2,424)	(1,265)
Cash used by investing activities		(5,426)	(479)	(9,422)	(3,938)
Financing activities					
Interest paid		(516)	(1,102)	(1,697)	(3,491)
Repurchase of common shares	7	(375)	-	(375)	-
Net proceeds from credit facility	5	25,576	-	25,576	-
Repayment of long- and short-term debt	13	(21,488)	(3,313)	(38,091)	(10,771)
Repayment of lease liabilities	13	(55)	(46)	(161)	(108)
Cash provided (used) by financing activities		3,142	(4,461)	(14,748)	(14,370)
Net change in cash and cash equivalents during the period		5,547	1,770	(9,083)	3,450
Impact of foreign exchange on cash and cash equivalents		47	(302)	85	(264)
Cash and cash equivalents – beginning of period		9,381	6,973	23,973	5,255
Cash and cash equivalents – end of period		14,975	8,441	14,975	8,441

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)

December 31, 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 December 31, 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 nine-month periods ended December 31, 2025 were authorized by our Board of Directors for issue on February 11, 2026.

Basis of consolidation

These unaudited condensed interim consolidated financial statements include our accounts and those of the Company’s subsidiaries. As at December 31, 2025, MI Acquisitions, Inc., Medexus Pharma, Inc. (previously Medac Pharma, Inc.), and Aptevo BioTherapeutics LLC, are the only wholly owned direct and indirect

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subsidiaries 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 but 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:

	December 31, 2025 \$	March 31, 2025 \$
Debt, current and non-current	25,350	37,178
Shareholder's equity	52,211	52,143
	77,561	89,321

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3 Accounts receivable

	December 31, 2025	March 31, 2025
	\$	\$
Trade accounts receivable	12,405	13,971
Expected credit loss	(639)	(801)
Trade accounts receivable, net	11,766	13,170
Sales tax receivable	66	136
Total accounts receivable	11,832	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 December 31, 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 \$639 (March 31, 2025 – \$801).

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

	December 31, 2025	March 31, 2025
	\$	\$
Current	11,714	11,123
Aged 1-30 days past due	423	1,393
Aged 31-60 days past due	63	114
Aged > 60 days past due	205	1,341
Allowance for expected credit losses	(639)	(801)
Total accounts receivable	11,766	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	586	224
As at December 31, 2025	103,772	10,221
Accumulated depreciation		
As at April 1, 2025	31,585	-
Amortization	7,066	-
Currency translation adjustment	344	-
As at December 31, 2025	38,995	-
Net book value as at December 31, 2025	64,777	10,221
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. The first and second installments of \$2,500 and \$5,000 were paid by Medexus on June 30, 2025 and October 1, 2025. Subsequent to period end, the Company made the third and final installment of \$7,500 on January 1, 2026.

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 nine-month periods ended December 31, 2025 (2024 – nil).

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5 Long-term debt

As at	December 31, 2025	March 31, 2025
	\$	\$
Credit facility – term loan	20,436	34,067
Credit facility – revolver	5,000	3,500
Deferred debt transaction costs	(368)	(774)
Lease liabilities	282	385
	<hr/> 25,350	<hr/> 37,178
Long-term debt		
Current	7,197	36,980
Non-current	18,153	198
	<hr/> 25,350	<hr/> 37,178
Long-term debt		

On November 17, 2025, Medexus entered into a senior secured credit agreement ("NBC Credit Agreement") with National Bank of Canada ("NBC") as administrative agent and lender. The NBC Credit Agreement provides for a \$20,960 term loan facility ("Term Facility" or "Term Loan") and a \$5,000 revolving loan facility ("Revolving Facility" or "Revolver"). The Term Facility benefits from an additional \$10,000 delayed draw feature, intended to finance future licensing and acquisition transactions, and a \$15,000 uncommitted accordion feature. The Term Facility and the Revolving Facility will mature on November 17, 2029. Medexus used the net proceeds of the Term Facility to satisfy its obligations under the Company's now-repaid senior secured credit agreement with Bank of Montreal, or BMO, which otherwise would have matured in March 2026.

Borrowings under the Term Facility bear interest at a rate of adjusted term SOFR plus a tiered margin determined quarterly based on Medexus's consolidated net leverage ratio. Borrowings under the Revolving Facility similarly bear interest at a base rate plus a tiered margin. The base rate under the Revolving Facility is adjusted term SOFR, adjusted term CORRA, or NBC's base rates for similar commercial loans, depending on the type of borrowing. The margin is determined in the same manner as the margin applicable to borrowings under the Term Facility. Medexus also pays customary tiered standby fees on available but undrawn amounts under the Revolving Facility and on letters of credit issued under the Revolving Facility. At December 31, 2025, \$20,436 was outstanding under the Term Facility and \$5,000 was outstanding under the Revolving Facility, and the weighted average interest rate on borrowings under the Term Facility and the Revolving Facility was 6.33% (March 31, 2025 – 7.18%).

The Term Facility is subject to an amortization schedule requiring that the principal amount be repaid in installments of 2.5% of the original principal amount of the Term Facility, or \$500, on the last business day of calendar quarters ending December 31, 2025 and thereafter, with any remaining balance due at maturity of the NBC Credit Agreement. The amortization installment amount will be adjusted in proportion to any principal amounts borrowed under the delayed draw feature and/or the uncommitted accordion feature of the Term Facility.

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Amounts outstanding under the Revolving Facility appear in the current portion of long-term debt in Medexus's consolidated statement of financial position because Medexus may repay and reborrow those amounts at any time.

The NBC Credit Agreement includes customary representations and warranties and customary financial covenants, including a maximum net debt to adjusted EBITDA ratio of 3.0x (subject to adjustment as provided in the NBC Credit Agreement) and a minimum fixed charge coverage ratio of 1.2x (each defined and determined in accordance with the NBC Credit Agreement). The NBC Credit Agreement includes customary terms relating to early repayment upon receipt of net cash proceeds of new debt other than permitted debt or sale of property outside the usual course of business, receipt of insurance proceeds not otherwise reinvested, and the occurrence of an event of default under the NBC Credit Agreement. The NBC Credit Agreement also includes customary restrictions on additional indebtedness, liens, judgments and other claims, asset sales, distributions, management fees, and capital expenditures, as well as customary events of default, and provides for a first-priority security interest in all Medexus's assets.

The Company has outstanding standby letters of credit, primarily relating to VAT refund guarantees, totaling \$2,569 (March 31, 2025 - \$2,210). These letters of credit are supported by cash pledged as collateral, which is included in cash and cash equivalents on the consolidated statement of financial position. The letters of credit are considered in the calculation of the Company's financial covenants.

As at the date these consolidated financial statements were authorized for issuance on February 11, 2026, the Company was in compliance with all applicable covenants and conditions of its long-term debt agreements.

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 December 31, 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 December 31, 2025, are as follows:

As at December 31, 2025	Credit facility \$	Leases \$
2026	2,096	206
2027	2,096	92
2028	2,096	-
2029	19,148	-

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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	1,223	589	1,812
Unrealized gain on change in fair value	11	(182)	-	(182)
Unrealized foreign exchange gain		(859)	-	(859)
Payment		(1,261)	(1,163)	(2,424)
Currency translation adjustment		853	-	853
Balance of payable at December 31, 2025		17,165	7,035	24,200
Current				1,981
Non-current				22,219
Balance of payable at December 31, 2025				24,200

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.

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.

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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 December 31	Three Months		Nine Months	
	2025	2024	2025	2024
Net income	\$ 80	\$ 733	\$ 281	\$ 2,800
Weighted average number of shares outstanding	32,428,701	24,675,459	32,325,320	24,561,151
Basic EPS	<u>\$ 0.00</u>	<u>\$ 0.03</u>	<u>\$ 0.01</u>	<u>\$ 0.11</u>

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 December 31	Three Months		Nine Months	
	2025	2024	2025	2024
Net income	\$ 80	\$ 733	\$ 281	\$ 2,800
Weighted average number of shares outstanding	32,428,701	24,675,459	32,325,320	24,561,151
Dilutive effect – restricted share units	883,615	924,942	883,615	924,942
Dilutive effect - options	66,360	25,210	66,360	25,210
Weighted average number of shares outstanding for diluted EPS	<u>33,378,676</u>	<u>25,625,611</u>	<u>33,275,295</u>	<u>25,511,303</u>
Diluted EPS	<u>\$ 0.00</u>	<u>\$ 0.03</u>	<u>\$ 0.01</u>	<u>\$ 0.11</u>

For the three- and nine-month periods ended December 31, 2025 and December 31, 2024, the diluted effect of the restricted share units and options was adjusted for expected forfeitures, where applicable.

On November 20, 2025, the Toronto Stock Exchange accepted Medexus's notice of intention to make a normal course issuer bid for its common shares ("2025 NCIB"). Under the 2025 NCIB, Medexus may purchase for cancellation up to 2,983,650 common shares. As of December 31, 2025, Medexus had repurchased 191,900 Common Shares under the 2025 NCIB for an aggregate repurchase price of C\$518 (\$375). The 2025 NCIB is expected to continue until November 23, 2026 unless terminated earlier in accordance with its terms.

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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:

For the three-month periods ended December 31	Number of options			Weighted average exercise price C\$
	Non-vested	Vested	Total	
Outstanding, October 1, 2024	79,757	593,289	673,046	3.94
Vested	(20,367)	20,367	-	-
Forfeited	(3,800)	(2,400)	(6,200)	(6.11)
Outstanding, December 31, 2024	<u>55,590</u>	<u>611,256</u>	<u>666,846</u>	<u>3.92</u>
Exercisable, December 31, 2024	-	611,256	611,256	3.88
Outstanding, October 1, 2025	15,513	553,037	568,550	3.77
Vested	(8,200)	8,200	-	-
Forfeited	-	(5,000)	(5,000)	(2.82)
Outstanding, December 31, 2025	<u>7,313</u>	<u>556,237</u>	<u>563,550</u>	<u>3.77</u>
Exercisable, December 31, 2025	-	556,237	556,237	3.79

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For the nine-month periods ended December 31	Number of options			Weighted average exercise price C\$
	Non-vested	Vested	Total	
Outstanding, April 1, 2024	141,870	674,362	816,232	3.92
Vested	(61,947)	61,947	-	-
Forfeited	(24,333)	(107,720)	(132,053)	(3.86)
Expired	-	(17,333)	(17,333)	(4.50)
Outstanding, December 31, 2024	55,590	611,256	666,846	3.92
Exercisable, December 31, 2024	-	611,256	611,256	3.88
Outstanding, April 1, 2025	45,858	598,456	644,314	3.92
Vested	(35,245)	35,245	-	-
Forfeited	(3,300)	(50,800)	(54,100)	(4.86)
Expired	-	(26,664)	(26,664)	(5.10)
Outstanding, December 31, 2025	7,313	556,237	563,550	3.77
Exercisable, December 31, 2025	-	556,237	556,237	3.79

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:

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For the three-month periods ended December 31	Number of RSUs			Weighted average grant date fair value C\$
	Non-vested	Vested	Total	
Outstanding, October 1, 2024	702,622	136,013	838,635	2.41
Granted	330,273	-	330,273	2.24
Vested	(232,143)	232,143	-	-
Exercised	-	(232,143)	(232,143)	(1.82)
Forfeited	(11,823)	-	(11,823)	(1.79)
Outstanding, December 31, 2024	<u>788,929</u>	<u>136,013</u>	<u>924,942</u>	<u>2.50</u>
Exercisable, December 31, 2024	-	136,013	136,013	4.47
Outstanding, October 1, 2025	686,918	29,013	715,931	2.41
Granted	392,001	-	392,001	2.68
Vested	(191,971)	191,971	-	-
Exercised	-	(220,984)	(220,984)	(2.35)
Forfeited	(3,333)	-	(3,333)	(2.24)
Outstanding, December 31, 2025	<u>883,615</u>	<u>-</u>	<u>883,615</u>	<u>2.55</u>
Exercisable, December 31, 2025	-	-	-	-

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For the nine-month periods ended December 31	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	695,442	-	695,442	2.23
Vested	(352,032)	352,032	-	-
Exercised	-	(352,532)	(352,532)	(2.16)
Forfeited	(50,289)	-	(50,289)	(1.79)
Outstanding, December 31, 2024	<u>788,929</u>	<u>136,013</u>	<u>924,942</u>	<u>2.50</u>
Exercisable, December 31, 2024	-	136,013	136,013	4.47
Outstanding, April 1, 2025	783,938	136,013	919,951	2.52
Granted	587,577	-	587,577	2.78
Vested	(433,642)	433,642	-	-
Exercised	-	(569,655)	(569,655)	(2.78)
Forfeited	(54,258)	-	(54,258)	(2.10)
Outstanding, December 31, 2025	<u>883,615</u>	<u>-</u>	<u>883,615</u>	<u>2.55</u>
Exercisable, December 31, 2025	-	-	-	-

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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 December 31	Number of PSUs			Weighted average grant date fair value C\$
	Non- vested	Vested	Total	
Outstanding, October 1, 2024	179,328	-	179,328	2.40
Forfeited	(6,900)	-	(6,900)	(2.40)
Outstanding, December 31, 2024	172,428	-	172,428	2.40
Exercisable, December 31, 2024	-	-	-	-
Outstanding, October 1, 2025	151,727	-	151,727	2.40
Outstanding, December 31, 2025	151,727	-	151,727	2.40
Exercisable, December 31, 2025	-	-	-	-

For the nine-month periods ended December 31	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	(45,652)	-	(45,652)	(2.90)
Outstanding, December 31, 2024	172,428	-	172,428	2.40
Exercisable, December 31, 2024	-	-	-	-
Outstanding, April 1, 2025	162,413	-	162,413	2.40
Forfeited	(10,686)	-	(10,686)	(2.40)
Outstanding, December 31, 2025	151,727	-	151,727	2.40
Exercisable, December 31, 2025	-	-	-	-

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Share-based compensation expense with respect to these options, RSUs, and PSUs amounted to \$370 (2024 – \$282) and \$807 (2024 – \$937) for the three- and nine-month periods ended December 31, 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 December 31	Three Months		Nine Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
Employee benefit expense	6,412	5,460	19,290	15,678
Sales and marketing expense	1,442	2,614	5,694	6,325
Regulatory and business development	1,895	1,616	5,239	4,992
General administrative	1,467	1,281	5,075	4,013
	11,216	10,971	35,298	31,008

10 Financing costs

Periods end December 31	Three Months		Nine Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest on long-term debt, net of amort. of deferred financing costs	759	1,370	2,344	4,310
Interest accretion on balance of payable for business combinations	597	619	1,812	1,855
Interest on lease liabilities	5	7	18	25
	1,361	1,996	4,174	6,190

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11 Other income

The net proceeds of \$608 from the disposal of property during the nine-month period ended December 31, 2025 were used to prepay outstanding borrowings under the BMO credit facility.

Periods ended December 31	Three Months		Nine Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
Business combinations payable –				
Unrealized gain on change in fair value	-	-	(182)	-
Foreign exchange (gain) loss	(132)	905	(416)	1,003
Gain on disposal of asset	-	-	(408)	-
	<u>(132)</u>	<u>905</u>	<u>(1,006)</u>	<u>1,003</u>

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 \$46 (2024 - \$53) for the three-month period, and \$149 (2024 - \$193) for the nine-month periods ended December 31, 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:

Periods ended December 31	Three Months		Nine Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
Key management compensation				
Salaries and benefits	1,520	1,340	4,767	4,215
Share-based compensation	202	179	566	553
	<u>1,722</u>	<u>1,519</u>	<u>5,333</u>	<u>4,768</u>

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13 Additional financial information

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

Periods ended December 31	Three Months		Nine Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
Decrease (increase) in				
Accounts receivable	289	(1,248)	1,610	9,745
Inventories	1,040	4,017	3,244	(4,260)
Prepays and other current assets	(5,116)	(4,148)	(3,844)	2,266
Increase (decrease) in				
Accounts payable and accrued liabilities	7,634	2,673	3,127	(2,527)
	<u>3,847</u>	<u>1,294</u>	<u>4,137</u>	<u>5,224</u>

b) Changes in liabilities arising from financing activities

For the three-month period ended December 31, 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	20,964	20,960	(21,488)	-	-	20,436
Credit facility – revolver	-	5,000	-	-	-	5,000
Lease liabilities	336	-	(55)	1	-	282
Deferred transaction cost	(233)	(384)	-	-	249	(368)
Other current liabilities	-	-	(516)	1	515	-
	<u>21,067</u>	<u>25,576</u>	<u>(22,059)</u>	<u>2</u>	<u>764</u>	<u>25,350</u>

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For the three-month period ended December 31, 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	40,692	-	(3,313)	-	-	37,379
Credit facility – revolver	3,500	-	-	-	-	3,500
Lease liabilities	478	-	(46)	(2)	-	430
Deferred debt transaction cost	(1,696)	-	-	-	300	(1,396)
Other current liabilities	2,674	-	(1,102)	-	1,077	2,649
	<u>45,648</u>	<u>-</u>	<u>(4,461)</u>	<u>(2)</u>	<u>1,377</u>	<u>42,562</u>

For the nine-month period ended December 31, 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	34,067	20,960	(34,591)	-	-	20,436
Credit facility – revolver	3,500	5,000	(3,500)	-	-	5,000
Lease liabilities	385	-	(161)	1	57	282
Deferred transaction cost	(774)	(384)	-	-	790	(368)
Other current liabilities	125	-	(1,697)	-	1,572	-
	<u>37,303</u>	<u>25,576</u>	<u>(39,949)</u>	<u>1</u>	<u>2,419</u>	<u>25,350</u>

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For the nine-month period ended December 31, 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	-	(10,771)	-	-	37,379
Credit facility – revolver	3,500	-	-	-	-	3,500
Lease liabilities	540	-	(108)	(2)	-	430
Deferred debt transaction cost	(2,294)	-	-	-	898	(1,396)
Other current liabilities	2,703	-	(3,491)	-	3,437	2,649
	52,599	-	(14,370)	(2)	4,335	42,562

c) Geographic segmentation

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

Periods ended December 31	Three Months		Nine Months	
	2025	2024	2025	2024
	\$	\$	\$	\$
United States	19,243	20,462	55,187	51,496
Canada	6,081	9,530	19,493	32,082

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

As at	December 31, 2025	March 31, 2025
	\$	\$
United States	70,546	76,370
Canada	14,470	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 December 31, 2025 and March 31, 2025, other financial instruments measured at fair value in the consolidated statements of financial position were as follows:

	December 31, 2025		March 31, 2025	
	Fair value hierarchy	Fair value \$	Fair value hierarchy	Fair value \$
Financial liabilities				
Balance of payable for business combinations	Level 3	24,200	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, milestone payable, long-term debt and balance of payable for business combinations.

On November 17, 2025, the Company entered into a new credit agreement with NBC, which provides for a secured term loan facility, a revolving credit facility and a delayed draw term loan facility, as described in note 5. Proceeds from the NBC credit facilities were used to repay in full and terminate the Company's existing credit facility with BMO. The NBC credit facilities represent the Company's primary source of committed financing as at December 31, 2025.

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 December 31, 2025	1 year or less \$	Between 1 & 5 years \$	Over 5 years \$
Accounts payable and accrued liabilities	43,382	-	-
Milestones payable	7,500	-	-
Long-term debt	7,197	18,153	-
Balance of payable for business combinations	1,981	15,667	6,552
	60,060	33,820	6,552

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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	December 31, 2025	March 31, 2025
	\$	\$
Cash and cash equivalents		
US dollar	2,540	84
Accounts payable and accrued liabilities		
US dollar	-	(154)
Euro	(62)	(1,410)
Balance of payable for business combinations		
US dollar	(17,165)	(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 December 31, 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.

	December 31, 2025	March 31, 2025
	\$	\$
10% strengthening of the CA\$:US\$ exchange rate	1,463	1,746
10% strengthening of the CA\$:EUR exchange rate	6	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 December 31, 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 December 31, 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