

MEDIPHARM LABS CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2025 and 2024

NOTICE OF NO AUDITOR REVIEW

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

CONTENTS
PAGE

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2-3
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS	4
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS	5
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	6
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS .	8-28
NOTE 1 NATURE OF OPERATIONS	8
NOTE 2 BASIS OF PREPARATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	9-13
NOTE 3 FINANCIAL ASSETS AND FINANCIAL LIABILITIES	13
NOTE 4 TRADE AND OTHER RECEIVABLES	13
NOTE 5 INVENTORIES	14
NOTE 6 BIOLOGICAL ASSETS	14-15
NOTE 7 OTHER ASSETS	15-16
NOTE 8 ASSETS HELD FOR SALE	16
NOTE 9 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	17-18
NOTE 10 LOANS AND BORROWINGS	19
NOTE 11 PROVISION, CONTINGENT ASSETS AND LIABILITIES, COMMITMENTS	19
NOTE 12 TRADE AND OTHER PAYABLES	20
NOTE 13 CAPITAL, RESERVES AND OTHER EQUITY ITEMS	20-22
NOTE 14 REVENUE	22-23
NOTE 15 EXPENSES BY NATURE	23-24
NOTE 16 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT	24-27
NOTE 17 FAIR VALUE OF FINANCIAL INSTRUMENTS	27
NOTE 18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	28
NOTE 19 EVENTS AFTER THE REPORTING PERIOD	28

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION As at September 30, 2025 and December 31, 2024

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

	Notes	September 30, 2025	December 31, 2024
ASSETS			
Current assets:			
Cash and cash equivalents		10,584	11,690
Trade and other receivables	4	7,723	7,512
Inventories	5	7,930	8,563
Biological assets	6	172	147
Other assets	7	1,521	822
		27,930	28,734
Assets held for sale	8	-	4,348
Total current assets		27,930	33,082
Non-current assets:			
Property, plant and equipment	9	17,947	19,159
Intangible assets	9.2	720	854
Other assets	7	-	635
Total non-current assets		18,667	20,648
Total assets		46,597	53,730

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

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION As at September 30, 2025 and December 31, 2024

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

	Notes	September 30, 2025	December 31, 2024
LIABILITIES AND EQUITY			
Current liabilities:			
Trade and other payables	12	8,014	7,858
Current employee benefit obligations		299	2,300
Loans and borrowings	10	423	337
Total current liabilities		8,736	10,495
Non-current liabilities:			
Loans and borrowings	10	-	51
Total non-current liabilities		-	51
Total liabilities		8,736	10,546
Equity:			
Common shares	13	201,637	201,210
Reserves		24,952	29,556
Accumulated other comprehensive loss		(98)	(156)
Accumulated deficit		(188,630)	(187,426)
Total equity		37,861	43,184
Total liabilities and equity		46,597	53,730

Commitments and contingencies 11
Subsequent events 19

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

/s/ "David Pidduck"
David Pidduck
Director

/s/ "Chris Taves"
Chris Taves
Director

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

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS

For the three and nine months ended September 30, 2025 and 2024

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

	Notes	Three months ended September 30		Nine months ended September 30	
		2025	2024	2025	2024
Revenue	14	12,218	10,597	36,359	32,406
Excise taxes		(770)	(799)	(2,297)	(2,487)
Net revenue		11,448	9,798	34,062	29,919
Cost of sales		(9,025)	(6,159)	(24,266)	(19,993)
Gross profit before change in fair value of of biological assets		2,423	3,639	9,796	9,926
Realized fair value adjustment on sale of inventories	6	(329)	(732)	(1,088)	(1,409)
Unrealized gain on changes in fair value of biological assets	6	468	213	1,366	672
Gross profit		2,562	3,120	10,074	9,189
General administrative expenses		(3,165)	(3,919)	(11,499)	(12,090)
Marketing and selling expenses		(1,155)	(1,397)	(3,773)	(4,182)
Research and development expenses		(47)	(126)	(171)	(200)
Share-based compensation expense	13,15	(194)	(160)	(1,133)	(1,631)
Other operating (expenses) income, net		(189)	(226)	73	(92)
Operating loss		(2,188)	(2,708)	(6,429)	(9,006)
Finance income		62	169	174	593
Finance expense		(16)	(235)	(44)	(555)
Net loss for the period		(2,142)	(2,774)	(6,299)	(8,968)
Basic and diluted loss per share		(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of outstanding shares		420,755,012	411,070,282	417,194,077	406,714,253

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

MEDIPHARM LABS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****For the three and nine months ended September 30, 2025 and 2024**

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

	Notes	Three months ended September 30		Nine months ended September 30	
		2025	2024	2025	2024
Net loss for the period		(2,142)	(2,774)	(6,299)	(8,968)
Other comprehensive income/(loss)					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		(8)	21	58	(4)
Total comprehensive loss for the period		(2,150)	(2,753)	(6,241)	(8,972)

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

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2025 and 2024

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

	<u>Common Shares</u>		<u>Reserves</u>		Accumulated other comprehensive income/(loss)	Accumulated deficit	Total
	Number	Share capital	Share-based payments	Warrant reserve			
Balance at January 1, 2024	401,397,439	200,244	24,437	5,095	(39)	(176,732)	53,005
Shares issued on settlement of RSUs (Note 13)	9,526,273	696	(1,172)	-	-	-	(476)
Shares issued on exercise of options (Note 13)	146,571	12	(1)	-	-	-	11
Share based compensation (Note 13)	-	-	1,481	-	-	-	1,481
Foreign exchange translation	-	-	-	-	(4)	-	(4)
Net loss for the period	-	-	-	-	-	(8,968)	(8,968)
Balance at September 30, 2024	411,070,283	200,952	24,745	5,095	(43)	(185,700)	45,049
Balance at January 1, 2025	415,048,645	201,210	24,461	5,095	(156)	(187,426)	43,184
Shares issued on settlement of RSUs (Note 13)	5,691,552	426	(640)	-	-	-	(214)
Shares issued on exercise of options (Note 13)	14,815	1	(2)	-	-	-	(1)
Share based compensation (Note 13)	-	-	1,133	-	-	-	1,133
Transfer of warrant reserve upon expiration of warrants*	-	-	-	(5,095)	-	5,095	-
Foreign exchange translation	-	-	-	-	58	-	58
Net loss for the period	-	-	-	-	-	(6,299)	(6,299)
Balance at September 30, 2025	420,755,012	201,637	24,952	-	(98)	(188,630)	37,861

* Warrant reserve has been reclassified to accumulated deficit as the warrants expired unexercised.

The above condensed interim consolidated financial statements should be read in conjunction with the accompanying not

MEDIPHARM LABS CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2025 and 2024

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

		Nine months ended September 30	
	Notes	2025	2024
Cash flows from operating activities:			
Net loss for the period		(6,299)	(8,968)
Adjustments for:			
Depreciation and amortization	9	1,264	2,039
Write down of inventory	5	112	179
Change in fair value of biological assets		(278)	737
Impairment of assets held for sale	8	115	190
Loss/(gain) on disposal of property, plant and equipment		147	(296)
Gain on disposal of assets held for sale	8	(271)	-
Change in expected credit loss	4,16	13	(57)
Finance expense (income), net		(130)	(38)
Unrealized foreign exchange difference		10	(42)
Share-based compensation		1,133	1,631
Cash used in operating activities before changes in working capital		(4,184)	(4,625)
Change in trade and other receivables	4	(225)	(770)
Change in inventories	5	799	178
Changes in biological assets	6	(25)	(136)
Change in other assets	7	(89)	(147)
Change in trade and other payables	12	155	1,836
Change in current employee benefit obligation		(2,370)	(130)
Changes in working capital		(1,755)	831
Net cash used in operating activities		(5,939)	(3,794)
Cash flows from investing activities:			
Capital expenditures	9	(100)	(110)
Proceeds from sale of property, plant and equipment	9	35	347
Proceeds from sale of assets held for sale	8	4,685	220
Net cash provided by investing activities		4,620	457
Cash flows from financing activities:			
Loan received	10	500	799
Repayment of loans and borrowings	10	(407)	(2,602)
Interest received		174	593
Interest paid		(40)	(281)
Payment of lease liabilities		(62)	(112)
Net cash provided by/ (used in) financing activities		165	(1,603)
Effects of exchange rate changes		48	51
Decrease in cash and cash equivalents		(1,106)	(4,889)
Cash and cash equivalents at the beginning of the period		11,690	17,981
Cash and cash equivalents at the end of the period		10,584	13,092

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

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 1 - NATURE OF OPERATIONS

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

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

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

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

These condensed interim consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2025 (the “Interim Financial Statements”), include the financial statements of the Company and its wholly owned subsidiaries. Throughout these Interim Financial Statements, unless the context indicates or requires otherwise, the terms the “Company”, “MediPharm”, “we”, “us” and “our” refer to MediPharm Labs Corp. together with its subsidiaries. The Company’s subsidiaries are stated below:

<u>Subsidiaries</u>	<u>Registered Country</u>
MediPharm Labs Inc. (“MPL”) (1)	Canada
ABcann Medicinals Inc.	Canada
Canna Farms Limited (1)	Canada
Harvest Medicine Inc.	Canada
Beacon Medical Germany GmbH	Germany
Beacon Medical Australia Pty Ltd	Australia

(1) These wholly owned subsidiaries were amalgamated during the period.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 2 - BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Basis of presentation

(i) Statement of compliance

These Interim Financial Statements have been prepared in accordance with accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board.

On November 12, 2025, the Board of Directors of the Company approved these Interim Financial Statements.

(ii) Historical cost convention

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

(iii) Foreign currency translation

Functional and presentation currency

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

Foreign currency transactions and balances

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

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

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

Foreign operations

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

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

(iv) Basis of consolidation

Subsidiaries

The percentage of voting power held by the parent company, MediPharm Labs Corp. and its subsidiaries and the total percentage of ownership interests at September 30 and December 31 are presented below:

Subsidiaries	Proportion of voting power held by the Company		
	(%)	(%)	(%)
	September 30, 2025	December 31, 2024	September 30, 2024
MediPharm Labs Inc. (1) (3)	100%	100%	100%
MPL Property Holdings Inc. (1)	N/A	N/A	100%
MPL Manufacturing Inc. (2)	N/A	N/A	100%
2612785 Ontario Inc. (2)	N/A	N/A	100%
MPL International Holdings Inc. (2)	N/A	N/A	100%
VIVO Cannabis Inc. (1)	N/A	N/A	100%
ABcann Medicinals Inc.	100%	100%	100%
Canna Farms Limited (3)	N/A	100%	100%
Harvest Medicine Inc.	100%	100%	100%
Green Earth Realty Inc. (1)	N/A	N/A	100%
Patients' Choice Botanicals Inc. (2)	N/A	N/A	100%
Universal Botanicals Inc. (2)	N/A	N/A	100%
Beacon Medical Germany GmbH	100%	100%	100%
Beacon Medical Australia Pty Ltd	100%	100%	100%
2649924 Ontario Inc. (2)	N/A	N/A	100%

(1) These wholly owned subsidiaries were amalgamated in 2024.

(2) These wholly owned subsidiaries were dissolved in 2024.

(3) These wholly owned subsidiaries were amalgamated during the period.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

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

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

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

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

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

2.2 Accounting standards issued but not yet effective

A number of new accounting standards and amendments to existing standards are effective for annual reporting periods beginning after 1 January 2025, with early application permitted. However, the Company has not early adopted any of the forthcoming new or amended accounting standards in preparing these Interim Financial Statements.

2.3 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in these Interim Financial Statements are described below:

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 2 - BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

(Continued)

(i) Expected loss rate

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

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

The Company issues share-based warrants and stock options. In estimating the fair value of the share-based warrants and stock options, the Company uses the Black Scholes option pricing model with inputs such as expected life, expected forfeiture rate and volatility of the stock option, based on their best estimate. The assumptions used for estimating fair value for share-based payment transactions with respect to stock options are disclosed in Note 13.2.

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

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

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

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

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

(iv) Valuation of biological assets and inventories

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

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

NOTE 3 – FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	September 30, 2025	December 31, 2024
Financial assets at amortized cost		
Cash and cash equivalents	10,584	11,690
Trade and other receivables (Note 4)	7,723	7,512
Financial liabilities at amortized cost		
Trade and other payables (Note 12)	8,014	7,858
Current employee benefit obligations	299	2,300
Loan and borrowings (Note 10)	423	388

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

NOTE 4 – TRADE AND OTHER RECEIVABLES

	September 30, 2025	December 31, 2024
Trade receivables, net	6,620	6,878
Other receivables (1)	106	32
HST/GST/VAT receivable	997	602
	7,723	7,512

(1) Other receivables primarily comprise accrued interest and rebate receivable

Credit risk and aging analysis related to trade receivables are included in Note 16.1.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 5 – INVENTORIES

	September 30, 2025	December 31, 2024
Raw materials	2,352	1,357
Finished goods	4,651	5,922
Consumables and packages	927	1,284
	7,930	8,563

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

For the three and nine months ended September 30, 2025, the Company recognized write downs of the carrying value of its raw materials and finished goods of \$Nil and \$112 (three months ended September 30, 2024: reversal of \$144 and nine months ended September 30, 2024: write down of \$179) in cost of sales.

NOTE 6 – BIOLOGICAL ASSETS

	September 30, 2025	December 31, 2024
As at January 1	147	12
Unrealized gain on changes in fair value of biological assets	1,366	1,071
Transfer to inventories upon harvest	(1,341)	(936)
As at end of period	172	147

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

As at September 30, 2025, the Company's biological assets were, on average, 50% complete (December 31, 2024 – 52% complete) and it was expected that the biological assets would yield approximately 95kg of dry flower and 35kg of trim (December 31, 2024 – 81kg and 20kg, respectively). As at September 30, 2025, the Company had 2,177 plants (December 31, 2024 – 1,851 plants) that were biological assets.

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

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 6 – BIOLOGICAL ASSETS (Continued)

This is determined using a valuation model that calculates biological asset value by estimating the expected yield of each plant at harvest, prorated based on the stage at which the plant is in its lifecycle, multiplied by the survival rate of plants at this stage in their life cycles; the estimated per-gram fair value for the expected yield (different fair values are applied for trim and dry flower yield), and the processing and selling costs (which are deducted). The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- Average number of weeks in the growing cycle is sixteen weeks from propagation to harvest. The Company considers plants less than 3.5 weeks of age to be in the cloning stage; between 3.5 and 6 weeks to be in the vegetative state; and more than 6 weeks to be in the flowering stage. The estimates for the growing cycle are unchanged from December 31, 2024.
- Expected average harvest yield is 119g per plant (December 31, 2024 – 105g), approximately 73% of which is dry flower and 27% is trim (December 31, 2024 – 80% and 20%).
- Expected average fair value of \$1.80 per gram for flower products and \$0.07 per gram for trim at the time of harvest as at September 30, 2025 (December 31, 2024 - \$1.80 and \$0.07 respectively).
- Expected average cost to complete harvest and cost of post-harvest activities to prepare bulk product is \$0.20 per gram as at September 30, 2025 (December 31, 2024 - \$0.20 per gram).

The expected average fair values were determined by using recent bulk flower purchases and the Company's historical purchases and sales, and the Company's expected purchase price going forward. The estimates of growing cycle, harvest yield and costs per gram are based on the Company's historical results. These assumptions are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods. No sensitivity is disclosed due to immaterial amount of biological assets held at September 30, 2025 and December 31, 2024.

NOTE 7 – OTHER ASSETS

	September 30, 2025	December 31, 2024
Current assets		
Deposits and down payments (1)	697	185
Prepaid insurance	536	424
Other (2)	288	213
	1,521	822
	September 30, 2025	December 31, 2024
Non-current assets		
Deposits and down payments (1)	-	635
	-	635

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 7 – OTHER ASSETS (Continued)

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

NOTE 8 – ASSETS HELD FOR SALE

Hope Facility

During the nine months ended September 30, 2025, the Company completed the sale of its facility located in Hope, British Columbia, including certain machinery and office equipment (the "Hope Facility Sale"). These assets had previously been classified as held for sale in accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations. The sale resulted in net proceeds of \$4,245 and a gain on disposal of \$271 was recognized in the interim consolidated statement of profit or loss, measured as the difference between the carrying amount of the assets and the net proceeds received. The Company also adjusted for final expenses of \$19 withheld by the buyer and other expected costs to cover certain future repairs in the facility, up to a maximum of \$200. The expected cost of \$200 has been included in other payables in the statement of financial position.

Lands

During the three months ended September 30, 2025, the Company completed the sale of a parcel of land located on Yale Road in Hope, British Columbia, which had previously been classified as held for sale. The sale generated net proceeds of \$440, with no resulting gain or loss recognized in the interim consolidated statement of profit or loss, as the proceeds were equal to the asset's carrying amount. The Company recognized an impairment loss of \$115 related to this property in Other operating expenses in the interim consolidated financial statements, prior to its disposal.

The movement in the balance in respect of assets held for sale during the nine months ended 30 September 2025 was as follows:

	Hope Facility	Lands	Total
January 1, 2025	3,793	555	4,348
Impairments	-	(115)	(115)
Dispositions	(3,793)	(440)	(4,233)
September 30, 2025	-	-	-

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	January 1, 2025	Additions	Transfers	Disposals	September 30, 2025
Cost					
Land	1,863	-	-	-	1,863
Building and building improvements	24,973	-	-	-	24,973
Leasehold improvements	209	-	-	-	209
Computers	1,379	21	-	-	1,400
Office equipment	213	-	-	-	213
Machinery and plant equipment	12,735	27	87	(649)	12,200
Motor vehicles	37	-	-	-	37
Security equipment	738	-	-	-	738
Construction in progress (1)	45	52	(87)	-	10
Right-of-use assets (Note 9.1)	290	-	-	-	290
	42,482	100	-	(649)	41,933
Less: Accumulated depreciation and impairment losses					
Building and building improvements	9,990	580	-	-	10,570
Leasehold improvements	165	6	-	-	171
Computers	1,371	5	-	-	1,376
Office equipment	209	5	-	-	214
Machinery and plant equipment	10,586	505	-	(467)	10,624
Motor vehicles	37	-	-	-	37
Security equipment	735	3	-	-	738
Construction in progress	-	-	-	-	-
Right-of-use assets (Note 9.1)	230	26	-	-	256
	23,323	1,130	-	(467)	23,986
Net book value	19,159				17,947

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

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

9.1 Right-of-use assets

The Company leases assets. The details of the asset types where the Company is lessee are listed below. Total amount of leases with a term of 12 months or less (“short-term leases”) expensed to the condensed interim consolidated statements of loss for the three and nine months ended September 30, 2025 is \$17 and \$76 respectively (three and nine months ended September 30, 2024: \$7 and \$33 respectively).

	January 1, 2025	Additions	September 30, 2025
Cost			
Right-of-use assets			
-Building	290	-	290
	290	-	290
Less: Accumulated depreciation and impairment			
Right-of-use assets			
-Building	230	26	256
	230	26	256
Net book value	60		34

9.2 Intangible assets

	January 1, 2025	Additions	September 30, 2025
Cost			
Brands	950	-	950
Licenses	225	-	225
GMP certification	180	-	180
	1,355	-	1,355
Less: Accumulated amortization and impairment			
Brand	382	83	465
Licenses	79	34	113
GMP certification	40	17	57
	501	134	635
Net book value	854		720

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 10 – LOANS AND BORROWINGS

	September 30, 2025	December 31, 2024
Current liabilities		
Other loans and borrowings (1)	351	258
Lease liability (2)	72	79
	423	337
	September 30, 2025	December 31, 2024
Non-current liabilities		
Lease liability (2)	-	51
	-	51
Total loans and borrowings	423	388

(1) Loans and borrowings comprise a financing arrangement for the Company's insurance premiums. Under the current financing arrangement, the Company borrowed a notional amount of \$500 and repaid \$99 and \$149 during the three and nine months ended September 30, 2025. The debt bears interest at 5.89%, matures on March 30, 2026, and is repayable in seven remaining equal monthly instalments. Under previous financing arrangements, the Company repaid \$Nil and \$258 during the three and nine months ended September 30, 2025, respectively.

(2) The Company has various lease agreements with maturities of 1 to 3 years. An average incremental borrowing rate of 7.7% is used to calculate the net present value of the lease liability. The maturity analysis of lease liability based on contractual undiscounted cash flow is included in Note 16.2.

NOTE 11 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

11.1 Litigation

On May 5, 2025, Apollo Technology Capital Corporation ("Apollo"), Nobul Technologies Inc. and Regan McGee (collectively, the "Plaintiffs") filed a Statement of Claim in the Ontario Superior Court of Justice against Tyr LLP ("Tyr"), a partner of Tyr, David Pidduck, Chief Executive Officer and a director of the Company, and Chris Taves, Chairman of the Board of the Company (the "Apollo Claim"). The Apollo Claim included allegations that Tyr acted for the Company despite a conflict of interest, breached fiduciary duties and duties of confidence, and sought damages, including \$50,000,000 for defamation, as well as an interim, interlocutory and/or permanent order restraining Tyr from continuing to act as counsel for the Company. On May 23, 2025, the Plaintiffs agreed to dismiss the Apollo Claim as against Tyr and a partner of Tyr with prejudice and declared that neither Tyr nor the partner misused confidential information or acted in a conflict of interest by representing the Company. Messrs. Pidduck and Taves subsequently brought a motion under section 137.1 of the Courts of Justice Act seeking to have the Apollo Claim against them dismissed as a Strategic Lawsuit Against Public Participation. The motion was heard on October 31, 2025, and, at the time, the Court reserved its decision. On November 12, 2025, the Court granted Messrs. Pidduck and Taves' motion and dismissed the Apollo Claim.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 12 – TRADE AND OTHER PAYABLES

	September 30, 2025	December 31, 2024
Payable to suppliers (1)	4,736	4,237
Accrued liabilities (2)	1,993	2,188
Contract liabilities (3)	76	148
Deposits from customers (4)	454	459
Other (5)	755	826
	8,014	7,858

- (1) Payable to suppliers are amounts due to vendors for unpaid goods and services received arising in the ordinary course of business. Trade payables are typically short term in nature with due dates less than 60 days.
- (2) Accrued liabilities mainly result from products and services received from third parties related to ordinary course of business for which invoices have not been received as of the reporting date and also include severance liabilities of \$222 (December 31, 2024: \$500).
- (3) Contract liabilities comprise of advance consideration received from customers for contracts that include revenue recognition over time. During the three and nine months ended September 30, 2025, the Company recognized revenue amounting to \$12 and \$140 respectively from contract liabilities and received additional advance consideration of \$68.
- (4) Deposits from customers comprise of down payments from customers for products to be delivered.
- (5) Other includes HST/GST/QST payable, excise tax payable and \$200 expected costs to cover certain future repairs in the Hope facility (Note 8).

NOTE 13 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

13.1 Common shares issued

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

For the nine months ended September 30, 2025, 50,000 stock options (September 30, 2024: 146,571 stock options) were exercised through the issuance of 14,815 Common Shares for proceeds of \$nil (September 30, 2024: \$11), resulting in an increase to Common Shares on the condensed interim consolidated statement of financial position of \$1 (September 30, 2024: \$12). In addition, during the nine months ended September 30, 2025, 8,552,781 RSUs (September 30, 2024: 16,042,036) were settled through the issuance of 5,691,552 Common Shares (September 30, 2024: 9,526,273), resulting in an increase to Common Shares on the condensed interim consolidated statement of financial position of \$426 (September 30, 2024: \$696). The unissued shares are withheld for tax obligations, which are settled in cash by the Company.

13.2 Stock options / Share based compensation

On June 20, 2025, the Company granted options to purchase up to 1,964,636 Common Shares with an exercise price of \$0.0801 per share for a 5-year term expiring June 20, 2030, under the Company's omnibus equity incentive plan.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 13 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

The options vest in two equal tranches, with 50% vesting immediately on the date of the grant and 50% vesting six months from the date of the grant. Total fair value of the options issued was \$100 and was estimated using the Black Scholes option pricing model, using the following assumptions: estimated volatility of 86.27%, expected life of 5 years, a risk-free rate of 2.92%, a forfeiture rate of 5.17%, and a share price of \$0.075.

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

	2025		2024	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
As at January 1	37,000,534	0.148	40,938,502	0.26
Issued during the period	1,964,636	0.080	-	-
Exercised during the period	(50,000)	0.062	(146,571)	0.07
Forfeited/expired during the period	(1,262,667)	1.106	(6,353,745)	0.96
As at September 30	37,652,503	0.112	34,438,186	0.13

The range of exercise prices for options outstanding as at September 30, 2025 is as below:

Exercise price range	Weighted average remaining contractual life (years)	Number of outstanding options
	2025	2025
Equal to \$0.06 and less than \$0.10 ⁽¹⁾	3.05	24,828,853
Equal to \$0.10 and less than \$0.15	1.69	5,183,650
Equal to \$0.15 and less than \$0.20	1.27	6,700,000
Equal to \$0.20 and less than \$0.50	0.46	310,000
Equal to \$0.50 and less than \$1.00	0.33	630,000
		37,652,503

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

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 13 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

13.3 RSUs / Share based compensation

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

	2025	2024
	Number of RSUs	Number of RSUs
As at January 1	15,671,086	24,670,248
Granted during the period	1,271,971	-
Settled during the period	(8,552,781)	(16,042,036)
Forfeited/expired during the period	-	(499,523)
As at September 30	8,390,276	8,128,689

NOTE 14 – REVENUE

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

	Three months ended		Nine months ended	
	September 30		September 30	
	2025	2024	2025	2024
Canada	5,023	6,219	14,775	18,599
International sales				
Australia	3,103	2,493	8,233	6,447
Germany	2,754	1,024	9,514	4,738
Other	568	62	1,540	135
	11,448	9,798	34,062	29,919
Canadian Adult Use and Wellness	1,756	1,690	4,712	5,317
Canadian Medical Cannabis				
Clinics	441	532	1,420	1,683
Other Canadian Medical Cannabis	2,578	3,214	7,966	9,053
	3,019	3,746	9,386	10,736
International Medical Cannabis	6,425	3,517	19,092	11,167
Pharmaceutical and B2B	248	845	872	2,699
	11,448	9,798	34,062	29,919
Products transferred at a point in time	10,990	8,959	32,753	27,451
Products and services transferred over time	458	839	1,309	2,468
	11,448	9,798	34,062	29,919

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 14 – REVENUE (Continued)

For the three months ended September 30, 2025, the Company had two customers (September 2024: One) which individually contributed 10% or more of the Company's total revenue for the period. Individually, these customers represented 14.5% and 16.3% of total revenue attributed to cannabis products for the period ended September 30, 2025 (September 30, 2024: one customer represented 24%). The Company had no other customer that represented more than 10% of the Company's total revenues for the three months ended September 30, 2025 (September 30, 2024: Nil).

For the nine months ended September 30, 2025, the Company had two customers (September 2024: one) which individually contributed 10% or more of the Company's total revenue for the period. Individually, these customers represented 13.5% and 10.7% of total revenue attributed to cannabis products for the period ended September 30, 2025 (September 30, 2024: one customer represented 19.8%). The Company had no other customer that represented more than 10% of the Company's total revenues for the nine months ended September 30, 2025

NOTE 15 – EXPENSES BY NATURE

	Three months ended		Nine months ended	
	September 30 2025	2024	September 30 2025	2024
Inventory and consumables recognized in cost of sales	6,447	3,308	16,157	9,792
Fair value adjustments in cost of sales	(139)	519	(278)	737
Write down of inventory to net realizable value (Note 5)	-	(144)	112	179
Employee compensation (1)	3,027	3,935	9,435	13,074
Consulting and professional fees (2)	893	1,158	4,578	2,852
ECL on trade receivables (Note 16.1)	5	-	13	(57)
Share based compensation expense (3)	194	160	1,133	1,631
Supplies and small equipment (4)	182	300	658	829
Depreciation and amortization	420	518	1,264	2,040
Rent and occupancy cost	371	259	1,051	914
Analytical testing	224	268	842	890
Advertising and promotion	213	248	628	731
Insurance	205	259	708	913
Software and licenses	297	245	958	752
Freight	362	435	1,269	1,264
Health Canada fee and regulatory costs (5)	197	221	649	675
Other (6)	738	817	1,314	1,709
	13,636	12,506	40,491	38,925

(1) Employee compensation includes severance costs in relation to restructuring measures undertaken by the Company during the year. For the three and nine months ended September 30, 2025, the severance cost incurred in relation to the restructuring amounted to \$104 and \$333 respectively (three and nine months ended September 30, 2024: \$88 and \$1,147).

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 15 – EXPENSES BY NATURE(Continued)

(2) Consulting and professional fees primarily consist of audit and tax, information technology, quality assurance, legal services, contract sales, regulatory consulting and expenses incurred in respect of the Hope Facility Sale. This also includes \$2,343 non-recurring fees largely incurred in connection with the Company's response to a dissident information circular filed by Apollo, disclosing Apollo's intention to nominate six directors at the annual and special meeting of shareholders held on June 16, 2025 (the "Proxy Contest"), and other related legal expenses.

(3) For the nine months ended September 30, 2025, out of total share-based compensation expense of \$1,133 (September 30, 2024: \$1,631), general administrative expense portion is \$945 (September 30, 2024: \$1,364), marketing and selling expense portion is \$109 (September 30, 2024: \$88), cost of sales portion is \$79 (September 30, 2024: \$123) and research and development portion is \$nil (September 30, 2024: \$56).

For the three months ended September 30, 2025, out of total share-based compensation expense of \$194 (September 30, 2024: \$160), general administrative expense portion is \$159 (September 30, 2024: \$126), marketing and selling expense portion is \$20 (September 30, 2024: \$13), cost of sales portion is \$15 (September 30, 2024: \$13) and research and development portion is \$nil (September 30, 2024: \$8).

(4) Supplies and small equipment include production supplies, office supplies, other facility supplies, and facility maintenance costs.

(5) Health Canada fee and regulatory costs primarily consist of the Health Canada Annual Regulatory Fee levied at 2.3% of cannabis revenue, and other Health Canada fees such as export permits.

(6) Other includes investor relations, travel expenses, bank fees, and repair and maintenance expenses. It also includes non-refundable deposits received during the nine months ended September 30, 2025, in connection with the proposed sale of a subsidiary.

NOTE 16 – FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

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

16.1 Credit risk

Credit risk arises from deposits with banks and financial institutions and outstanding receivables if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company holds cash and cash equivalents of \$10,584 (December 31, 2024: \$11,690). The cash is held with banks and financial institutions that are either Schedule 1 Canadian banks, large credit unions, or other large foreign banks.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 16 –FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (Continued)

At September 30, 2025, the exposure to credit risk for gross trade receivables and contract assets by the type of customer is as follows:

	September 30, 2025	December 31, 2024
Business to business customers	5,130	5,366
Insurance companies (1)	698	835
Distributors / Retailers (2)	812	755
	6,640	6,956

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

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

As at September 30, 2025, the Company holds trade receivables from customers representing 30% ,12%, and 11% of total trade receivables (December 31, 2024: four customers representing 21%, 13%, 11%, and 10% of total trade receivables). The Company had no other customers that represented more than 10% of the Company's gross trade receivables.

The Company limits its exposure to credit risk from trade receivables and contract assets by negotiating full or partial advance payment from certain business-to-business customers before the shipment of the products. Also, the Company's management believes that the exposure to credit risk from distributors is very limited since most of the distributors are either government organizations or large reputable organizations. As at September 30, 2025, the allowance for expected credit losses in connection with its trade receivables and contract assets was \$20 (December 31, 2024: \$78).

The aging of the Company's trade receivables at September 30, 2025 is as follows:

	September 30, 2025 Carrying amount	December 31, 2024 Carrying amount
Current (not past due)	5,437	5,958
1-30 days past due	996	727
31-90 days past due	113	19
90-270 days past due	20	128
270-365 days past due	44	60
>365 days	30	64
Gross trade receivables	6,640	6,956
Expected credit losses	(20)	(78)
Net trade receivables	6,620	6,878

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 16 –FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (Continued)

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

	2025	2024
Balance at January 1	78	208
Net remeasurement of loss allowance	13	(93)
Amounts written off	(71)	-
Expected credit losses as at September 30	20	115

16.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At the end of the reporting period the Company held deposits at banks and financial institutions of \$10,584 (December 31, 2024: \$11,690) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Company management maintains flexibility in funding by maintaining a minimum cash level at banks and financial institutions.

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

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

Contractual maturities of financial liabilities At September 30, 2025	Total				Contractual cash flows	Carrying amount
	Less than 6 months	6-12 months	12-36 months	36-60 months		
Trade and other payables	7,998	16	-	-	8,014	8,014
Employee benefit obligations	299	-	-	-	299	299
Loans and borrowings	351	-	-	-	351	351
Lease liability	42	31	-	-	73	72
Total financial liabilities	8,690	47	-	-	8,737	8,736

16.3 Market risk

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

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 16 – FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (Continued)

(i) Foreign currency risk

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

A 5% strengthening of CAD against USD, EUR, and AUD would increase the Company's net loss by \$8, \$19, and \$14 respectively.

16.4 Capital risk management

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

Management defines capital as the Company's shareholders' equity and debt (consisting of the Company's loans and borrowings). As at September 30, 2025, total managed capital is \$38,284 (December 31, 2024: \$43,572). The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund both existing and future value-added growth opportunities. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners or through debt financing.

NOTE 17 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

During the nine months ended September 30, 2025, there were no transfers between levels. The Company does not have any level 3 financial instruments.

MEDIPHARM LABS CORP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2025 and 2024

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

NOTE 18 – TRANSACTIONS AND BALANCES WITH RELATED PARTIES

18.1 Key management personnel compensation

The Company has determined that key management personnel consist of directors and officers in the Company. The non-share-based compensation remuneration to directors and officers during the three and nine months ended September 30, 2025 was \$301 and \$894 respectively (three and nine months ended September 30, 2024: \$411 and \$1,232 respectively) and is included in general and administrative expenses.

During the nine months ended September 30, 2025 the Company issued 1,964,636 options at an average exercise price of \$0.0801 per share (nine months ended September 30, 2024: nil options at \$nil per share) and 1,271,971 RSUs (nine months ended September 30, 2024: nil RSUs) to its key management personnel and recognized total share-based compensation expenses related to key management personnel of \$586 (nine months ended September 30, 2024: \$1,004).

During the nine months ended September 30, 2025, the Company's key management personnel exercised nil options for gross proceeds of \$nil (nine months ended September 30, 2024: nil options for gross proceeds of \$nil) and 5,970,751 RSUs were settled through the issuance of 4,491,680 Common Shares amounting to \$336 (nine months ended September 30, 2024: 12,505,848 RSUs were settled through the issuance of 7,876,481 Common Shares amounting to \$573). The unissued Common Shares are withheld for taxes.

18.2 Transactions and balances with key management personnel

Several key management personnel hold positions in other companies that result in them having control or significant influence over these companies. The Company had no transactions with these companies during the nine months ended September 30, 2025 and 2024.

As at September 30, 2025, the Company had \$128 (December 31, 2024: \$995) due to key management personnel and no amount was due to entities over which they have control or significant influence (December 31, 2024: \$nil). The balance due to key management personnel comprises of accrued compensation and is included in current employee benefit obligations in the condensed interim consolidated statements of financial position.

NOTE 19 – EVENTS AFTER THE REPORTING PERIOD

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