Condensed Interim Consolidated Financial Statements of

LSL PHARMA GROUP INC.

Three-month and six-month periods ended June 30, 2026, and 2025
(Unaudited)

LSL PHARMA GROUP INC.

Condensed Interim Consolidated Statements of Financial position

(All amounts in thousands of Canadian dollars)

(Unaudited)

As at	Notes	June 30, 2026	December 31, 2025
ASSETS			
Current			
Cash and cash equivalents		**967**	548
Accounts receivable		**7,920**	5,502
Inventories	5	**17,068**	12,350
Prepaid and deposits		**1,453**	1,194
Other asset – acquisition deposit	5	**-**	4,500
Income tax asset		**9**	9
Total current assets		**27,417**	24,103
Deposits		**124**	20
Property, plant and equipment		**25,548**	25,793
Right of use assets	6	**11,886**	6,972
Intangible assets		**19,359**	17,473
Deferred tax asset		**223**	223
Goodwill	5	**2,517**	157
Total assets		**87,074**	74,741
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Revolving credit facility	7	**10,020**	2,525
Accounts payable and accrued liabilities		**11,312**	6,227
Current portion of long-term debt	8	**1,223**	863
Current portion of lease liabilities and finance loan		**1,181**	697
Total current liabilities		**23,736**	10,312
Long-term notes payable	9	**2,042**	2,040
Long-term debt	8	**23,879**	24,518
Lease liabilities and finance loan		**12,249**	7,707
Deferred tax liability		**3,192**	3,192
Total liabilities		**65,098**	47,769
SHAREHOLDERS' EQUITY			
Share capital and warrants	10	**40,471**	40,471
Equity component of convertible debenture	8 (iv)	**593**	593
Contributed surplus		**3,708**	3,645
Deficit		**(22,796)**	(17,737)
Total shareholders' equity		**21,976**	26,972
Total liabilities and shareholders' equity		**87,074**	74,741

Subsequent events (note 17)

See accompanying notes

On behalf of the Board of Directors:

(Signed) Louis Laflamme______, *Director*

(Signed) Mario Paradis _____, *Director*

LSL PHARMA GROUP INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(All amounts in thousands of Canadian dollars except for share and per share amounts)

(Unaudited)

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2026**	2025	**2026**	2025
Revenues					
CMO		**8,467**	6,463	**14,620**	12,211
Eye-Care		**1,182**	755	**2,682**	1,632
Private label		**4,979**	-	**9,626**	-
Total revenues		**14,628**	7,218	**26,928**	13,843
Cost of goods sold	*12*	**12,880**	5,157	**24,411**	9,676
Gross margin		**1,748**	2,061	**2,517**	4,167
Expenses					
Selling, general and administrative	*12*	**2,801**	1,721	**5,391**	3,380
Share-based compensation	*10 (c)*	**49**	36	**63**	50
Finance expenses	*11*	**1,140**	693	**2,122**	1,281
Net loss, being the comprehensive loss for the period		**(2,242)**	(389)	**(5,059)**	(544)
Basic and diluted loss per share	*15*	***(0.02)***	*(0.00)*	***(0.04)***	*(0.00)*
Weighted average number of common shares outstanding					
Basic		126,729,818	115,532,676	126,729,818	115,532,676
Diluted		126,729,818	115,532,676	126,729,818	115,532,676

See accompanying notes

LSL PHARMA GROUP INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(All amounts in thousands of Canadian dollars except for share and per share amounts)

(Unaudited)

		Class A shares and warrants						
	Notes	**Number of shares**	**Number of warrants**	**Amount**	**Equity component of convertible debenture**	**Contributed surplus**	**Deficit**	**Total**
Balance as at January 1, 2025		115,532,676	36,123,659	36,386	375	3,048	(14,917)	24,892
Net loss		-	-	-	-	-	(544)	(544)
Share-based compensation	*10 (c)*	-	-	-	-	50	-	50
Balance as at June 30, 2025		115,532,676	36,123,659	36,386	375	3,098	(15,461)	24,398
Balance as at January 1, 2026		**126,729,818**	**41,782,474**	**40,471**	**593**	**3,645**	**(17,737)**	**26,972**
Net loss		**-**	**-**	**-**	**-**	**-**	**(5,059)**	**(5,059)**
Share-based compensation	*10 (c)*	**-**	**-**	**-**	**-**	**63**	**-**	**63**
Expired warrants	*10 (c)*	**-**	**(3,763,500)**	**-**	**-**	**-**	**-**	**-**
Balance as at June 30, 2026		**126,729,818**	**38,018,974**	**40,471**	**593**	**3,708**	**(22,796)**	**21,976**

See accompanying notes

LSL PHARMA GROUP INC.

Condensed Interim Consolidated Statements of Cash Flow

(All amounts in thousands of Canadian dollars)

(Unaudited)

	Notes	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
OPERATING ACTIVITIES:					
Net loss for the period		**(2,242)**	(389)	**(5,059)**	(544)
Adjustments for:					
Depreciation and amortization		**1,075**	707	**1,891**	1,178
Finance expenses		**1,140**	693	**2,122**	1,281
Share-based compensation	*10 (c)*	**49**	36	**63**	50
		2,264	1,436	**4,076**	2,509
Net change in non-cash working capital items	*16*	**1,108**	440	**(1,426)**	(961)
Cash inflow (outflow) from operating activities		**1,130**	1,487	**(2,409)**	1,004
INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment		**(406)**	(440)	**(652)**	(814)
Acquisition of intangible assets		**(919)**	(545)	**(1,512)**	(807)
Cash outflow for investing activities		**(1,325)**	(985)	**(2,164)**	(1,621)
FINANCING ACTIVITIES:					
Repayment of long-term debt		**(222)**	(468)	**(452)**	(813)
Issuance of long-term debt		**-**	500	**-**	1,096
Issuance cost of long-term debt		**-**	(74)	**-**	(74)
Interest paid		**(732)**	(593)	**(1,272)**	(956)
Net change from revolving credit facility		**1,745**	5,128	**7,495**	5,683
Net change in lease liabilities		**(396)**	(197)	**(779)**	(392)
Net change in notes payable		**-**	-	**-**	750
Net change in long-term notes		**-**	(6)	**-**	(4)
Cash inflow from financing activities		**395**	4,290	**4,992**	5,290
Net change in cash and cash equivalents		**200**	4,792	**419**	4,673
Cash and cash equivalents, beginning of period		**767**	177	**548**	296
Cash and cash equivalents, end of period		**967**	4,969	**967**	4,969
Supplemental liquidity information:					
Cash and cash equivalents		**967**	4,969	**967**	4,969
Revolving credit facility		**11,000**	9,500	**11,000**	9,500
Borrowings under revolving credit facility		**(10,020)**	(8,242)	**(10,020)**	(8,242)
Total available liquidity		**1,947**	6,227	**1,947**	6,227

See accompanying notes

1. Reporting entity

LSL Pharma Group Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act. The head office and the registered office of the Corporation are located at 1800-540, rue D'Avaugour, Boucherville, Québec. These condensed interim consolidated financial statements comprise those of the Corporation and its wholly owned subsidiaries, Steri-Med Pharma Inc., LSL Laboratory Inc., Virage Sante Inc, Dermolab Pharma Ltd., Laboratoire Du-Var Inc., and LSL MedPlus Inc. (formerly Juno OTC Inc.). The Corporation develops, manufactures and commercializes sterile pharmaceutical products, private label, cosmetic and natural health products. LSL Pharma Group Inc. is listed on the TSX venture exchange under the symbol "LSL".

2.Basis of preparation

These condensed interim consolidated financial statements do not include all the information required of a full set of annual financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Corporation since the end of the last annual reporting period. It is therefore recommended that these condensed interim consolidated financial statements be read in conjunction with the annual audited consolidated financial statements of the Corporation for the year ended December 31, 2025.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Corporation on August 24, 2026, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Therefore, these condensed interim consolidated financial statements comply with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements, taking into consideration the new material accounting policies described in note 4.

3.Use of judgments and estimates

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to undertake several judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses and the disclosures. The actual results may differ from these judgements and estimates. These estimates and judgements are based on management's best knowledge of the events or circumstances and actions the Corporation may take in the future. The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The significant judgements and estimates applied in the preparation of the condensed interim consolidated financial statements are consistent with those applied and disclosed in note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2025.

4.Accounting policies

Adoption of Amended Standard

Amendments to IFRS 9 and IFRS 7: Amendments to the classification and measurement of financial instruments

The Corporation adopted the amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments clarify the requirements related to the classification and measurement of financial assets, including the assessment of contractual cash flow characteristics, and the derecognition of financial liabilities settled through electronic payment systems. The amendments also introduce additional disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contractual terms that could change the timing or amount of contractual cash flows upon the occurrence or non-occurrence of a contingent event. The adoption of these amendments did not have a material impact on the Corporation's consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11

These narrow-scope amendments relate to clarifications, simplifications, corrections or changes to improve consistency in IFRS 7, IFRS 9, IFRS 10 and IAS 7. The adoption of these amendments did not result in a material impact to the Company's consolidated financial statements.

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

Standards issued but not yet effective

IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements to replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies, namely:

- Improved comparability in the statement of profit or loss by introducing separate income and expense categories and requiring new subtotals;
- Enhanced transparency of management-defined performance measures by requiring explanations on these measures; and
- More useful grouping of information in the financial statements by providing guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

These changes apply to annual periods beginning on or after January 1, 2027. The Corporation is currently assessing the estimated impact of this new standard on its consolidated financial statements.

5.Business acquisition

Laboratoire Du-Var Inc.

On November 17, 2025, the Corporation acquired 100% of the outstanding shares of Laboratoire Du-Var Inc. ("Du-Var"), a privately owned business headquartered in Boucherville, Quebec.

In operation since 1947, Du-Var specializes in the development, manufacturing and packaging of liquid and semi-solid cosmetic, and natural health products. The acquisition increased the Corporation's production capacity for liquid and semi-solid products and allows the Corporation to diversify its product offering and attract new customers in a segment that complements its core business.

Consideration paid for the shares was one dollar. The excess of the fair value of net assets acquired resulted in a gain on acquisition of $2,428 included in the consolidated statement of loss. No goodwill arose from the business combination with Du-Var.

The fair value of trade and other receivables acquired as part of the business acquisition amounted to $609 with a gross contractual amount of $609. As of the acquisition date, the best estimate of the contractual cash flows not expected to be collected amounted to nil.

The fair value of the consideration transferred, and the net identifiable assets acquired were determined based on the Corporation's assumptions and estimates. Accounts receivables were recognized at fair value, which does not differ from their gross contractual value and expected receipts. Inventories were measured at their net realizable value, which corresponds to the estimated selling price less the estimated costs necessary to make the sale. A combination of the direct and indirect methods of the cost approach and of the market approach was used to estimate the fair value of property, plant and equipment. The replacement cost was used to value licenses and certification. The multi-period excess earnings and the replacement costs were used to derive the value of customer relationships. These valuation methods are all primarily based on expected discounted cash flows according to available information, such as Du-Var's historical and projected revenue and profit before interest, income taxes and depreciation and amortization, the likelihood of certain customer agreements being renewed, the discount rates, and certain other relevant assumptions.

The following is a summary of assets acquired, liabilities assumed, and the consideration transferred:	Estimated fair value
Assets acquired:	
Accounts receivable	609
Inventories	1,223
Prepaid expenses	131
Property, plant and equipment	8,176
Intangible assets – ERP	450
Customer relationships	1,100
License and certifications	350
	12,039

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

Liabilities assumed:	
Accounts payable and accrued liabilities	1,865
Revolving line of credit (net of cash acquired)	1,116
Long term debt	1,207
Deferred tax liability	1,471
Lease liabilities	3,952
	9,611
Total assets acquired, net of liabilities assumed	**2,428**
Total consideration	-
Gain on acquisition	2,428
Total consideration for the outstanding shares acquired	**2,428**

LSL MedPlus Inc. (Formerly Juno OTC Inc.)

On December 23, 2025, the Corporation acquired 100% of the outstanding shares of Juno OTC Inc. ("Juno OTC"), a Toronto-based wholly owned subsidiary of Juno Pharmaceuticals LP. The effective date of the transaction was January 1, 2026, when the Corporation assumed full control. In June 2026, Juno OTC changed its legal name to LSL MedPlus Inc. ("LSL MedPlus").

LSL MedPlus is a leading supplier in the Canadian private label consumer healthcare over the counter ("OTC") market providing key Canadian retailers with core product offerings under the retailers' own recognized private label brands and strategic new opportunities to build mutual business. LSL MedPlus revenues are presented as the Private Label revenue segment.

Consideration paid for the shares consisted of cash consideration of $2,500, and equity consideration of $2,000 paid through the issuance of 5,509,642 Class "A" common shares of the Corporation (see note 10(a)). The acquisition agreement also included a post-closing working capital adjustment payable on January 1, 2027, and is included in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position. The post-closing working capital adjustment is $500 less adjustments.

	Estimated fair value
Base consideration:	
Consideration on closing	
Cash consideration for outstanding shares	2,500
Equity consideration for outstanding shares	2,000
Total consideration on closing	4,500
Post-closing working capital adjustment (estimate)	500
Total consideration (subject to adjustments)	**5,000**

The purchase price allocation is preliminary and subject to adjustment upon completion of the valuation process. The Corporation is continuing to assess the fair values of the identifiable assets acquired and liabilities assumed. Accordingly, the amounts recognized as at the acquisition date, including goodwill and identifiable intangible assets, are provisional and may be adjusted during the measurement period.

The fair value of trade and other receivables acquired as part of the business acquisition amounted to $1,533 with a gross contractual amount of $1,533. As of the acquisition date, the best estimate of the contractual cash flows not expected to be collected amounted to nil.

The excess of the fair value of net assets acquired resulted in a recognition of $2,360 of Goodwill presented on the Consolidated Statement of Financial Position.

The fair value of the consideration transferred, and the net identifiable assets acquired were determined based on the Corporation's assumptions and estimates. Accounts receivables were recognized at fair value, which does not differ from their gross contractual value and expected receipts. Inventories were measured at their net realizable value, which corresponds to the estimated selling price less the estimated costs necessary to make the sale. The Corporation has not finalised the identification of acquired intangible assets as of June 30, 2026.

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

The following is a summary of assets acquired, liabilities assumed, and the consideration transferred:	Estimated fair value
Assets acquired:	
Accounts receivable	1,533
Inventories	4,782
Prepaid expenses	213
Property, plant and equipment	6
Goodwill	2,360
Intangible assets	790
	9,684
Liabilities assumed:	
Accounts payable and accrued liabilities	4,684
	4,684
Total assets acquired, net of liabilities assumed	**5,000**
Total consideration on closing	4,500
Post-closing working capital adjustment- balance of sale (estimate)	500
Total consideration for the outstanding shares acquired (subject to adjustments)	**5,000**

6.Right of use assets

	Right-of-use assets - building
Cost	
Balance, start of 2025	5,100
Additions	3,198
Balance, end of 2025	8,298
Additions	5,469
Balance, end of period 2026	**13,767**
Accumulated depreciation	
Balance, start of 2025	(739)
Depreciation	(587)
Balance, end of 2025	(1,326)
Depreciation	(555)
Balance, end of period 2026	**(1,881)**
Net carrying amounts	
Balance, end of 2025	6,972
Balance, end of period 2026	**11,886**

7.Revolving credit facility

On June 27, 2025, the Corporation entered into a revolving credit facility agreement with Caisse Desjardins des Patriotes (the “Credit Facility”). The maximum amount available under the Credit Facility was $7,500, subsequently increased to $11,000 in February 2026 and is secured by movable hypothecs on the assets of all entities excluding LSL MedPlus. The amount drawn under this facility as at June 30, 2026 was $10,020.

As part of the acquisition of Du-Var the Corporation entered into a revolving credit facility with the Royal Bank of Canada. This facility was fully settled in April 2026.

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

8.Long-term debt

As at:	**June 30, 2026**	December 31, 2025
Secured BDC loan-1 (i)	**4,341**	4,429
Secured BDC loan-2 (ii)	**4,774**	4,754
Secured Desjardins loan (iii)	**4,479**	4,706
Unsecured convertible debentures (iv)	**10,802**	10,677
Term loan Investissement Quebec (v)	**706**	815
Current	**1,223**	863
Non-current	**23,879**	24,518
Total	**25,102**	25,381

(i) Secured BDC loan-1

On December 20, 2024, the Corporation secured a loan of $5,000 with the Business Development Bank of Canada (BDC). An initial disbursement of $4,500 was made in December 2024 with the remaining $500 received in April 2025. The Corporation incurred transaction costs of $79. The loan bears interest of BDC base rate plus 1.5% and can be reduced up to 2.5% based on certain financial criteria. A first criteria was met, and the rate was reduced by 1.5% as of June 2025. The loan is guaranteed by immovable and movable property of Steri-Med (combined book value $8,002) and is jointly guaranteed by all entities of the Corporation. The loan is subject to a financial covenant, a fixed-charge coverage ratio, which is calculated on an annual basis. As at December 31, 2025, the Corporation was not in compliance with this covenant. The Corporation secured a waiver from the lender in respect of this breach. The loan matures in December 2049, with monthly installments of $17.

(ii) Secured BDC loan-2

On June 27, 2025, the Corporation secured an additional $5,000 loan with the BDC, this loan is pari-passu with the Secured Desjardins loan (see note 8 (iii)). The Corporation incurred transaction costs of $105. The loan bears interest of BDC base rate plus 2.0% subject to interest rate reduction based on certain milestones. A first criteria was met, and the rate was reduced by 0.75% as of October 2025. The loan is guaranteed by movable property of all entities (excluding Du-Var and LSL MedPlus), immovable property of the Virage Sante Inc. (combined book value $17,420) and is jointly guaranteed by all entities of the Corporation. The loan is subject to a financial covenant, being a liquidity coverage ratio, which is calculated on an annual basis. As at December 31, 2025, the Corporation was not in compliance with this covenant. The Corporation obtained a waiver from the lender in respect of this breach. The loan matures in June 2050, with monthly installments of $53 beginning July 2026, and lowering to monthly installments of $3 in June 2033.

(iii) Secured Desjardins loan

On June 27, 2025, the Corporation secured a $5,000 loan with the Caisse Desjardins des Patriotes, this loan is pari-passu with the Secured BDC loan- 2 (see note 8 (ii)). The Corporation incurred transaction costs of $105. The loan bears interest of prime rate plus an average of 0.8% subject to interest rate reduction based on certain milestones and is guaranteed by movable property of all entities (excluding Du-Var and LSL MedPlus), immovable property of the Virage Sante Inc. (combined book value $17,420) and is jointly guaranteed by all entities of the Corporation. The loan is subject to financial covenants including coverage, liquidity and leverage ratios, which are calculated on an annual basis. As at December 31, 2025, the Corporation was in compliance with the liquidity and leverage covenants but was not in compliance with the fixed-charge coverage ratio covenant. As at December 31, 2025, the Corporation secured a waiver from the lender in respect of this breach. The loan is payable over an average of 12 years, with current monthly installments of $40.

(iv) Unsecured convertible debentures

On December 23, 2025, the Corporation completed a brokered private placement through the issuance of 12,000 unsecured convertible debentures for gross proceeds of $12,000 (the "Debentures"). The Corporation incurred transaction costs of $739 including fair value of 400,000 broker warrants issued of $36. (referred to as "Broker Warrants – Debentures").

The Broker Warrants – Debentures are exercisable to acquire one Class A Share of the Corporation at a price of $0.45 for a period of twenty-four (24) months from the date of issuance.

Each Debenture will, at the option of the holder, be convertible in its entirety into Class A shares of the Corporation at any time following the date that is four months and a day after the Closing Date at a conversion price of $0.45, until the close of the earlier of (i) the last business day immediately preceding December 31, 2029 (the "Maturity Date"), and (ii) the business day immediately preceding the date fixed for redemption of the Debentures by the Corporation, if any.

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

The Debentures will be redeemable during the period beginning twenty-four (24) months after the Closing Date, at the Corporation's option, at a price equal to (i) 105% of the principal amount plus accrued and unpaid interest if redeemed prior to thirty-six (36) months following the Closing Date, and (ii) 104% of the principal amount plus accrued and unpaid interest if redeemed after thirty six (36) months following the Closing Date but prior to the Maturity Date.

The Debentures are payable on the Maturity Date in cash subject to any prior conversion or redemption. The outstanding principal amounts bear interest at the rate of 10% per year payable in cash semi-annually on the last day of June and December of each year, the first payment was made on June 30, 2026.

The conversion option, net of related issuance costs, has been recorded in shareholders' equity for an amount of $593. Factoring in the issuance costs, the effective interest rate on the Debentures is 14.12%.

The redemption feature was identified as an embedded derivative financial instrument measured at fair value through profit and loss. The Corporation utilized a binomial tree based stochastic interest rate model to determine the fair value of the redemption feature. As at June 30, 2026 and December 31, 2025, the redemption feature had no significant value.

(v) Term loan Investissement Quebec

As part of the Du-Var acquisition (see note 5) the Corporation acquired a term loan with Investissement Quebec. The loan bears interest at 0% and is payable in monthly installments of $20. The loan matures on December 31, 2029, and is guaranteed by movable property of Du-Var. The loan is presented using an effective interest rate of 7.14%.

9.Notes payable

	Six months ended June 30, 2026	Year ended December 31 2025
Balance, beginning of period	**2,040**	3,621
Additions	**-**	2,024
Accrued interest & accretion	**2**	21
Repayment net of transaction costs	**-**	(3,626)
Balance, end of period	**2,042**	2,040

As at June 30, 2026, long-term notes payable include $1,063 ($1,084 as at December 31, 2025) due to related parties (see note 14).

10. Share capital and warrants

(a) Share capital

Class A Shares ("Class A")

The Corporation is authorized to issue an unlimited number of voting Class A shares with no par value. These shares give the holder the right to receive, after Class B shareholders, any dividend declared by the Board of Directors of the Corporation.

During 2025, the Corporation completed a private placement financing resulting in the issuance of share units ("units"), as well as an acquisition resulting in the issuance of shares. No transactions have taken place in 2026.

The following table summarizes the key information related to each transaction:

Date	Transaction	Consideration	Amount $	Type	Number
September 2, 2025[1-3]	September 2025 private placement	Cash	2,275	Units	5,687,500
December 23, 2025[4]	Acquisition of LSL MedPlus	Shares	2,000	Shares	5,509,642
Total 2025			**4,275**		**11,197,142**

1. All units were issued at a price of $0.40 per unit
2. Each unit consists of one (1) class A share of the Corporation and one (1) Class A common share purchase warrant
3. The warrants issued in September 2025 had a term of 24 months, and an exercise price of $0.70.
4. The Corporation issued the shares in relation to the acquisition of LSL MedPlus (see note 5).

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

Class B Shares ("Class B")

The Corporation is authorized to issue an unlimited number of non-voting Class B shares. The holders of Class B shares have the right to receive a dividend fixed by the Board of Directors of the Corporation and to receive, upon a liquidation or dissolution event, a reimbursement for these shares (along with any unpaid and declared dividend) before the holders of Class A shares. However, these shares do not allow any supplemental participation to the Corporation's income or assets. There are currently no Class B shares issued.

(b) Warrants

As part of the September 2025 private placement, 5,687,500 warrants were issued entitling the holder to acquire one (1) Class A common share at a price of $0.70 for a period of 24 months. The Corporation also issued 59,375 compensation warrants entitling the holder to acquire one (1) Class A common share at a price of $0.70 for a period of 18 months. As part of the Unsecured convertible debentures financing, the Corporation issued 400,000 broker warrants entitling the holder to acquire (1) Class A common share at a price of $0.45 for a period of 24 months.

The fair value for all warrants were determined using the Black-Scholes option pricing model and based on the following weighted average assumptions.

	2025 Private placement warrants	2025 Compensation warrants	2025 Broker warrants
Fair value at grant date	0.04	0.07	0.09
Share price at grant date	0.39	0.39	0.36
Exercise price	0.70	0.70	0.45
Risk-free interest rate	2.7%	2.7%	2.6%
Expected volatility	47.5%	73.2%	57.3%
Expected life	2.0 years	1.5 years	2.0 years

Changes in the number of warrants and compensation warrants since January 1, 2025, were as follows:

	Date of Issuance	Warrants	Compensation/Broker warrants	Weighted average exercise price
Balance, January 1, 2025		**35,599,099**	**524,560**	**0.70**
Granted				
September 2025 private placement	September 2,2025	5,687,500	59,375	0.70
Unsecured convertible debentures	December 23,2025	-	400,000	0.45
Expired		-	(488,060)	0.70
Balance, December 31, 2025		**41,286,599**	**495,875**	**0.70**
Expired		(3,727,000)	(36,500)	0.70
Balance, June 30, 2026		**37,559,599**	**459,375**	**0.70**

(c) Share-based compensation

On January 31, 2022, the Corporation implemented an incentive stock option plan (the "Plan") for key employees, directors and consultants to participate in the growth and development of the Corporation by providing such person the opportunity, through stock options, to purchase Class A common shares of the Corporation. The Plan provides that the aggregate number of shares reserved for issuance, set aside and made available for issuance may not exceed 10% of the Corporation's issued and outstanding Class A common shares. The maximum number of options which may be granted to any key employees or directors shall not exceed 5% of the issued Class A common share, calculated at the date the option is granted. The maximum number of options which may be granted to any consultants shall not exceed 2% of the issued Class A common share, calculated at the date the option is granted. The plan was subsequently revised on June 28, 2024. The Plan is administered by the Board of Directors of the Corporation, who has full and final authority with respect to the granting of all options thereunder. The exercise, the vesting and the price of any options granted under the Plan shall be determined by the Board of Directors, subject to any applicable regulations or policies. Under the Plan, all options expire 10 years from the grant date.

Subject to certain exceptions, if an employee, director, officer, consultant ceases to hold office or provide consulting services, options granted to such a holder under the Plan will expire 90 days after the holder ceases to hold office or such earlier date as the Board of Directors may decide at the date the options were granted. Notwithstanding the foregoing, in the event of a termination for cause of an option holder, all unexercised options held by such option holder shall immediately expire.

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

Changes in the number of outstanding options since January 1, 2025, were as follows:

	Date of Grant	Number of options	Weighted average exercise price
Options outstanding, January 1, 2025		**7,645,270**	**0.62**
Granted	January 17, 2025	625,000	0.37
	March 21, 2025	160,000	0.37
	April 1, 2025	500,000	0.37
Cancelled during 2025		(75,000)	0.37
Options outstanding December 31, 2025		**8,855,270**	**0.58**
Granted	February 3, 2026	960,000	0.52
Cancelled during 2026		(900,000)	0.54
Outstanding options, end of period		**8,915,270**	**0.60**

As at June 30, 2026, 7,335,090 options were exercisable (7,565,090 as at December 31, 2025). The fair values of the options granted since January 1, 2025, have been determined using the Black-Scholes option pricing model using the following assumptions:

Weighted average	**2026 Grants**	2025 Grants
Fair value at grant date	**0.22**	0.18
Share price at grant date	**0.52**	0.34
Exercise price	**0.52**	0.37
Risk-free interest rate	**3.0%**	2.7%
Expected volatility	**44.2%**	59.9%
Expected life	**5 years**	5 years
Contractual life	**10 years**	10 years

The risk-free interest rate is based on the yield of a risk-free Canadian government security with a maturity equal to the expected life of the option from the date of the grant. The assumption of expected volatility is based on the average historical volatility of comparable companies for the period equal to the expected life. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on best estimate, management applied the estimated forfeiture rate of 0% (December 31, 2025 – 0%) in determining the share-based compensation expenses recorded in the statement of loss.

The share-based compensation expense recorded under the plan in the consolidated statements of loss and comprehensive loss during the three-and-six-month periods ended June 30, 2026 was $49 and $63 (2025 - $36 and $50). The options outstanding as of June 30, 2026, have an average remaining contractual life 7.5 years.

11. Finance expenses

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Interest expense on long-term debt	**383**	298	**742**	589
Interest expense on convertible debt	**300**	-	**600**	-
Interest on notes payable (including paid to related parties)	**69**	160	**136**	318
Interest expense on revolving credit facility	**132**	83	**213**	89
Other finance expense	**42**	82	**116**	150
Interest expense on lease liabilities	**214**	70	**315**	135
	1,140	693	**2,122**	1,281

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

12. Additional information on the consolidated statements of loss and comprehensive loss

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Included in cost of goods sold				
Employee salaries and benefits	**2,536**	2,346	**6,114**	4,777
Depreciation and amortization	**636**	477	**1,368**	913
Included in selling expenses				
Employee salaries and benefits	**33**	49	**169**	90
Included in administrative expenses				
Employee salaries and benefits	**1,798**	632	**2,308**	1,379
Depreciation and amortization	**439**	230	**523**	265

13. Financial Instruments

The classification of financial instruments at their carry value is as follow:

As at	**June 30, 2026**	December 31, 2025
Financial asset:		
Amortized cost		
Cash	967	548
Accounts receivable	**7,920**	5,502
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	**11,312**	6,227
Revolving credit facility	**10,020**	2,525
Notes payable[1]	**2,042**	2,040
Long-term debt[2]	**25,102**	25,381

(1) Includes current and non-current notes payable
(2) Includes current and non-current long-term debt

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is established based on market information available at the date of the Consolidated Statement of Financial Position. In the absence of an active market for a financial instrument, the Corporation uses the valuation methods described below to determine the fair value of the instrument.

To make the assumptions required for certain valuation models, the Corporation relies mainly on external, readily observable market inputs, when available. Assumptions or inputs that are not based on observable market data are used in the absence of external data. These assumptions or factors represent management's best estimates of the ones that would be used by market participants for these instruments. The credit risk of the counterparty and the Corporation's own credit risk have been taken into account in estimating the fair value of all financial assets and financial liabilities, including derivative instruments.

The carrying values of all the Corporation's financial instruments approximate their fair values, except for the following:

	As at June 30, 2026		As at December 2025	
	Carrying value	**Fair Value**	Carrying value	Fair Value
Notes payable [1]	**2,042**	**2,060**	2,040	2,066
Long-term debt [2]	**25,102**	**29,449**	25,381	29,965

(1) Includes current and non-current notes payable
(2) Includes current and non-current long-term debt

Financial instruments are classified using a fair value hierarchy that categorizes the inputs used in fair value measurement techniques into three levels. This hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs as are described in our annual audited financial statements of the Corporation for the year ended December 31,2025.

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

14. Transactions with related parties and shareholders

Key management personnel include the Chief Executive Officer, Chief Financial Officer, and Vice-Presidents. The following table presents the compensation of key management personnel and Directors recognized in the consolidated statements of loss and comprehensive loss:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Expenses				
Salaries, benefits, bonus, consulting and board fees	**460**	441	**776**	697
Interest on notes and debentures	**167**	79	**270**	120
Share-based compensation	**40**	36	**51**	50

The following table represents the related party transactions presented in the consolidated statement of financial position as at:

	Notes	**June 30, 2026**	December 31, 2025
Liabilities:			
Key management personnel and Directors			
Convertible Debentures and accrued interest		**4,000**	4,000
Director fees included in accrued liabilities		**34**	53
Company controlled by key management personnel			
Notes payable, and accrued interest	*1,2*	**1,525**	1,441

Note 1: Between December 2023 and March 2026, the Corporation borrowed various amounts from a company controlled by key management personnel bearing interest at 10-15% and repayable on or prior to February 1, 2028.

Note 2: On December 1, 2024, $1,000 in long-term notes payable was issued to a company controlled by key management personnel at 10% interest rate, repayable on January 1, 2028 (see note 9).

15. Basic and diluted loss per share

The calculation of basic and diluted loss per share has been based on the following

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Net loss	**(2,242)**	(389)	**(5,059)**	(544)
Issued common shares (end of period)	**126,729,818**	115,532,676	**126,729,818**	115,532,676
Weighted average number of common shares (basic)	**126,729,818**	115,532,676	**126,729,818**	115,532,676
Weighted average number of common shares (diluted)	**126,729,818**	115,532,676	**126,729,818**	115,532,676
Loss per common share (basic & diluted)	**(0.02)**	(0.00)	**(0.04)**	(0.00)

16. Additional cash flow information

The following details the change in non-cash operating working capital items

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	**2026**	2025
Accounts receivable	**(1,161)**	27	**(885)**	(252)
Inventories	**317**	(703)	**64**	(3,260)
Prepaid and deposits	**(227)**	(61)	**(150)**	336

(All amounts in thousands of Canadian dollars except for share, unit, warrants, and per share/units amounts)

Accounts payable and accrued liabilities	**2,179**	1,177	**45**	2,215
Balance of sale - acquisition (see note 5)	**-**	-	**(500)**	-
Net change in non-cash operating working capital items	**1,108**	440	**(1,426)**	(961)

17. Subsequent events

a) On July 6, 2026, the Corporation granted an aggregate of 1,175,000 stock options ("Options") to certain executives and employees, as part of their compensation. The Options are exercisable at a price of $0,315 per common share, expire on July 3, 2036, and will vest in equal tranches on each of the first three anniversaries of the grant date.

b) On July 27, 2026, the Corporation secured a $1,000 note from a non-related party. The note is unsecured, bears interest at 15% and has a term of one year.